

Moray Council

Best Value Assurance Report

ACCOUNTS COMMISSION 

Prepared for the Accounts Commission by the Controller of Audit

August 2020

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Key facts

Area: 2,238 sq. KM (864 square miles)

Population: 95,520

Council workforce: 3,500 (number of full-time equivalent employees)

Elected members:

- 9 Scottish National Party
- 9 Conservative and Unionist
- 7 Independent
- 1 Scottish Labour

Council houses: 6,121

Net Revenue Budget £212 million (2020/21)

Capital budget £42 million (2020/21) best value

Budget gap £20 million 2020/21 – 2022/23

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the Annual Audit Report. In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five year audit appointment for each council.
2. This report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in the future. Our audit approach is proportionate and risk based and so is reflective of the context, risks and performance of the individual council. It also draws on the intelligence from audit and scrutiny work carried out in previous years.
3. We conducted some initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience. Key areas of focus for our audit included (Exhibit 1):

Exhibit 1

Key areas of focus for our audit

Vision and strategic direction



- Moray Council vision and priorities and how these fit with the LOIP
- Leadership, governance and scrutiny

Performance



- Overall progress on performance and outcomes
- Developing performance reporting arrangements, including public performance reporting

Use of resources



- Financial position and future planning
- Asset condition and capital maintenance programmes
- Workforce planning

Partnership working



- Partnership working arrangements

- **Community engagement and empowerment**

Continuous improvement



- **Improvement and modernisation programme**
- **Progress against keys judgements in 2015 follow up report**

Source: Audit Scotland

4. The detailed audit work for this report was undertaken in November and December 2019. Our audit work included:

- interviews with elected members and senior officers
- observing a range of council and committee meetings
- document review
- interviews with partners and outside agencies

5. The fieldwork for this report was conducted before the COVID-19 (coronavirus disease) outbreak in Scotland. The outbreak has brought unprecedented challenges to organisations around the country. It is not yet known what long-term impacts these will have on populations and on the delivery of public services, but they will be significant and could continue for some time. The report does not consider the impact of COVID-19 on the council, or the implications for the audit findings and conclusions. However, the principles of sound financial management, good governance, public accountability and transparency remain vital.

6. We will continue to audit Best Value at the council over the course of our audit appointment. This will include a follow-up on the findings from this report as well as more detailed audit work on other Best Value characteristics as appropriate.

7. We gratefully acknowledge the cooperation and assistance provided to the audit team by all elected members and officers contacted during the audit.

Key messages

- 1** The council has received six Best Value reports since 2006 consistently highlighting Best Value issues and slow progress in addressing these. This has continued, since 2015, with political instability and lack of focus resulting in a slow pace of change. Recent progress is now being made toward some significant strategic decisions.
- 2** Recent progress includes a corporate management team restructure, committee structure review, new performance management framework and a review of the learning estate strategy. Most of these are still at an early stage. Progress against the council's transformational plan has so far been limited.
- 3** The council's financial position is extremely challenging, and it continues to rely on lots of small savings and using reserves to balance its budget. This is unsustainable over the medium-term and the council is at risk of depleting its general fund reserves in four years.
- 4** Performance reporting in the council focuses on each service but it is difficult to see how this contributes to the council achieving its overall priorities. The council is implementing its revised performance management framework and is developing wider corporate indicators.
- 5** Performance relative to other councils has deteriorated over the past five years, particularly in educational attainment. Overall Moray is one of the lowest performing Scottish local authorities, a significant decline since 2014/15, when Moray was placed 12th. The council has put in place additional measures to give young people more opportunities to improve attainment.
- 6** Council properties are in poor condition predominantly because the condition of Moray's learning estate is the worst in Scotland. The council has previously found it difficult to make decisions regarding key assets, but it is now starting to work together to agree and implement strategies.
- 7** Workforce morale is good and staff commitment to change is positive, but staff survey responses have identified workload issues. The capacity of staff to deliver change has been identified as a limiting factor in several areas in this report. This represents a significant risk in delivering Best Value going forward.
- 8** The strategic focus of the Community Planning Partnership (CPP) on outcome and performance has also been slow to improve, though the CPP demonstrated good partnership working in addressing issues in children's services.
- 9** The council demonstrates some good progress in implementing community empowerment and has developed a corporate engagement strategy to involve communities in the future of council services.

Part 1

Does the council have clear strategic direction?



The council recognises its key challenges and has a consistent vision and overall priorities.

Historically the council has been slow to deliver Best Value characteristics.

Since the last Best Value report in 2015, political instability and lack of focus has continued the slow pace of change, but recent progress is being made towards some significant strategic decisions.

The corporate management team has been restructured and the committee structure is being reviewed to provide a more strategic approach.

The council recognises the key challenges it faces

8. Moray Council is the eighth largest council by land area in Scotland, covering an area from the Cairngorm mountains to the Moray Firth coast of the North Sea.

9. At June 2018, the population of Moray was 95,520 (22nd out of 32 Scottish local authorities). Its main towns are Elgin (population 23,000), Forres and Buckie. The remaining population is distributed across smaller rural and coastal communities. Total population is projected to increase to 100,251 by 2026. Population and household growth are above the Scottish average.

10. The council has a higher percentage of older people than the national average, particularly in its more rural and coastal locations, and there is significant outward migration of young people. The area's young people tend to leave home to complete further and higher education in other parts of the country and there is then a low rate of return. It's an area with relatively low unemployment, but inequality, deprivation and poverty on an individual level and collectively in some small geographical areas

11. Key issues in Moray include:

- Educational attainment and post-school destinations vary between communities.
- It has a low wage economy and reliance on a small number of industries.

- Its rural nature brings challenges around social isolation and access to services.

The council's overall priorities and vision align with the Local Outcome Improvement Plan

12. Moray's 10-year Local Outcome Improvement Plan (LOIP) 'Moray 2027' was approved in February 2018. The community planning partnership's (CPP) vision and priorities are set out in the LOIP. The council's vision and its strategic priorities, set out in its Corporate Plan, align with the LOIP. The LOIP has an overarching objective of raising aspirations and four main priorities:

- Building a better future for our children and young people in Moray.
- Empowering and connecting communities.
- Growing, diverse and sustainable economy.
- Changing our relationship with alcohol.

The council has approved a new corporate plan

13. The council's new corporate plan 2019-24 was approved in March 2020. The plan reflects a change in tone and emphasis with little change in the continuing key challenges for the Moray area and existing high-level priorities which reflect the LOIP. The revised priorities are:

- Our people: provide opportunities for people to be the best they can be throughout their lives with a strong and sustained focus on those individuals and groups in our society who experience the most disadvantage and discrimination.
- Our Place: empower and support communities to build capacity.
- Our Future: drive economic development to create a vibrant economy for the future.

14. The council also has an overarching priority of creating a sustainable council that provides valued services to its communities. The council is developing a corporate plan delivery framework to help it deliver and monitor the corporate plan across the council (paragraph 42).

Historically the council has been slow to deliver Best Value characteristics

15. The first Best Value report on Moray Council, published in 2006 concluded that the council lacked effective corporate leadership and direction and "had a long way to go to deliver Best Value". Follow-up reports in 2007, 2009 and 2013 identified the need to prioritise and manage strategic change. The 2015 Best Value progress report noted a more cohesive strategic direction, and that the council was moving in the right direction, but the pace of improvement needed to increase significantly, particularly around the financial challenge facing the council.

Since 2015, political instability and lack of focus has continued a slow pace of change, but recent progress is being made towards some significant strategic decisions

16. Since the [2015 Best Value Audit progress report](#), there have been changes in the experience and make-up of political groupings and leadership in the council. This led to wide-ranging issues with the development of strategic and transformational plans. At paragraph 75 we discuss this in the context of the

schools' estate, but in outline the key changes/ events that contributed to a relatively slow pace of change were:

- **2016** - The council was facing a period of transition with none of the main group leaders planning to return after the next election. The council produced a suite of reports to deal with the financial position, but these were difficult to progress due to the imminent change in political leadership. Positive steps were taken to address this, with a cross-party transition board set up which developed an improvement and modernisation programme. The council started to develop a framework for the next corporate plan (The Moray Growth Bid and improving educational attainment were identified as key priorities).
- **2017** - Following the election in May 2017, a coalition administration was formed between six independent and eight conservative members. The council leader was an independent councillor and convenor was a conservative councillor. Twenty of the 26 elected members were new, having no previous experience of being a councillor. The council undertook an extensive induction programme for members, which lasted for a period of 100 days.
- The coalition administration faced several challenges, they needed to develop a new corporate plan, produce a balanced budget (with significant savings) and they needed to implement the improvement and modernisation programme. However, the administration was not always working effectively together and was unable to galvanise support. This meant that, difficult decisions were not being made and progress was limited, although an approach to financial planning – Bridging the Gap – was agreed. During this period and prior to May 2017 elections the corporate management team spent a significant amount of time trying to get political groups and individual councillors to work effectively together.
- **2018** - In May 2018, seven of the eight conservative members left the administration, following a disagreement over the council's senior management structure and how best to modernise the council. A special meeting of the council was convened in June 2018 and at that time the SNP formed the current minority administration.
- **2019** – Political leadership developed further, and the administration has been able to gain support for key decisions and has relieved senior officers of much of the effort of facilitating political agreements amongst councillors and loose coalitions. Senior officer restructuring was agreed.
- **Early 2020** – For the first time, some essential elements are emerging that the council can build on to deliver key strategic and transformational change. These are also helping to define key priorities going forward. This may be more effective than the past broad range of initiatives managed within services. The key areas of focus include:
 - a strategic review of the learning estate strategy (paragraph 77)
 - the revised performance management framework (paragraph 42)
 - the revised corporate plan (paragraph 13)
 - the cross-party governance review (paragraph 27).

