

**MEETING: 10 FEBRUARY 2022**

**REPORT BY: SECRETARY TO THE COMMISSION**

**BEST VALUE ASSURANCE PROGRESS REPORT: MORAY COUNCIL**

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### **Purpose**

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Progress Report for Moray Council.

### **Background**

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report (BVAR) on each council at least once during the five-year audit appointment and by Best Value being reported in annual audit reports.
3. The attached report (**Appendix 1**) is a progress report on the previous BVAR, which the Controller of Audit reported to the Commission in [August 2020](#), and on which the Commission published findings (**Appendix 2**). In [October 2015](#), the Controller of Audit provided an update to the Commission on the council's progress since the previous Best Value Audit (findings **Appendix 3**). This followed on from a Controller of Audit Targeted Best Value Audit report on the council published in [September 2013](#) (findings in **Appendix 4**).
4. In its August 2020 findings, the Commission required the Controller of Audit to report on the progress made by the council no later than February 2022.

### **The Controller of Audit report**

5. The Best Value Assurance Progress Report is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
6. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
  - the accounts of local authorities audited under the Act;
  - 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; and
  - the performance by a local authority of their statutory duties in relation to best value and community planning.
7. A copy of the report is being sent to the council, which is obliged to supply a copy to each elected member of the council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the council it is effectively in the public domain.

8. The report concludes with the recommendations proposed by the Controller of Audit in the 2020 BVAR and progress made against these by the council which are to be part of the Commission's considerations.

### **Procedure**

9. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
  - direct the Controller of Audit to carry out further investigations
  - hold a hearing
  - state its findings.
10. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
11. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
12. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

### **Conclusion**

13. The Commission is invited to:
  - a) consider the Controller of Audit's Best Value Assurance Progress Report on Moray Council; and
  - b) decide in private how it wishes to proceed.

**Paul Reilly**  
**Secretary to the Commission**  
**31 January 2022**

**BEST VALUE ASSURANCE PROGRESS REPORT: MORAY COUNCIL**

The Controller of Audit previously reported to the Commission in [August 2020](#).

**BEST VALUE ASSURANCE REPORT – MORAY COUNCIL**

**COMMISSION FINDINGS**

**AUGUST 2020**

1. 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.
2. 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.
3. 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 increase its pace of implementing change.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.



**THE AUDIT OF BEST VALUE AND COMMUNITY PLANNING –**

**PROGRESS REPORT – THE MORAY COUNCIL**

**COMMISSION FINDINGS**

**OCTOBER 2015**

The Commission accepts this report by the Controller of Audit on progress made by The Moray Council since our 2013 report Best Value audit work.

The Commission is encouraged by the council's progress in aligning its strategic plans, priorities and objectives; the awareness and commitment of the management team; and the focus on elected member and employee development. Substantial improvement activity is underway. At the moment, it is too early to judge its overall effectiveness.

The council is moving in the right direction but the pace of improvement needs to increase significantly. In particular, the financial challenge facing the council – to reduce spending by over £16 million by March 2018 - requires demonstrable leadership by elected members in approving and implementing a comprehensive strategy to achieve the necessary savings. In addition, the council needs to quicken progress in its approach to engaging with customers. It also must follow through on recent employee engagement activity to develop a more positive workforce culture.

We will maintain our interest in the progress made by the council. The Controller of Audit will continue to monitor progress through the annual audit process.

**THE MORAY COUNCIL – TARGETED BEST VALUE AUDIT WORK 2012/13**

**COMMISSION FINDINGS**

**SEPTEMBER 2013**

1. The Commission accepts the Controller of Audit's report on targeted Best Value work in The Moray Council.
2. The Commission welcomes the improvement plan put in place and being taken forward by the council in response to the Best Value targeted work.
3. The council has strengthened its leadership as it addresses improvements. We are encouraged by this and the momentum can continue if the council fulfils its commitment to its development programmes for officers and members.
4. We believe that there would be substantial benefit for the council in integrating its various strategic plans and strands of improvement work. We also see the potential of a more coordinated approach to seeking and making use of the views of customers. We urge progress to these ends.
5. The Commission recognises that the council's performance against its improvement plan will feature in the annual audit process. We ask the Controller of Audit to report back to us on progress in 18 months' time.