



REPORT TO: MORAY COUNCIL ON 7 OCTOBER 2020

SUBJECT: BEST VALUE ASSURANCE REPORT ON MORAY COUNCIL

BY: CHIEF EXECUTIVE

1. REASON FOR REPORT

1.1 To consider the Accounts Commission's findings on the Best Value Assurance Report on Moray Council by the Controller of Audit (**Appendix 1a and Appendix 1b**).

1.2 This report is submitted to Council in terms of Section 103E of the Local Government (Scotland) Act 1973, as amended by the Local Government (Scotland) Act 2003.

2. RECOMMENDATIONS

The Council is requested to;

2.1 **Discuss and debate the key findings and recommendations of the Accounts Commission on the Controller of Audit's Best Value Assurance Report on the Council (the report with the findings incorporated is attached as Appendix 1a and Appendix 1b respectively to this report) in order to;**

2.2 **Decide the actions to take in response (attached as Appendix 2 is a proposed plan of strategic actions).**

3. BACKGROUND & INTRODUCTION

3.1 As Members will recall, the Audit took place in September 2019. The report by Controller of Audit containing recommendations was reported to the Accounts Commission and the Commission's findings, along with the report subsequently published in August (**Appendix 1a and Appendix 1b**). The Commission has accepted the Controller of Audit's report and endorsed the recommendations.

3.2 The Commission require a further report by the Controller of Audit no later than February 2022 on the progress made by the Council. The Council's annual external audit process will also monitor and report progress.

3.3 The audit involved reviewing Council documents, interviewing Elected Members and Senior Council Officers. I wish to acknowledge the cooperation and assistance provided to the Auditors, particularly by the Elected Members and the Officers of the Council contacted during the audit.

3.4 The purpose of this report is therefore to;

- Provide comment on a number of key findings and recommendations and offer a view where appropriate on a number of aspects of them, in particular financial management and performance management reporting.
- Highlight specific areas of development necessary to deliver at pace the transformational change for the Council to become sustainable namely leadership of the Council, strategic focus and capacity and resilience.
- To bring Council up to date with an assessment of progress made since the review that can be taken into account in the plan of strategic action in response to the findings and recommendations.
- Recommend strategic actions and an approach to delivery which will change from the past.

4. KEY FINDINGS

4.1 The Council has a history of underperformance in Best Value and of slow progress and improvement. There is acknowledgement of more recent progress such as; cross-party working; consensus on 2019/2020 budget setting and the restructure of Senior Management.

4.2 There is also recognition that the Council is aware of what it has to do and the plans in place, but concerns remain about pace and capacity. Whilst recent progress has been made on a number of strategic issues, this needs to continue to move forward with pace.

5. FINANCIAL MANAGEMENT

5.1 The Council's financial position is well known and rehearsed.

5.2 A medium-long term financial strategy has been developed to accompany the Corporate Plan. This was approved by Council at its meeting in March 2020.

5.3 This strategy identifies substantial future funding gaps. At present, there are not well developed plans which meet these gaps. A key area of improvement is a need for a medium-long term financial strategy which clearly maps out how the Council will deal with substantial future funding gaps in a sustainable way while transforming its services. The Improvement and Modernisation Programme as currently framed and future iterations of this will play a major part in this process. It should be acknowledged however that whilst this is the clear objective and one which officers are working hard to achieve, it is one which councils across Scotland find challenging, both in framing fully costed plans and then in delivering the savings anticipated in those plans.

5.4 The report refers to use of reserves to balance budgets in recent years and that is not sustainable. However, it should be noted that by the end of 2015/16

free general reserves amounted to £24 million - net budgeted expenditure for that year was £198 million and for 2016/17 was £195 million.

- 5.5 In short, free reserves stood at 12% of budgeted net spend, against an agreed reserves policy of 2.5%. This is the significant background to the decision by Members to use reserves to cushion the effect of cuts in funding to Council services.
- 5.6 In the financial year 2019/20, cumulative savings were £24 million (see para 64 of the report). The Council's progress was compared to others nationally and commented on favourably in the national financial overview by Audit Scotland. This forms a context for some of the council's challenges as the Council saved more earlier than many comparator Councils.
- 5.7 The acknowledgement of significant savings and reduced reliance on reserves is reassuring, but the key message that the Council has relied on lots of small savings is not consistent with the body of the Controller of Audit's report (see para 64).
- 5.8 Although comments about the composition of savings being lots of small ones, the introduction of charges for garden waste in 19/20 generated income of £0.7 million and in the same financial year, the reduction in the roads maintenance budget came to £1 million. The Council's strategic approach to roads maintenance in the context of budgetary constraints has also been the subject of positive comment within the report and in Audit Scotland's financial overview reports.