17. The council needs to maintain the recent pace of change in order to see some of the potential transformational improvement delivered.

CMT has reported some improved working relations with members

18. The current administration is cohesive and following a period of relative stability there are good working relationships between the corporate management team and the administration. Some early signs of successful working are:

- A cross-party working group developed the 2019/20 budget (in March 2019) and the budget was approved unanimously.
- The council approved its improvement and modernisation programme in November 2018. In September 2019, members agreed to set aside £2 million in earmarked reserves to help the council meet the priorities set out in the corporate plan and its improvement and modernisation programme. In February 2020 this set aside was increased by a further £0.9 million.

19. The CMT continues to provide briefings for all elected members on strategic issues including financial planning.

The current political control is finely balanced

20. In December 2019, a by-election was held following the retirement of an independent councillor, with a conservative candidate being elected.

21. The political alliances of the seven independent elected members can change: four align with the Councillors Open Group (COG) and three with the Moray Alliance Group (MAG). The labour elected member left the MAG in January 2020 and is not currently aligned with either of these groups.

22. The political control of the council is finely balanced at a time when the council needs to work constructively to make some difficult strategic decisions that may be of benefit to the area as a whole rather than individual communities.

The corporate management team has been restructured to provide a more strategic approach

23. In December 2018, as part of the improvement and modernisation programme, the council engaged with the Improvement Service to identify the types of senior management structures operating in Scottish local authorities and review the corporate management structure in Moray Council. The council commissioned the former Chief Executive of Inverclyde Council, to deliver consultancy support to review its corporate management structure and to address concerns about the lack of collegiate working and protectionism at corporate level in certain service areas.

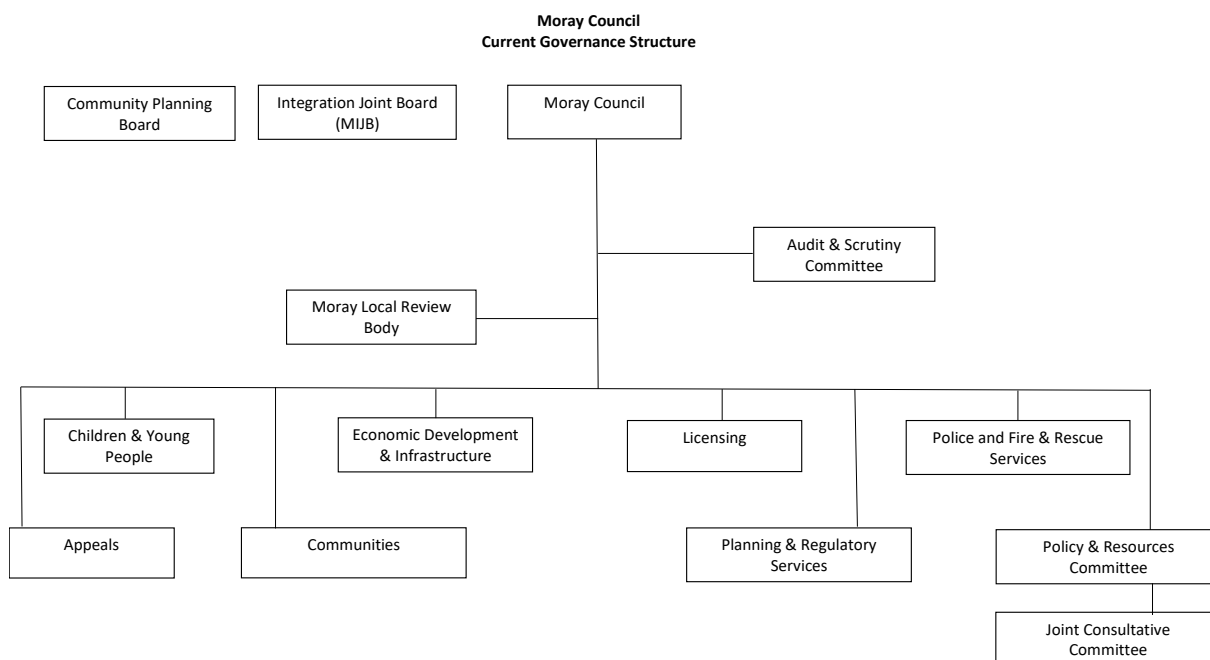
24. The recommendations of the review were accepted by the council and the corporate management team was restructured in October 2019. The corporate management team (CMT) now comprises the Chief Executive, two Deputy Chief Executives and the Chief Officer of Moray Integration Joint Board. Further changes were also made to Heads of Service roles and responsibilities, with one permanent post being removed. There is now a relatively small but cohesive CMT which is better able to coordinate developments across the council. But as we reported in the local auditor's annual audit reports ([2017/18](#) and [2018/19](#)) the management capacity has been under pressure and progress has been slow in the context of significant financial challenges. Clearer focus is required on performance and priorities for the council as a whole (paragraphs 39 to 42)

The council is now reviewing committees to ensure management capacity is directed to strategic management and developments

25. The corporate management team was linked to the council's committee structure. The existing committee structure is service based (Exhibit 2).

Exhibit 2

Moray Council committee structure



Source: Moray Council

26. There is a high degree of challenge and scrutiny at service committees. However, scrutiny sometimes focuses too much on operational detail at the expense of strategic issues. Elected members need to achieve a more effective balance between focusing on local issues and priorities and the longer-term strategic objectives. Officers also need to support elected members to do this effectively.

27. A cross-party working group is carrying out a governance review following the corporate management team restructure. It is reviewing committee structures, schemes of delegation and reporting to committees with a view to faster, more focused and efficient decision making. This will need to align with the capacity of management to support the revised structure.

The council provides training and support for elected members and is developing a more comprehensive strategy

28. After the 2017 election, only six of the 26 elected members returned with many members retiring. The council provided a comprehensive 100-day induction programme for new members covering issues such as: the role of the council; corporate planning; understanding services and; governance. The council provides mandatory and optional training sessions, members briefings, opportunities for external training and support materials for elected members.

29. In the first quarter of 2019, member briefings included the following topics: educational attainment, the CMT, the integration joint board (IJB), the local development plan 2020. There was also a development session on the corporate plan. All elected member training activity is recorded. The attendance rate for the bespoke sessions in this quarter was 59 per cent.

30. The council has developed a more comprehensive elected member development strategy and framework which includes programmed activity and personal development plans for members. The formal approval of this work by

committee has been delayed due to the impact of budget work although members have indicated their support.

31. Elected members we spoke to were generally happy with the training provided by the council. Members also commented that they can contact officers for support and information as required.

Part 2

How well is the council performing?



Performance reporting focuses on each service but it is difficult to see how this contributes to the council achieving its overall priorities. The council has revised its performance management framework and a delivery plan is in development.

Performance relative to other councils has deteriorated particularly in educational attainment.

Satisfaction levels are below the national average in housing and leisure.

Performance reporting focuses on each service but it is difficult to see how this contributes to the council achieving its overall priorities

32. Moray Council reports quarterly performance based on 268 indicators to the relevant service committees on a quarterly basis.

33. Service performance reports contain targets for most indicators, (except those defined as “contextual”) though some of these targets have remained unchanged for several years, even where they have been exceeded, and these should be reviewed.

34. Annual benchmarking data is shown for indicators measured nationally. These indicators are ranked against the Scottish average and family groupings from the Local Government Benchmarking Framework (LGBF).

35. Service reports are variable in quality and do not always clarify what specific actions are being taken to address areas where issues are identified. The lack of identification of critical or key indicators within the service reports makes it difficult to see how individual services are contributing to overall corporate priorities and it has not been possible to make an overall assessment of the council's view of its performance on the basis of these reports.

Resourcing has affected timely reporting of overall performance

36. The Council publishes quarterly service performance reports on its website and includes commentary on council performance in its annual statement of accounts.

The council has fallen behind in producing an annual public performance report providing an overall summary for the last two financial years. The 2017/18 overall performance report (to 31 March 2018) was not prepared and the 2018/19 report has recently been added to the council's website but has not yet been approved by any council committee.

37. An annual statement of 2017/18 performance against LGBF indicators (not an overall summary of council indicators) was presented to the audit and scrutiny committee in January 2020, which is around a year late. It is also available online. The report details year-on-year performance as well as national and family group rankings for LGBF indicators. The delay in reporting this information limits the usefulness of the data and the effectiveness of scrutiny by elected members. The report does not contain any overall narrative on performance; or a summary of key areas of relatively good or poor performance or identify any actions to be taken by the council and analysis of each indicator was limited with no assessment of relevance to the council's strategic priorities.

38. Issues with performance reporting have been attributed to staff absence and a vacancy within the council's performance reporting team. As part of the recent CMT restructure a new head of governance, strategy and performance and a performance manager have been appointed.

Performance monitoring is not focused on key indicators or priorities and is being revised

39. The 2018/19, the council's overview report provides a high-level, mainly narrative summary of initiatives rather than a review of the council's performance with little balanced information or assessment on detailed performance or actions, except in relation to education (paragraph 44).

40. Targets are not routinely provided and the report does not make clear what the council's key performance indicators are or performance achieved against these.

41. The council acknowledges that it has found it challenging to set clear, measurable outcomes under the broad priorities in its corporate plan and to manage the array of actions and priorities that emerge from across services and the community planning partnership.

