

ACCOUNTS COMMISSION**AUDITING BEST VALUE: MORAY COUNCIL****AUGUST 2020****FINDINGS**

The Commission accepts the Controller of Audit's report on Best Value in Moray Council and we endorse his recommendations. We note the substantial nature of these recommendations.

The work for this audit was done prior to the Covid-19 emergency and thus does not consider the additional and sizeable pressure that this has placed on the Council. The Commission is however of the firm view that the principles of sound financial management, good governance, public accountability and transparency remain vital. Accordingly, we intend that our reporting of the Best Value audit will help the Council deal with the significant challenges that it faces.

We have serious concerns about a lack of sustained improvement in Moray Council over many years since our first Best Value report in 2006. The Controller's report gives us only limited assurance and confidence about the Council's prospects to improve. While we noted some progress in our previous report in 2015, momentum stalled and it is only recently that this has been restored. While we are pleased to note such early signs, it is critical that the Council increases its pace of implementing change.

To do this, clear, committed and decisive leadership will be needed. The duty of Best Value lies with the Council as a whole, and so it is important that all elected members fulfil their responsibilities – in administration or opposition - to improve the Council for the good of its communities. Such political leadership exercised alongside effective implementation and support by officers will help the Council make difficult strategic decisions about how and where it needs to improve.

At the core of such improvement is a need for a medium to long term financial strategy which clearly maps how the Council will deal with substantial future funding gaps in a sustainable way while transforming its services.

We underline the recommendations of the Controller of Audit on the need to continue to review and improve decision-making and governance structures and similarly the need for better and timely performance information reported to elected members and to the public.

Deteriorating performance and evidence of declining satisfaction of many Council services is concerning. Underperformance in educational attainment is a significant issue. Recent attainment initiatives and a review of the learning estate strategy are vital components that the Council needs to expedite urgently in conjunction with school leaders and communities. The Council's approach to working with its communities and partners is a good foundation as it faces future challenges in delivering its services and improving people's lives.

It is crucial that the Council ensures that it has the capacity to deliver change. We note messages from staff surveys around workload and culture which highlight risks to staff morale and commitment.

As a result of our findings we require a further report by the Controller of Audit no later than February 2022 on the progress made by the Council. In line with our new approach to auditing Best Value, the annual audit process will also monitor and report progress.

SELECTED STATUTORY PROVISIONS FOR REPORTS BY THE CONTROLLER OF AUDIT AND PROCEDURE OF THE ACCOUNTS COMMISSION

AN AMALGAMATION OF EXCERPTS FROM THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973 AND THE LOCAL GOVERNMENT IN SCOTLAND ACT 2003

S102 1973 Act - Reports by the Controller of Audit

(1) The Controller of Audit may, and if so required by the Commission, shall make reports to the Commission with respect to -

- (a) the accounts of local authorities audited under this part of this Act;
- (b) any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public;
- (c) the performance by a local authority of their duties under Part 1 (best value and accountability) and Part 2 (community planning) of the Local Government in Scotland Act 2003.

(2) The Controller of Audit shall send a copy of a report made under subsection (1) above to

- (a) any local authority named in the report; and
- (b) any other person the Controller thinks fit.

(2A) A local authority shall, forthwith upon their receiving a copy of a report sent to them under subsection (1) or (2) above, supply a copy of that copy report to each member of the authority and make additional copies available for public inspection.

S3 2003 Act - Action by Accounts Commission following report by Controller of Audit

On a report being made to it by the Controller of Audit under section 102(1) of the Local Government (Scotland) Act 1973 the Accounts Commission may do, in any order, all or any of the following, or none of them -

- (a) direct the Controller of Audit to carry out further investigations;
- (b) hold a hearing;
- (c) state its findings.

S4(2)(b) 2003 Act

Findings which do not follow a hearing shall be treated as the findings of the members of the Commission holding a hearing.

(3) Findings may include recommendations and the persons to whom those recommendations may be made include the Scottish Ministers.

(4) The Accounts Commission shall give a copy of findings so made to any member or officer of a local authority who was named in the report upon which proceeded the hearing to which the findings relate.

S103E 1973 Act - Action by local authorities

(1) A local authority receiving a copy of findings shall consider those findings at a meeting of the authority within three months of receiving them or within such longer period as the Commission may specify in writing.

(2) The duty imposed on a local authority by subsection (1) above shall be discharged only by that authority and not by a committee or sub committee or an officer.

(3) Where findings received by a local authority contain recommendations, the authority shall decide -

- (a) whether to accept any or all of those recommendations;
- (b) what, if any, action to take in response to those recommendations.

(4) A meeting under subsection (1) above shall not be held unless, at least seven clear days before the meeting, there has been published, in a newspaper circulating in the area of the local authority concerned, a notice which -

- (a) states the time and place of the meeting;
- (b) indicates that the meeting is to be held in order to consider the findings of the Commission and any recommendations in those findings; and
- (c) describes the nature of those findings and of any such recommendations.

(5) The local authority shall, as soon as practicable after that meeting -

- (a) notify the Commission of any decisions made in pursuance of subsection 3 above; and
- (b) publish, in a newspaper circulating in the area of the local authority, a notice containing a summary, approved by the Commission, of any such decisions.

(6) A notice under subsection 5(b) above shall not need to summarise any decision made while the public were excluded from the meeting -

- (a) under section 50A (2) of this Act (confidential matters) or in pursuance of a resolution under section 50A (40) of this Act (exempt information); but
- (b) in a case where section 50C and 50D of this Act (availability for inspection after meetings of minutes, background papers and other documents) apply in relation to the meeting, shall indicate the documents which, in relation to that meeting, are open for inspection in accordance with those sections.