6. PERFORMANCE MANAGEMENT & REPORTING

- 6.1 The Commission underlines the recommendations of the Controller of Audit on the need for better and timely performance information reported to Elected Members and to the public.
- 6.2 A new Performance Management Framework was approved in August 2019 following a review carried out with Improvement Service. This identified a number of improvements in the current approach to Performance Management including service plans that are more closely linked with the Corporate Plan
- 6.3 There has been some staffing capacity and resourcing issues which have impacted on timely performance reporting which have been addressed.
- 6.4 The statutory requirement is to report to the public on the outcome of the performance of Council functions. The approach of the Council of publishing regular service performance and then having a higher level summary seems to be used by other Councils. The approach to public performance reporting varies considerably across Councils and there is no detailed guidance on what is expected. While there is scope for improvement of the Council's reporting of outcomes and the level of detail, as acknowledged in the Council's developing performance framework, what is published is in accordance with relevant Local Government legislation.
- 6.5 The reference to Moray as a poorer performing authority in comparison to others is strong in respect of a number of indicators of performance.

6.6 Taking a broader approach to the performance agenda, and taking into account the impact of strategic decisions like the budget noted above, the Council can highlight successes in terms of good performance across a range of services such as;

- Recycling - one of the best rates in Scotland.
- Care at Home – performing above National average.
- Planning – one of the best performing authorities in Scotland.

7. LEADERSHIP

7.1 Increasing the pace of improvement will require leadership from the Council as a whole, exercised alongside effective implementation and support by Officers if the Council is to make difficult strategic decisions about how and where it needs to improve. It is recognised Senior Management is cohesive; workforce morale is positive and there is staff commitment to change albeit there are concerns about capacity to deliver on the range of issues requiring attention.

7.2 The expectation of the Commission is that the Council will deliver considerable changes to the ways and means by which services are delivered in Moray, making clear and timely decisions based on constructive relationships and trust between Members and Officers.

7.3 No-one can argue that the findings of the Commission are not profound in terms of the need for cohesive political leadership of the Council. There therefore must be a concerted effort over the coming months to establish a shared political agenda; to do nothing is not an option, the risk is too great. The Council must be seen by all concerned to be moving forward.

7.4 Whilst political realities cannot be ignored, I believe the Commission's findings provide compelling evidence of the need for the Council to resolve to find ways and means of working to secure the best outcomes for Moray.

8. STRATEGIC FOCUS

8.1 There is clear evidence of strategic direction, in the form of the Local Outcome Improvement Plan (LOIP); Corporate Plan and the draft Learning Estate Strategy as well as a range of other strategic plans and priorities which must be the continued focus of the Council.

9. CAPACITY & RESILIENCE

9.1 The scale of the challenge the Council faces is significant and cannot be overstated. It is therefore crucial that the Council develops the leadership capacity, resilience and ways of working to avoid undermining the scope for transformational change.

9.2 The need for better balance of scrutiny and challenge with more focus on strategic priorities and less emphasis on the operational also needs to be addressed.

10. PROGRESS SINCE THE REVIEW

- 10.1 In terms of governance, the Council is already carrying out a review of Committees following the restructure of Senior Management. The findings of the Commission underline the recommendations of the Controller of Audit on the need to continue to review and improve decision making and governance structures.
- 10.2 There has been significant progress in a number of strategic areas such as;
- Community Planning – a refreshed Local Improvement Outcome Plan approved in September 2020.
 - A revised Corporate Plan approved in March 2020.
 - Moray Growth Deal – Heads of Terms signed in August 2020.
 - A range of other strategic plans like the Climate Change Strategy currently out for consultation, the Children’s Services plan approved in June 2020 and the Local Development Plan 2020.
- 10.3 Members are referred to section 5 of the report in terms of progress on the Financial Strategy.
- 10.4 Attainment initiatives and a review of the Learning Estate Strategy will require to be resourced and expedited.
- 10.5 The Council’s Performance Management Framework has been revised and agreed as acknowledged in para 42 of the report. The only outstanding element is the further development of some of the outcome measures in the corporate plan delivery plan which has been approved as a developing document.
- 10.6 The Council demonstrates a more outward looking approach to improve performance. For example, it is engaging with the external bodies’ such as the Improvement Service, the Northern Alliance and Education Scotland on areas they wish to improve as well as discussing best practice with other Councils and networks.
- 10.7 Housing satisfaction levels are noted as being particularly low. The 2018/19 tenant survey results were reported to Communities Committee on 27 August 2019 together with an Improvement Plan. The report at that time highlighted that the approach to and timing of tenant surveys varied widely across Scotland with many authorities doing smaller targeted and face to face surveys which tend to produce better results. Whilst it is acknowledged that improvements must be made in the areas highlighted in the report, an example of the change which differing methods can have is evident in the recent change to face to face surveys for satisfaction with repairs which has led to satisfaction rates for the 2019-20 SHR return rising from 78.61% in 18-19 to 99.21% for 19-20.
- 10.8 The Council’s assets are now being reviewed as part of its improvement and modernisation, examples of key strategies for property assets are:-
- **Review of the Learning Estate Strategy** – the draft approach to the Learning Estate Strategy was agreed at Children and Young People’s

Committee in March this year but public engagement stopped due to COVID-19. Whilst planned to be completed and reported in June, this has now been inevitably delayed.