42. The council approved a new performance management framework in August 2019 to help it more clearly focus on identifying and monitoring outcomes against its priorities. A corporate plan delivery framework for the new corporate plan is being developed and service plans are now expected to more clearly align with corporate outcomes.

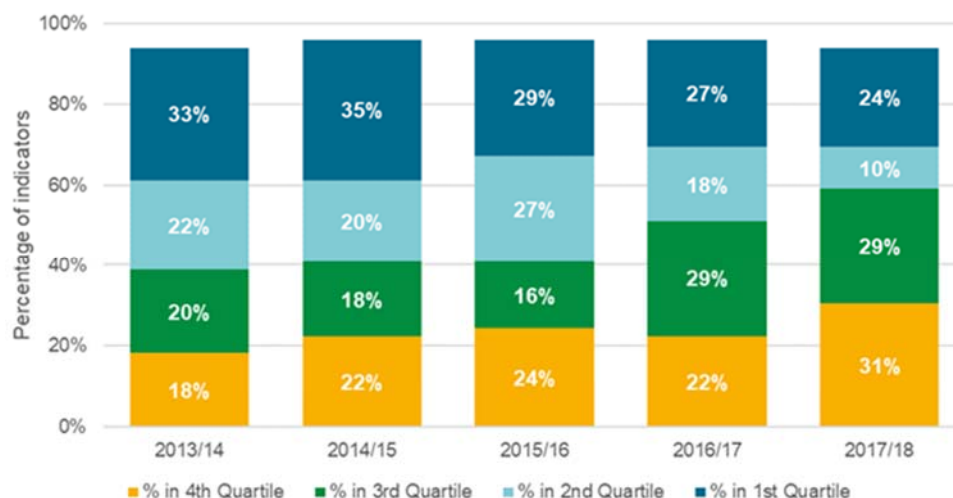
Performance against national LGBF indicators has deteriorated over a five-year period

43. Our analysis of the LGBF indicators up to 2017/18, the latest complete data set, shows a deterioration in the council's performance over time. For 2017/18, 60 per cent of indicators sit in the bottom two quartiles, this position has deteriorated from 2013/14 when only 38 per cent sat in the bottom two quartiles (Exhibit 3)

Exhibit 3

Moray Council's LGBF relative performance, 2013/14 to 2017/18

Over half of the available indicators are in the bottom two quartiles



Note: This analysis is based upon 49 single-year, mainly outcomes-based indicators, which were reported on as part of the Local Government Benchmarking Framework every year in the five-year period. Quartile 1 contains the best-performing councils for that indicator whilst quartile 4 contains the poorest-performing councils. Not all data for the 49 indicators is reported yet therefore totals do not equal 100 per cent.

Source: Audit Scotland analysis of Local Government Benchmarking Framework, Improvement Service

Relatively poor performance exists in areas such as educational attainment, sickness absence and investment in the economy

44. The council underperforms, relative to other councils, in some key areas such as education, economy and sickness absence rates.

- In education the council's own performance report identifies that for attainment "Overall Moray is placed at 29th out of the 32 Scottish local authorities, which is a significant decline in comparison to 2014/15 when Moray was placed 12th. To tackle this, additional measures have been put in place to give young people more opportunities to improve on attainment. Additional literacy and numeracy sessions have been brought in for all S1-3 pupils and additional time has been allocated to senior phase pupils to allow them to improve their literacy and numeracy skills before exiting school."
- The average days absence per non-teaching employee has increased to 12.5 days in 2018/19. Moray ranks 22nd out of the 32 councils. For teaching staff, the average has risen to 6.5 days, ranking 20th nationally.
- Moray's Investment in Economic Development & Tourism per 1,000 population is the lowest of all the councils in Scotland. It fell by 31 per cent in the last five years to £22,581. In the same period, the Scottish average has increased by 48 per cent to £102,086 per 1,000 population.
- The proportion of people earning less than the living wage has increased. Increasing 4.9 percentage points to 27.4 per cent since 2014/15, Moray is ranked 26th (out of 29) in mainland Scotland.
- Improvements have been made in some areas of economic development such as superfast broadband coverage (up 23 percentage points from 2014/15 to 83 per cent), town vacancy rates (down six percentage points to 6.9 per cent) and immediately available land for employment use (up 33.7

percentage points to 49%). These changes are in line with the national trend.

45. Areas where Moray is performing well include gross rent arrears, cost per attendance at sports facilities, libraries, museums and parks and the percentage of household waste that is recycled.

The council planned to de-prioritise roads investment and this area continues to perform relatively well

46. In 2014, the council made a decision to reduce investment in its roads network and set a target of being mid-point in the national table. As expected, roads performance deteriorated, however Moray Council still performs relatively well against the other councils with A, B and C-class roads being ranked 21st, 13th and 8th respectively.

Educational attainment is also an issue when compared to Education Scotland's virtual comparator

47. One of Moray Council's priorities is to provide opportunities where young people can achieve their potential and be the best they can be. Moray performs well in a few areas such as school attendance rates and satisfaction with local schools. The cost per primary school pupil and secondary school pupil are both below the national average of £5,520 and £7,185 retrospectively with a spend of £4,760 per primary and £6,973 per secondary school pupil.

48. The Children and Young People's Services Committee discussed a report on secondary school attainment in October 2019. This identified that overall tariff scores are consistently below the virtual comparator for S4-S6. Education Scotland's virtual comparator for school outcomes allows schools to compare themselves with those of similar characteristics.

49. There is no sign of consistent improvement across the S4-S6 cohorts between 2017 and 2019 with decreases in the tariff scores. Performance varies between individual schools across the council with some performing better than their virtual comparator.

Community Planning Outcomes Profile (CPOP) data also identifies issues with educational attainment and the economy

50. The Community Planning Outcomes Profile (CPOP) is a set of core measures which help assess if the lives of people in a community are improving. CPOP indicators are relevant to both the council and the CPP. Moray CPP notes in its annual report that despite challenges in setting clear outcomes and performance measures, progress has been made in the council's own performance in several areas such as positive destinations for school leavers, crime rate and early mortality and this is evidenced in the CPOP data, where improvements have tended to follow national trends. Outcomes below the Scottish average include educational attainment and wider economy measures including median earnings, fragility and fuel poverty.

Inspectorate reviews of community learning and development (CLD) found that focus is improving but performance reporting could be improved

51. Education Scotland carried out an inspection of CLD in Moray Council in April 2018. It found that leadership, governance and planning for change was not robust and that the CLD plan 2015-18 was weak with a lack of measurable and quantifiable targets.

52. Further inspection reports were published in December 2018, April 2019 and July 2020. The latest report found that strategic leadership of CLD is improving.

Virtual comparator

A sample group of school leavers from schools in other local authorities who have similar characteristics to the school leavers from the school in question

Source: [Education Scotland](#)

Overall average total tariff

The number and level of qualifications a young person gains by the point they leave school provides a tariff score. These figures are brought together to provide an average total tariff score for the school

Source: [Scottish Government](#)

The CLD Plan for Moray 2020-21 informs partnership working and plans are in place to improve the governance of CLD. As a result of the improvements, no further visits are planned.

Satisfaction levels have declined with most indicators below the national average

53. Between 2012-15 and 2018-19, using three-year rolling averages, satisfaction with council services declined in line with the national average. The most recent data shows satisfaction levels are above average for refuse collection, local schools, libraries and parks and open spaces. However, some areas have remained below the Scottish average. These include adult care (impact and satisfaction), street cleaning, leisure facilities and museums. Satisfaction with leisure facilities had the biggest decline (Exhibit 4).

Exhibit 4

Moray Council's performance against LGBF service satisfaction indicators Satisfaction across a range of services has declined

	Moray (2012-15)	Moray (2016-19)	Scottish avg (2016-19)	Moray Council ranking
Percentage of adults satisfied with museums and galleries	59.0	58.1	69.3	23
Percentage of adults satisfied with leisure facilities	78.0	66.4	71.4	29
Percentage of adults satisfied with parks and open spaces	93.0	85.1	84.8	17
Percentage of adults satisfied with libraries	80.7	74.9	72.4	12
Percentage of adults satisfied with local schools	78.7	74.6	71.8	18
Percentage of adults satisfied with refuse collection	87.7	82.8	76.3	11
Percentage of adults satisfied with street cleaning	74.3	65.3	66.3	22
Adults satisfied with social care/social work services	82.7	79.8	80.2	21
Adults looked after at home satisfied that the care they receive has an impact on their quality of life	79.2	78.5	80.0	21

1. Satisfaction levels are based on three year rolled average responses to Scottish Household Surveys. 2. Indicators marked '**' are from the Scottish Health and Care Experience Survey and presented for 2017/18.

Source: Audit Scotland using the LGBF satisfaction measures from 2016-19

Housing satisfaction levels are particularly low

54. The council conducts additional customer satisfaction surveys which are included as part of the council's performance reports. A survey for housing tenants is carried out every three years. Recent results from the 2018/19 survey show 74 per cent of tenants are satisfied with the quality of their home against a target of 90 per cent.

55. The 2018/19 landlord report from the Scottish Housing Regulator shows results for Moray Council are well below the Scottish average:

- 79.6 per cent said they were satisfied with the overall service Moray Council provided, compared to the Scottish local authority average of 83.4 per cent.
- 76.3 per cent felt that Moray Council, as a landlord, were good at keeping them informed about their services and outcomes compared to the Scottish average of 81.3 per cent.
- 68.8 per cent of tenants were satisfied with the opportunities to participate in the council's decision making, compared to the Scottish average of 74.1 per cent.
- 78.6 per cent of tenants who had repairs or maintenance carried out were satisfied with the service they received, compared to the Scottish average of 91.0 per cent.

Part 3

Is the council using its resources effectively?



The council's financial position remains extremely challenging and reliance on reserves to meet deficits cannot be sustained over the medium-term.

Council properties are in poor condition predominantly because the condition of Moray's learning estate is the worst in Scotland. The council has been slow to address this.

Workforce morale and commitment to change are positive, staff capacity represents a risk in delivering Best Value.

The total amount available to councils from the Scottish Government has been reducing

56. In the Accounts Commission's [2018/19 local government financial overview](#), we identified that funding from the Scottish Government to local government between 2013/14 and 2018/19 decreased by 7.6 per cent over these six years, in real terms.

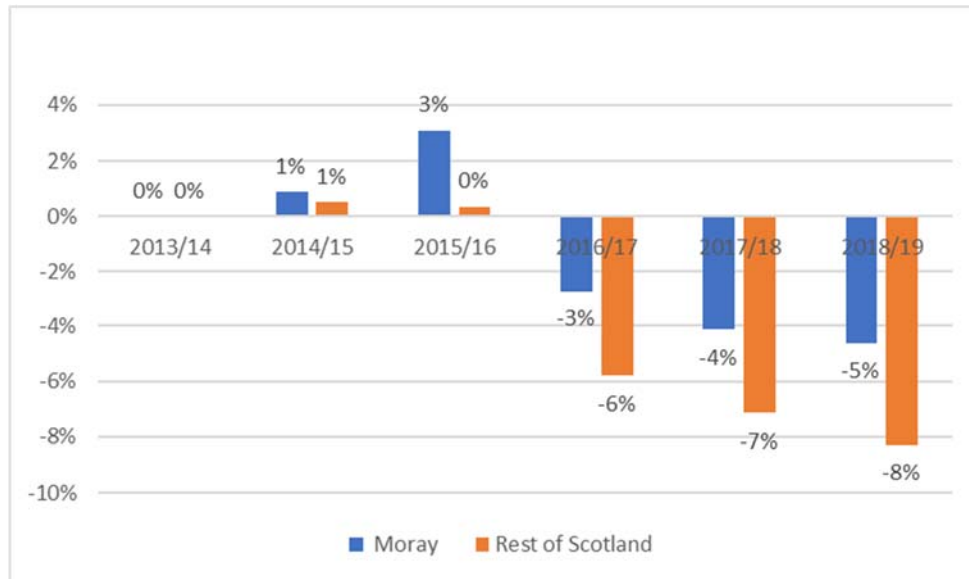
57. Moray Council receives around 1.65 per cent of the total revenue funding available to Scottish Councils. This has been a fairly consistent percentage over the last five years.

58. The funding available to Moray Council from the Scottish Government per head of population has reduced in the last three years (Exhibit 5). The cumulative reduction is 5 per cent (real terms since 2013/14).

Exhibit 5

Cumulative real term changes in Scottish Government revenue funding

Moray council has had a five per cent reduction in funding over the last five years compared to an average of eight per cent across all other councils



Source: Scottish Government Finance Circulars and ONS deflators

The council has identified significant financial pressures that it has found difficult to fully manage in budgets

59. The council identifies several additional financial burdens totalling £62 million that it has had to deal with over a ten-year period that have exceeded additional funding (£4 million) and council tax (£5 million). These pressures include:

- wage inflation and living wage rises
- contract cost increases in care homes and transport
- increases in employer's national insurance
- increased statutory loan charges from capital spend
- growth in community care demand.

Council income has not kept pace with expenditure and the annual decrease in the general fund balance has grown to £4.6 million

60. During the period 2013/14 to 2018/19, the council's total income increased by almost £9 million (cash terms). Over the same period council expenditures also increased, but not at the same rate. The increase in expenditure was £12 million. The fact that expenditure has increased more than total income explains why the council's annual decrease in the general fund balance has grown from £1.5 million (2013/14) to £4.6 million (2018/19) or 1.3 per cent of gross expenditure. The council has reduced its general fund balance in five of the last six years.

The council receives good quality information about its finances

61. The scale of the financial challenges facing the council has been well documented in reports to full council and the policy and resources committee and councillors are satisfied with the information provided by officers on the financial position. Regular budget monitoring reports are presented to full council or the policy and resources committee on a quarterly basis. These reports provide an overall picture of the budget position at service level, a forecast outturn position and good narrative explanations for significant variances against budget. Regular financial planning updates are also provided to councillors, these contain up-to-date financial forecasts and savings proposals as the next year's budget is developed.

The council has effective budgetary control and a track record of delivering planned savings

62. In February 2019 the council approved its net revenue general services budget (£204 million) for 2019/20. After council tax increases of 4.79 per cent, the resulting budget gap of £15.3 million was to be funded from reserves (£5.2 million) and savings (£10.1 million). Following confirmation of the 2018/19 outturn position and other in year adjustments, the budgeted use of reserves was reduced to £4.3 million.

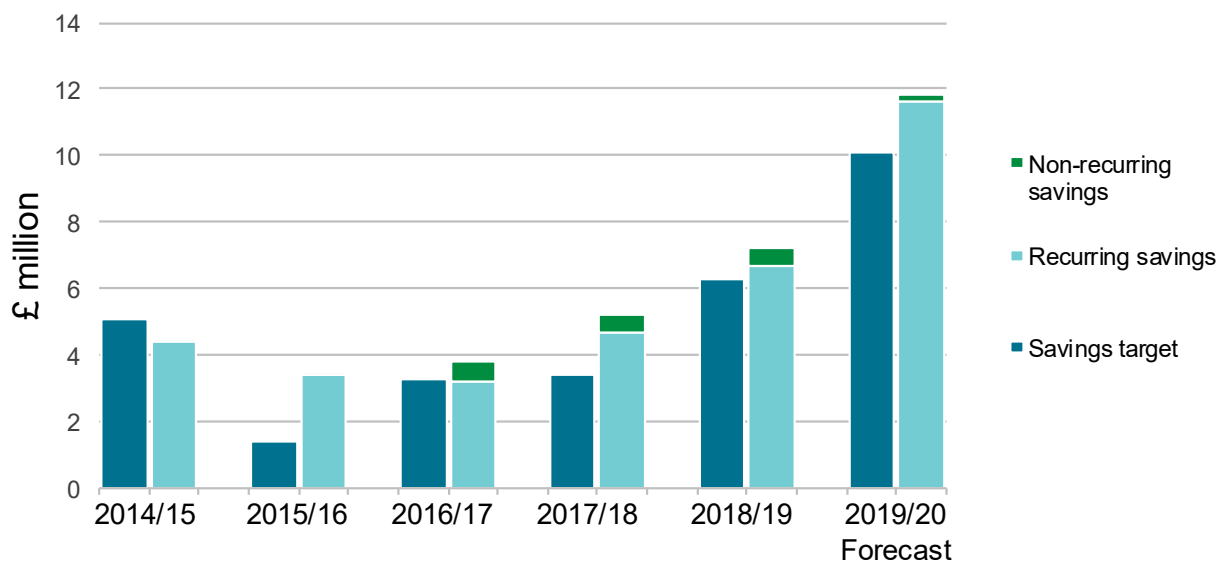
63. The budget monitoring report, in March 2020, forecasts that the council will achieve £11.8 million of savings and will achieve a surplus adding an additional £0.6 million to its uncommitted general reserves in 2019/20.

64. The council has a track record of delivering savings ([Local Government in Scotland Financial Overview 2018/19](#)). In the five years to 31 March 2019, the council delivered total cumulative savings of around £24 million (Exhibit 6).

Exhibit 6

Council savings targets and savings delivered

Moray council has a good track record of delivering identified savings



Source: Moray Council's savings report

The 2020/21 budget will draw further on reserves and savings plans consisting of many small amounts

65. In March 2020, the council approved a balanced net revenue budget of £212 million for 2020/21 for general services. After council tax increases of 4.84 per cent and the use of £2 million of capital receipts to fund investment in change, the resulting budget gap of £5.4 million is to be funded from reserves (£2.3 million) and savings (£3.1 million) including £360,000 to be delivered by the council's improvement and modernisation programme. As in previous years, the planned savings for 2020/21 are made up of many small amounts.

The financial impact of the council's response to COVID 19 means that it will have to revise its 2020/21 revenue budget and future financial plans

66. The global COVID 19 pandemic has had a significant impact on the council's finances. In estimates prepared for COLSA, as at 29 May, the council identifies that it will be £2.3 million worse off in the 3 months to 30 June 2020 due to the pandemic. The majority (£2 million) of this is lost income resulting from the closure of facilities such as leisure centres, car parks and school meal provision. The council has also identified a number of areas not covered by the COSLA return which are likely to impact on its 2020/21 revenue budget:

- reduced council tax receipts - estimated to be £1.2 million in the three months to 30 June 2020
- reduced rental collected from industrial units - estimated to be £0.3 million in the three months to 30 June 2020
- additional charges to the revenue budget for ongoing staff costs which would otherwise be charged to capital as part of the council's capital programme - estimated to be £1.6 million in the three months to 30 June 2020.