- **Review of Council offices** – how services are using these offices and opportunities to bring these together.
- **Depot review** – to maximise use of depots, co-locate and rationalise existing provision. Reports for both these reviews are currently being finalised.

10.9 Service planning for 2019/20 progressed whilst the draft Corporate Plan was being developed. Following approval of the Corporate Plan in March 2020, the service plans are being prepared to go to Committee in November/December 2020, now reflecting the new Performance Management Framework.

10.10 The Council has a good track record of involving communities in the strategic design of services. Examples include;

- Financial Planning
- Moray Local Development Plan
- Moray Council Corporate Plan
- Childrens Services Plan
- Expansion of Early Years' Service

10.11 The recent formal inspection of the Council's Community Learning and Development service indicates there has been very good progress in terms of;

- Leadership and governance.
- Locality Planning.
- Improved links with children and young people.

10.12 The Council's Community Support Unit support to Community Asset Transfers is strong, probably further ahead than in most other Local Authorities in Scotland.

11. ACTION PLAN OF PROPOSED IMPROVEMENTS

11.1 The findings and recommendations are largely reflective and generally supportive of the Council's own continuing self-evaluation of its strategic direction and financial standing. The areas of improvement recommended in the Controller of Audit's report and endorsed by the Accounts Commission are integrated into a plan of strategic actions for improvement, as set out in **Appendix 2** to this report as an approach to delivery that will change from the past.

11.2 Accordingly, the plan recognises the potential to improve significantly the outcomes for Moray's communities and for the Council to continue to improve its services. Along with the findings of the Commission, the current financial imperative provides the momentum to realise that potential.

12 **SUMMARY OF IMPLICATIONS**

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

The Council is committed to delivering better public services year on year through Best Value and its key principle of continuous improvement.

(b) Policy and Legal

The Council has a legal duty to deliver Best Value and to address findings arising from any Best Value Assurance Reports.

(c) Financial Implications

The Council has committed £3million of earmarked reserves for transformational change which will require to be drawn upon to develop the capacity to deliver the action plan.

(d) Risk Implications

Inspections involve a considerable amount of time and effort diverting attention from the delivery of priorities and day to day services and whilst scrutiny is invaluable in driving improvement, on balance it is in the Council's interest to maintain performance levels such that the number of scrutiny activities can be minimised.

As the Council operates with small teams/specialists there is an ongoing risk associated with workforce issues. Accordingly it will be important that the actions in the Action Plan (**Appendix 2** to this report) are resourced properly and/or other work reprioritised given the tight resourcing across current services. Failure to do this is likely to introduce other risks.

There is a considerable risk that delayed progress in some of the significant actions has a substantial impact on the Council's future financial position.

There is also a considerable risk that lack of progress towards making the significant changes in the Council to produce the required improvements in performance and outcomes may result in further intervention.

(e) Staffing Implications

There are no implications arising directly from this report. The development of the officer capacity to deliver the required improvements related to the various actions will require to be costed as the actions are considered and initiated.

(f) Property

None.

(g) Equalities/Social Economic Impact

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

(h) Consultations

The Convener, the Council Leader and CMT respectively have been consulted in terms of reporting to this meeting of Council. Group Leaders were also invited to a presentation by CMT on the emerging draft action plan.

13 CONCLUSION

- 13.1 Whilst it makes difficult reading, the report and Commission findings acknowledge the good work already underway in the areas highlighted by inspectors. The report and findings provide a sharpened focus on the challenges the Council faces, and a plan to address these.**
- 13.2 Delivering the committed and decisive leadership called for by the Accounts Commission requires acceptance of change in the way the Council works, at both Officer and Member level. Vital to this will be greater collaboration to pave the way for transformation at strategic level in both our school estate and the delivery of our services to the Moray community. The continuing experience dealing with the Covid-19 pandemic has thrown the need for strong partnership working/collaboration into sharp relief and I believe the Council will do all in its power to ensure that lessons will be learned from this.**

Author of Report: Roddy Burns
Background Papers: Letter dated 05 August 2020 from Secretary to Accounts Commission enclosing the Controller of Audits Best Value Assurance Report on Moray Council.
Letter dated 20 August 2020 from Secretary to Accounts Commission enclosing a copy of the finding of the Accounts Commission on the Control of Audits Best Value Assurance Report on Moray Council.
Best Value Assurance Report Detailed Plan Strategic Summary (SPMAN-1108985784-334)
Ref: [SPMAN-1108985784-246](#)