67. At the time of writing this report, the council has received £3.9 million in additional funding from the Scottish Government to support its response to COVID 19. This more than covers the additional costs and loss of income reported in the COSLA return but once the additional areas identified by the council are included the council faces an additional funding gap of £1.5 million to balance its revenue budget in the 3 months to 30 June 2020. The figures reported here can only be estimates at this stage and there is much uncertainty about the financial impact the pandemic will have on the remainder of the 2020/21 financial year and in the medium to longer-term. The council has recognised the importance of updating its financial plans. It is currently developing a road map for financial planning in 2020/21 and is revising its short term strategy as a first step to reshaping its future financial strategies and plans.

The continued reliance on dwindling reserves to balance the budget is unsustainable over the medium term

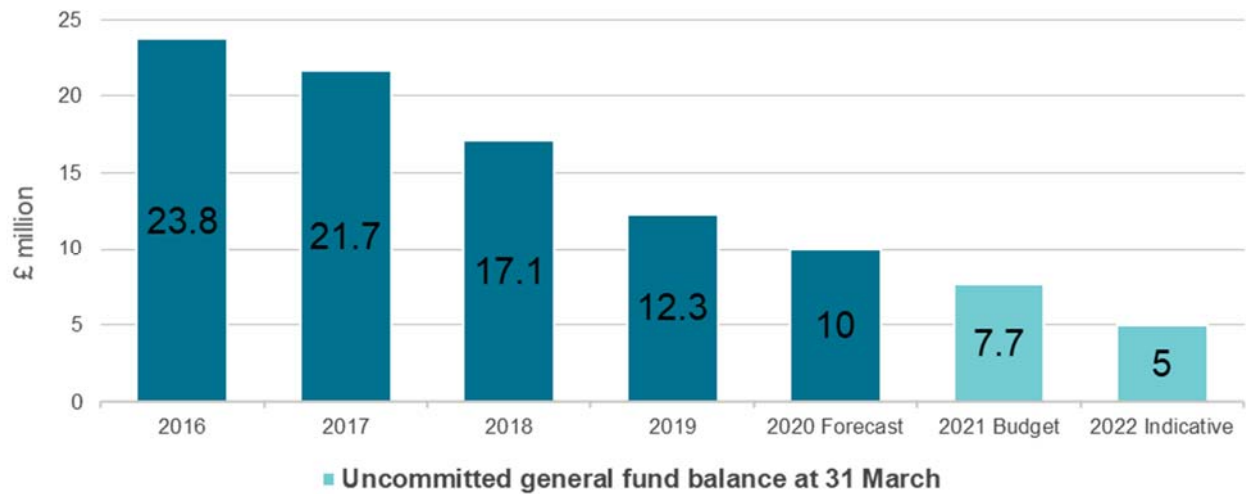
68. Current projections indicate that the council continues to face significant funding gaps for 2021/22 (£6.8 million) and 2022/23 (£7.4 million). Uncommitted general fund reserves will be reduced to the council's minimum level (£5 million) by 31 March 2022 and so the whole 2022/23 funding gap will have to be met by savings (Exhibit 7).

69. As reported in the 2018/19 Annual Audit Report, the council is at risk of running out of total general fund reserves (including earmarked and unearmarked elements) within four years.

Exhibit 7

Moray Council's actual and projected uncommitted general fund balances

At the current rate uncommitted general fund reserves are expected to reduce to £5 million by 2022



Source: Moray Council Audited Accounts and 2020-21 Budget and 2020-23 Financial Plan

A medium to long term financial strategy exists but this lacks detailed savings plans in key services

70. The council's medium to long term financial strategy faces significant future funding gaps. The council has yet to detail the actions that will achieve these levels of savings beyond its current one-year budget. The council acknowledges that sustainable service delivery will require extensive and detailed consideration of what services the council can provide, to what scale and quality and how services are delivered.

71. Projects to transform education and integrated children's services have been slower than expected. These services account for nearly half of the council's net expenditure. The council acknowledges that the amount of savings (current projection is £0.7 million plus potential for up to £3 million from review of Education and Integrated Children's Services) which can be reasonably be expected to be generated by the improvement and modernisation programme will not resolve the budget gaps identified above.

A significant number of the council's properties (predominantly schools) are in poor condition. The council has been slow to deal with this

72. The council faces significant challenges with the condition of its properties, which are in poor condition and have high maintenance costs which are unaffordable. It ranks lowest of all councils for the percentage of operational buildings in satisfactory condition. 54 per cent of its properties are in a satisfactory condition, compared to the Scottish average of 87 per cent (Exhibit).

Condition A: Good – Performing well and operating effectively (

Condition B: Satisfactory – Performing adequately but showing minor deterioration (

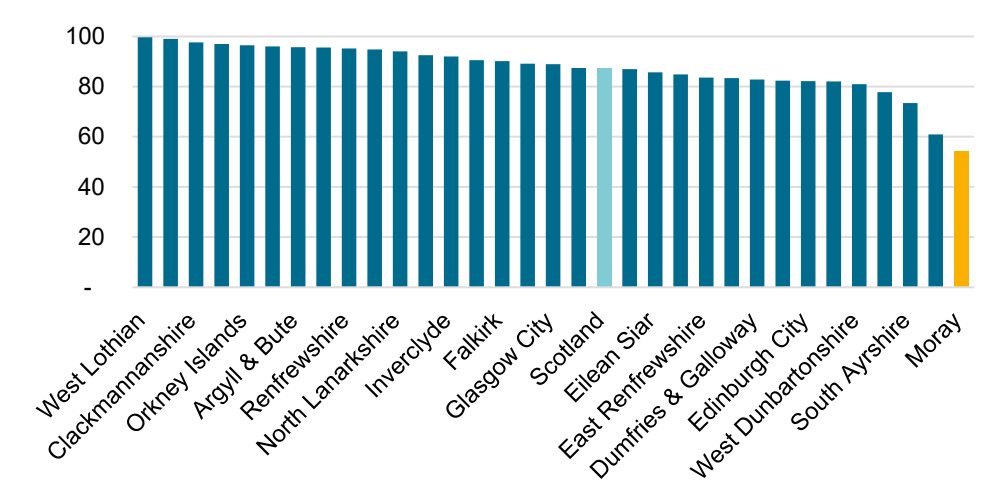
Condition C: Poor – Showing major defects and/or not operating adequately (

Condition D: Bad – Economic life expired and/or risk of failure.

Exhibit 8

Operational buildings in satisfactory condition 2018/19

Moray Council has the lowest level of buildings in satisfactory condition compared to other councils



Source: Local Government Benchmark Framework 2018/19

73. In December 2018, the council completed a property and asset management appraisal (PAMA) which estimated that it would cost £151 million to bring the whole of the current property portfolio up to a satisfactory standard (condition B). Of this total, £142 million is for schools. The council has 53 schools (45 primary and eight secondary schools). School estates' data for 2018/19 details that six per cent of the council's school estate is good (condition A), 40 per cent is satisfactory (condition B) and 55 per cent of schools is poor (condition C).

74. There has been some recent investment in two new secondary schools in Elgin and a new primary school in Keith. A new secondary school in Lossiemouth is under construction and four primary schools in Elgin, Forres, Lossiemouth and Buckie were significantly refurbished. The council cannot afford to continue this level of investment and so must reduce, replace, and reconfigure its property portfolio if it is to protect front-line services and deliver sustainable schools for the future. This is critical given 55 per cent of the school estate is classed as in poor condition and there is a risk of some schools falling into the lowest condition category where the buildings are no longer viable. The PAMA noted that the current asset management plans do not contain strategies for the key assets and recommended that these should be developed.

75. The council has previously looked at developing a strategy for the learning estate. In 2013 an independent review of the learning estate recommended the reorganisation of the council's secondary schools and the proposed closure and reorganisation of a number of rural primary schools. In November 2014 the council considered the recommendations of the report but, following pressure from parents and students, chose not to close any schools and agreed a five-year moratorium on the closure of any rural and secondary schools.

The council's assets are now being reviewed as part of its improvement and modernisation programme

76. Examples of key strategies for property assets are:

- a review of the learning estate strategy

- a review of council offices - how services are using offices and opportunities to bring these together (co-location)
- a depot review, to maximise the use of depots, co-locate and rationalise existing provision.

77. The strategic approach for the learning estate, is to provide its learners with the best learning environments and to ensure that there is sufficient capacity for the future. The draft strategy agreed for consultation by the Children and Young People's Committee on 4 March 2020. The council then held engagement meetings/consultations with head teachers to discuss the present and current situations and the approaches to enhance the learning estate but further planned engagement was halted due to the coronavirus pandemic.

78. The office review has focused on how services are currently using offices, how they interact with customers and what opportunities there are to bring services together through co-location of office space. Several options to further rationalise the office estate have been identified but the draft report has not been prepared, due to capacity issues.

Workforce morale and commitment to change are positive, but staff capacity represents a risk in delivering Best Value

79. Workforce development and culture remains embedded in the council's corporate priorities, which are supported by the workforce strategy and annual plan.

80. The council has worked with staff to advise them of the impact of changes arising from budgetary pressures and the savings decisions agreed by elected members. The council has minimised redundancies by offering positions to staff in alternative service areas that require extra capacity. Staff had a good understanding of the case for change.

81. The 2019 staff survey shows a drop in participation in the employee survey with 31 per cent of staff responding compared to 42 per cent in the 2017 survey (although this was considerably higher than previous years). Improvements have been seen in staff morale and direct management/supervision. However, less positive responses were reported in relation to workload, attitudes to working for the council, the council's commitment to develop a more positive workforce culture and addressing issues arising from the survey.

82. In this report we identify a number of areas where staff capacity has limited the pace of change. This represents a significant risk in delivering Best Value going forward and includes key areas such as

- Corporate Management Team work to organise member working (paragraph 16)
- Challenge and scrutiny on operational issues at service committees (paragraph 26)
- Performance reporting (paragraph 38 and 40)
- Educational attainment (paragraph 47)
- Transformation of services (paragraph 71 and 121)
- Office rationalisation (paragraph 78)
- Human Resources and workforce planning (paragraph 83)
- Community Planning development (paragraph 85)

Budget pressures and Human Resources capacity issues have led to limited progress in implementing some workforce actions

83. A modified workforce plan was approved in November 2018 to help provide capacity within Human Resources to support the change and transformation work, with the operational work being prioritised according to risk. This enabled managed reduction of the workforce through an internal redeployment and retraining programme but resulted in some targets within the workforce targets slipping. In particular, finalising the strategy for development of elected members, progressing the senior manager performance framework and planned development work with services were not advanced. The number of employee development plans delivered decreased with Service managers noting that budget savings work had affected their capacity to undertake appraisals.

Part 4

Is the council working well with its partners?



The strategic focus on outcomes and performance reporting of the Community Planning Partnership (CPP) has been slow to improve.

The CPP worked together to address weaknesses in services for children and young people.

The IJB faces financial challenges but generally performs well against the national standards.

The council demonstrates some good progress in implementing community empowerment and has developed a corporate engagement strategy to involve communities in the future of council services.

The Community Planning Partnership (CPP) has been slow to improve its focus on outcomes and performance reporting

84. Relationships between community planning partners are generally good with agreement on the priority areas identified within the LOIP. However, the CPP has struggled to achieve clarity on the specific outcomes it is trying to achieve under its broad priority areas and how it will measure progress against them. The Accounts Commission's report into the Community Planning Partnership in 2014 recommended the Partnership implement a robust performance management framework.

85. The CPP are taking steps to address this, but progress has been slower than anticipated. The CPP committed to reviewing the LOIP early in 2019 to sharpen the focus on outcomes which are linked to robust and measurable plans. This activity was delayed until December 2019 when the council facilitated workshops for partners to help clarify those areas where the partnership can add most value. Further workshops were held in February 2020 but further progress has been delayed due to Covid-19. At the time of our audit, the CPP strategic lead partnership groups had agreed to take forward actions from the workshops to develop the outcomes and actions for their priority areas.

86. In November 2018, a report to the CPP Board highlighted several factors influencing this delay in developing CPP outcome measures including:

- capacity and lack of dedicated resource across the partners

- commitment to shared CPP outcomes being subordinate to organisational priorities
- lack of clarity around how some of the milestones and actions identified in the LOIP will progress that priority
- the need to participate in inspection regimes taking priority.

The LOIP performance report for 2018/19 highlights progress and activities undertaken

87. Given the lack of a clear performance framework, the 2018/19 LOIP performance report was largely a narrative assessment of progress with limited evidence-based indicators. Progress included:

- Moray Poverty Strategy Action Plan, was approved in April 2019
- A reduction in the gender pay gap. However, there is limited explanation of the initiatives contributing to this
- Moray Skills Investment Plan was developed which aims to provide better access to skills pathways for 3–24 year olds
- Modern apprenticeships were promoted, acting on evidence of a reduction in uptake among the 16-19 year age group
- Baby Steps Programme which promotes healthy living among expectant and new mothers received excellent feedback from those participating and won the Young Peoples Improvement Collaborative award in 2018 for excellence in early year's provision
- Improved support provided to children identified as having development concerns at their 27-30 month review
- The development of Locality Plans in New Elgin East and Buckie.

The council and its partners have developed an economic strategy which supports the LOIP and the Moray Growth Deal is a key part of this

88. In addition to its work on the Skills Investment Plan, the council and its partners in Moray Economic Partnership developed the Moray Economic Strategy 2019-29, led by Highlands and Islands Enterprise and in cooperation with regional partners across the public and third sectors and businesses. This supports the LOIP priority to create a growing, diverse and sustainable economy. The strategy sets out four strategic outcomes: qualification levels, business growth, talent attraction and workforce development.

89. The Moray Growth Deal, Moray's equivalent of a city deal, is a plan for long-term economic development and underpins the Economic Strategy. It is a long-term plan centred around specific projects designed to transform the economy, address concerns around encouraging young people to live and work in the area and address gender inequality in employment.

90. The deal is being negotiated by a team consisting of representatives from the council and its regional partners. The Scottish and UK governments have each announced a funding commitment of £32.5 million to support the deal. Still in its early stages, the next step is agreement of heads of terms and agreement on individual projects. The council has engaged positively with its partners and the two governments during the development of the Growth Deal and there has been significant political interest in it.

Community planning partners worked together to address weaknesses in services for children and young people

91. In February 2017, a joint inspection report led by the Care Inspectorate identified key weaknesses in the way services were being delivered for children and young people by the Moray community planning partnership. Across nine key indicators of performance, inspectors rated five as adequate and four as weak. The main areas of weakness were collaborative leadership, strategic planning and in some cases, how services worked together to ensure children were safe. Inspectors found that while children at immediate risk of significant harm were being protected, those experiencing neglectful parenting were exposed to risk for too long before decisive action was taken.

92. The follow up inspection report, published in March 2019, recognised that partners, managers and staff have been working hard to make changes to their processes and ways of working to improve the lives of children. Partners had developed a comprehensive improvement programme to address the areas identified. They had strengthened their strategic planning arrangements and implemented a new framework for quality assurance. Chief officers and senior managers modelled a change in culture to one of joint ownership and shared responsibility. They had strengthened their approaches to self-evaluation and adopted a more outward looking focus, learning from high performing areas and adopting new ways to improve their services. No further reviews specifically related to the 2016 inspection are planned.

Moray is working with neighbouring authorities

93. Moray Council is working in partnership with Aberdeenshire Council and Aberdeen City Council to develop a plant to jointly deliver an Energy from Waste (EfW) plant. The Waste (Scotland) Regulations 2012 sets out that Scottish councils will no longer be able to dispose of biodegradable municipal waste into landfill from 1 January 2021. The project commenced in 2015 and is due to be operational by 2022. The estimated cost of the project is £150 million with Moray Council contributing £25 million, Aberdeen City Council has taken the role of the lead authority.

94. The EfW plant will be located in East Tullos Industrial Estate in Aberdeen and provide heating to an estimated 10,000 households in the nearby area and will result in savings for all three councils by reducing the amounts they spend on landfill tax.

95. Moray council has been working collaboratively with the Northern Alliance to increase the life chances for children and young people. This includes initiatives to improve wellbeing, tackle the poverty related attainment gap and developing career pathways.

The IJB faces financial challenges but generally performs well against the national standards

96. Moray Integration Joint Board (MIJB) was established in April 2016 and assumed responsibility for adult community care services. In 2018/19, MIJB met an overspend of £0.6 million through a planned use of reserves. This was after £1.2 million deficit-funding from partner bodies at the year end and after using £1.4 million of the strategic funding provided by the Scottish Government to support core services. In November 2018, a financial recovery plan for 2019/20 to 2021/22 was agreed with the council and NHS Grampian to address the underlying overspend on core services.

97. Financial pressures continued throughout 2019/20. At the end of December 2019, the MIJB was forecasting an end-of-year overspend of £1.7 million. A shortfall of £1 million in savings set out in the financial recovery plan has contributed to this overspend. For example, expected savings have not been fully realised in community hospitals and prescribing.

The Northern Alliance is a Regional Improvement Collaborative between eight local authorities: Aberdeen City, Aberdeenshire, Argyll and Bute, Comhairle Eilean Siar [Western Isles], Highland, Moray, Orkney Islands and Shetland Islands. It aims to make a difference to the lives of children and young people by ensuring that the professionals who work with them collaborate for improvement and impact.

98. Despite financial pressures, overall performance of MIJB is good. The performance report for 2018/19 includes 19 national health and social care integration indicators. Of these, 14 are the same or better than the Scottish average, four are worse and one is significantly worse. A successful initiative that has shifted the balance of care from residential to home settings and improved outcomes for people with complex support needs is described in case study 1.

Case study 1

Lhanbryde supported accommodation

The project consisted of eight new purpose-built bungalows in Lhanbryde for people with autism and challenging behaviour, replacing an existing residential facility in a converted Victorian house.

The objectives were to decrease stress and improve the quality of life for people by placing them in a more homely environment closer to their families. The new accommodation is tailored to the specific needs of each tenant whilst ensuring the accommodation is sustainable for future use. All the units were occupied by June 2018 and initial results have been positive for the people and staff caring for them with a significant reduction in medication required to reduce distress and a reduction in the number and severity of incidents and staff injuries. In the first full year at Lhanbryde the average number of incidents reduced by 70 per cent to 24 incidents per user. In September 2018, the Care Inspectorate completed its first inspection of this housing support service and the report findings were very positive with no requirements or recommendations.

Source: Moray Integration Joint Board Annual Performance Report 2018/19

NHS Grampian and the council recently agreed to delegate children's criminal justice and social work services to the IJB

99. The independent review of the council's management structure in 2019 included a recommendation to delegate children and families social work and criminal justice to MIJB. It recommended revising the governance arrangements for the Chief Social Work Officer (currently split across the council and MIJB) to provide an integrated, families-based approach to care to help to improve outcomes.

100. NHS Grampian and Moray Council agreed in principle to delegate the services at the end of 2019. It is anticipated that it will take at least 12-18 months for the detailed work, relevant approvals and due diligence to be undertaken prior to a report being submitted to the health board and the council for final approval. Any change to the MIJB Integration Scheme requires ministerial approval prior to implementation.

101. A children and families social work transformation plan is being developed. The council recognises that there are significant areas of work to be progressed and will seek funding from the council transformation reserve fund to assist this.

The council is making some good progress in implementing community empowerment

102. Community empowerment is identified as a priority in the LOIP and corporate plan. The new corporate plan states that the council plans to build increased community capacity by focusing on the following key areas:

- engaging with the public on the future of council services
- developing locality engagement so solutions are influenced by local people

- enhancing community participation in service delivery eg community asset transfer
- developing and implementing participatory budgeting.

103. The council is making some good progress. The council's central support team, the Community Support Unit (CSU), provides good, professional support, but it is a small team.

Locality plans have been developed for two areas

104. Based on assessment of the data about the communities in Moray and engagement carried out by the partnership, the CPP identified two areas, Buckie Central East and New Elgin East, to target first for specific locality-based work as part of the LOIP. The Scottish Community Development Centre supported locality planning in both areas and the locality plans are based on extensive engagement and consultation with local communities.

105. The locality action plans were launched in August and September 2019 and are at the early stages of being implemented. There is good community ownership of the locality plans and actions are being progressed to tackle issues such as food poverty and social isolation. The CSU have provided training in key areas to help build the capacity of the local people involved to take the plans forward.

The council has good examples of community asset transfers

106. The council has successfully transferred some of its assets to community groups with examples predating the Community Empowerment (Scotland) Act 2015, for example the Tolbooth in Forres and the Mackintosh Building in Elgin which is used by a social enterprise group. In April 2018, Moray Council approved the closure of seven town halls and community centres. Since then, seven groups have been constituted to take over these assets and two-year leases signed, with six-month deficit funding in place if required to help groups get started.

107. The CSU has provided strong support to the groups. This includes using the SCVO Keystone Awards, a quality assurance award for village halls and community centres which shows that an organisation is fully aware of its role and responsibility in delivering a fully functioning facility. The programme of support delivered by the CSU also includes a peer learning approach with input from partners (HIE, council officers, DTAS/COSS and TSI), and learning visits funded by Scottish Government's Knowledge and Exchange Fund.

108. All seven facilities have increased usage by groups, established new activities and events and managed to turn finances around so that they are no longer losing money. At November 2019, Forres town hall has been approved for full transfer.

Case study 2

Fisherman's Hall community asset transfer

The Fisherman's Hall is a historic building erected in the late 19th century in Buckie. In 2016 the Council proposed its closure and the community campaigned to save it. The community and the council agreed a two-year initial lease of the hall for a nominal monetary amount. The lease period allowed for the community to prepare for a full asset transfer request and to trial the running of the hall.

The Fishermen's Hall Trust, also known as the Friends of the Fishermen's Hall, was established in January 2018 with the purpose of taking ownership of the hall. The Trust has around 500 members and uses a volunteering reward scheme to encourage its members to participate. Since the hall is being managed by the community, the charges for using the hall have decreased, resulting in increased usage. The hall is used for a variety of events, such as wedding receptions, community events, meeting groups and fitness classes.

Community access to the Fisherman's Hall contributes to improving local outcomes in the Buckie community in terms of social isolation, health and wellbeing.

Source: The Fishermen's Hall Trust

Participatory budgeting is developing from an established grant-model

109. Local people and voluntary organisations in Moray have been successfully leading participatory budgeting for the past few years. In 2016, Moray Council asked the chair of the joint community councils to lead on participatory budgeting activity. This led to a working group, Money for Moray, being established with 16 volunteers from community councils, area forums and the Moray Federation of Community Halls and Associations. The council supported the development of this group which is now self-sufficient.

110. The Money for Moray group works to ensure that a wide range of people and groups are involved and provides support for community groups wishing to apply for funds. For example, in 2017, the Findochty Church of Scotland Restoration Appeal was awarded money from the Social Isolation fund to upgrade toilet facilities and install a toilet for people with disabilities. The project at the forefront of the application was a weekly 'Soup and Sweet' to encourage social cohesion in the village. Money for Moray's progress report in August 2018, reported that this continues to be popular and well attended and is now known locally as the 'lunch club' which is open to all. The hall is being used for community events and it is estimated that after these improvements over 120 people benefit each week.

111. The council now intends to move from a predominantly community grant-making model to mainstreaming participatory budgeting so that communities can influence larger elements of mainstream budgets. The council approved its participatory budgeting strategy in January 2020.

The council has developed a corporate engagement strategy to involve communities in the future of council services

112. Examples of consultation and engagement includes tenant consultation on housing strategies, policies and plans; budget consultation and use of Facebook to engage with customers on controversial issues; engagement on the Early Learning and ChildCare Delivery Plan and on the Moray Local Development Plan 2020. The council plans to build on this and learn from the comprehensive engagement it has carried out on locality plans.

113. The draft Children's Service Plan 2020-23 has been co-produced with children and young people, parents / carers and practitioners. The Children's Services Partnership carried out extensive engagement with school pupils, younger children and parents, front line practitioners, community representatives and two local employers. Moray Youth Matters, a diverse group of young people from the different communities in Moray and representative of different equalities groups, come together regularly to discuss topics they decide are important and how to tackle them such as poverty related issues. People involved spoke positively about the value of being involved in the process, having open and meaningful conversations and working collaboratively to bring about change.

114. Effectively involving communities in making decisions on the future of council services will be critical. This is recognised in the council's new corporate plan (see para 110) and the council is now planning a corporate programme of community engagement. The first stage was a consultation event on the new corporate plan which included workshop conversations on the future of council services and the difficult decisions the council needs to make. The next stage will be engaging with specific communities, most likely geographic and based on inequalities of outcome.

The detail of this is being prepared but will comprise implementing the new participatory budgeting strategy and service specific engagement.

Part 5

Is the council demonstrating continuous improvement?



The pace of improvement has been slow since the 2015 Best Value report.

The council is demonstrating a more outward looking approach to developing best practice.

Progress against the council's own transformation plan has so far been limited.

The council's pace of improvement has been slow since the 2015 Best Value report with limited effect

115. In [the 2015 Best Value Audit Progress Report](#), the Accounts Commission found that the council was moving in the right direction, but the pace of improvement needs to increase significantly.

116. The report identified areas for improvement, including political and management leadership and development, financial sustainability, workforce culture, continuous improvement and customer/citizen focus. The council has made slow progress and the impact of improvement has been limited (Exhibit 9).

Exhibit 9

[A comparison of 2015 areas of improvement and 2020 audit judgements](#)

Accounts Commission areas of improvement 2015	Controller of Audit judgement 2020
Political leadership and development Continue to build effective working relations between members and ensure that sound protocols are in place for making the council's key business decisions, including agreeing financial savings. Ensure that its member development programme is well aligned to its corporate priorities.	Since 2015 political make-up and instability and lack of focus has impacted on key business decisions. Until recently progress has been slow and limited. Moray has now started to put in place foundations for significant strategic decisions in key areas (paragraph 16). The council provides training and support for elected members and has developed a strategy and framework which includes programmed activity and personal development plans for members (paragraph 30).
Managerial leadership and development Review, by June 2016, recent developments to improve corporate leadership to ensure: <ul style="list-style-type: none"> – a consistent standard of management is being delivered across the council – council priorities are communicated effectively to all staff. Use the senior management development programme to strengthen the council's approach to	The corporate management team has been restructured and the committee structure is now being reviewed to provide a more strategic approach matched to capacity (paragraph 23 and 27). A smaller CMT does now appear to be focused on delivering corporate leadership across the council rather than at a service level. Committee structures are also now being reviewed

Accounts Commission areas of improvement 2015	Controller of Audit judgement 2020
<p>managing strategic projects that involve more than one service.</p> <p>Monitor senior management development needs more robustly through the performance appraisal process.</p> <p>Ensure senior management development needs are well aligned to the council's corporate priorities as part of the review of training provision scheduled for 2016.</p>	<p>Performance reporting has tended to be service based (paragraph 32) and has not focused on key indicators or priorities (paragraph 39).</p> <p>A modified workforce plan led to the operational work being prioritised according to risk. Some targets within the original workforce plan have not been met. This includes approving the strategy for development of elected members and progressing the senior manager performance framework. (paragraph 83)</p>
Financial sustainability	
<p>The council should ensure that its plans for changing the way it delivers services are informed by performance intelligence and strike an appropriate balance between maintaining services and securing the council's long-term financial stability.</p> <p>Strengthen its approach to developing new ways of delivering services and organisational change and maintain a shared commitment across the council in this area.</p> <p>Use the 2016/17 budget setting process to agree its strategy for the use of financial reserves and ensure the councils uses them for the long-term benefit of local communities.</p>	<p>Financial sustainability is still an issue over the medium term and the council has been slow to address this, despite delivering annual savings, this has not been enough.</p> <p>The council is incurring annual deficits (paragraph 60) and is using reserves to meet these. There is a risk that all general fund reserves are depleted within 4 years based on usage over the last three years.</p> <p>There has been a relatively slow pace of change and issues with the development of strategic and transformational plans and only recently have we seen evidence of developing these (paragraph 16 and 120) including review of the learning estate and other council assets (paragraph 76).</p> <p>Projects to transform Education and Integrated Children's Services has been slow (paragraph 71).</p> <p>A Children and Families Social Work Transformation Plan is being developed using funding from the council's transformation reserve (paragraph 101).</p>
Workforce culture	
<p>Develop appropriate responses to the findings of the 2015 staff survey results, using the Workforce Culture Group to coordinate areas for action</p> <p>Ensure that all staff receive an annual performance appraisal, and that the results of these are used to inform the review of training provision scheduled for 2016.</p> <p>Review, by June 2016, the impact of additional human resources staff put in place to address the priority areas of the Workforce Culture Group.</p>	<p>Staff survey results show improvement in staff morale and direct management/supervision. However, fewer positive responses were reported in relation to workload, working for the council, the council's commitment to develop a more positive workforce culture and to address the issues arising from the survey (paragraph 81).</p> <p>Planned workforce development work with services was put on hold and the number of employee review and development meetings completed decreased with service managers reporting that budget savings work had affected their capacity to undertake appraisals. The number of staff receiving a development activity has also notably declined (paragraph 83).</p>
Strategic planning and continuous improvement	
<p>Review, by March 2016, the performance management / continuous improvement framework to ensure it is delivering the intended benefits, and that officers and members are effectively scrutinising performance.</p>	<p>A new performance management framework (PMF) for the new corporate plan is being developed (paragraph 42). Progress has been slow in developing and reporting an overall assessment of performance that transcends individual service scrutiny of data and focuses on priorities.</p>

Source: Audit Scotland

The council continues to use the Public Sector Improvement Framework (PSIF) but it is not always consistently applied

117. The council continues to use the PSIF as an aid to improve services with functions within services applying the framework to identify improvements as part

of the service planning process. However, it is not always clear that self-assessment through the PSIF is embedded consistently across and within council services or linked to strategic priorities.

The council is demonstrating a more outward looking approach to developing best practice

118. The council has been engaging with external bodies on areas it wishes to improve and discussing best practice with other local authorities and networks. Examples of these are its engagement with the Improvement Service to develop its approach to delivering training sessions for members and requesting support and feedback for the development of its revised performance management framework and the consultancy support it received to review its corporate management structure.

Progress against the council's own transformation plan has so far been limited

119. In 2016 the council commenced developing its current improvement and modernisation programme, to provide the basis for a medium to long-term financial plan to enable the financial sustainability of the council. The improvement and modernisation programme was approved in November 2018 and has eight streams, which are detailed below in exhibit 10.

120. The progress of projects categorised as strategic are monitored by CMT and by three transformation boards (council, learning and economy). The transformation boards are made up of elected members and council officers. The projects that are categorised as basic and intermediate are managed by the appropriate service and reported to the relevant transformation board on completion.

Exhibit 10

Improvement and modernisation programme summary at January 2020

Project title	Description	Started	Phase
Stream 1: Asset Management	Review of staffing structures, offices, depots, storage units. To align property assets to council priorities to ensure affordable and sustainable asset base.	November 2018	Concept
Stream 2: ICT and digital	Add value and efficiency to service delivery by increasing adoption of online services.	November 2018	Delivery
Stream 2: Customer services re-design	Deliver a culture change in customer service delivery towards an enabling approach for customers.	November 2018	Delivery
Stream 3: Alternative service delivery	Explore all avenues to create sustainable future for the leisure estate and identify strategic priorities for services within leisure.	September 2018	Concept
Stream 4: CMT review	Ensure that organisation is designed and structured to meet the challenges of the future as efficiently as possible.	November 2018	Delivery
Stream 4: Review and expansion of flexible working	Reduce resilience on physical buildings and enable property estate to reduce in size and reduce costs through flexible working.	November 2018	Concept

Project title	Description	Started	Phase
Stream 5: Parks, communities and leisure sponsorship	Generate income from advertising, sponsorship and other income.	November 2018	Delivery
Stream 6: Service efficiency	Review of direct services and establishing a new HR/payroll system. All projects have been delivered.	November 2018	Closed
Stream 7: Transforming education	Learning estate strategy, to provide essential infrastructure for the delivery of education and ASN review.	November 2018	Concept
Stream 8: Transforming children's services	More effective and efficient service delivery of a quality service that effects real change and measurable outcomes.	November 2018	Concept

Source: Moray Council

121. The council has made slow progress with its improvement and modernisation programme, with a number of key projects at concept stages. While progress has been made with changes to customer service only one work stream of the improvement and modernisation has been completed (service efficiency review) and three streams are presently at delivery stage (ICT/digital and customer service re-design, CMT review and the parks communities and leisure sponsorship). In September 2019, as part of the CMT restructure and to deal with strategic focus the council appointed a temporary head of transformation to oversee the improvement and modernisation programme, and there has been recent progress made towards some significant strategic decisions.

Recommendations



The council needs to make some difficult strategic decisions on areas such as, asset management, leisure services, flexible working, income generation and service transformation in education and social work. (paragraphs 16, 99 and 119)

The council needs to complete its performance management suite of documents. This should include key indicators to support priorities and address the level of reporting at an overall council-level versus service-level. Improvements to reporting should include a review of targets and better summary of key areas of good and poor performance and any specific actions to be taken. (paragraph 42)

The medium and longer-term financial position needs to be addressed and the continued reduction in the council's reserve position halted before the position becomes acute. (paragraph 68)

The elected member development strategy should be implemented through, programmed activity and personal development plans. (paragraph 30)

To help streamline processes, the council needs to continue to progress its governance review, including reviews of committee structures, schemes of delegation and reporting to committees. (paragraph 27)

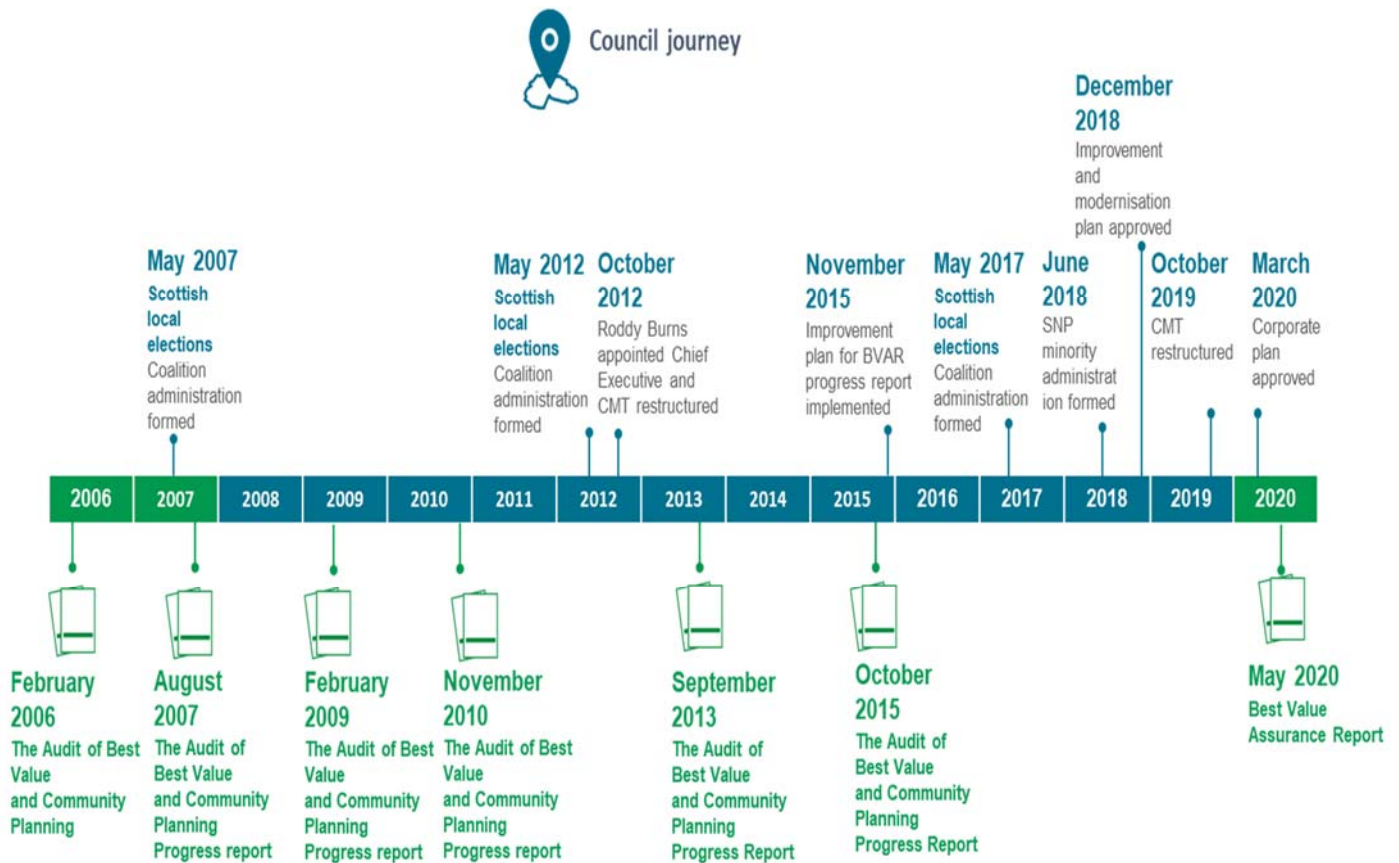
Considerable development work and additional measures are required to improve educational attainment, alongside making significant changes to the school estate. (paragraphs 44 and 75)

The council should investigate and better understand the reasons for poorer satisfaction levels in housing, learning from councils with higher satisfaction results. (paragraphs 54 and 55)

The council needs to continue working with CPP partners to determine clear outcome milestones and performance reporting. (paragraphs 84 and 85)

Appendix 1

Best Value audit timeline



Moray Council

Best Value Assurance Report

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