

The Audit of Best Value
and Community Planning

The Moray Council

Progress Report

The logo for the Accounts Commission, featuring a stylized 'A' with a checkmark inside a circle.

ACCOUNTS COMMISSION

Prepared by Audit Scotland
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The Accounts Commission

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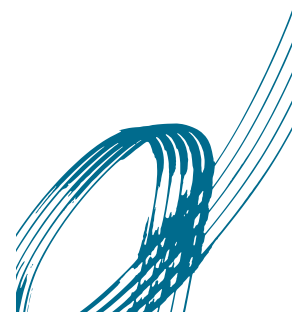
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Commission findings



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.

Introduction



1. The Local Government in Scotland Act 2003 created a statutory duty of Best Value for all councils. The Accounts Commission for Scotland is responsible for reporting to the public on the extent to which individual local authorities meet this duty. Audit Scotland staff carry out the audit work on Best Value and the Controller of Audit provides audit reports to the Commission.

2. The first Best Value audit report on The Moray Council (the council) was published in February 2006. The audit found that the council lacked some of the fundamental elements of Best Value, including a clear vision and strategic direction, political and corporate leadership and effective performance monitoring arrangements. Subsequent progress reports in August 2007, February 2009 and November 2010 highlighted that the council had made some improvements, although the pace of change needed to increase.

3. In May 2012, the 2012-2015 Assurance and Improvement Plan (AIP) for the council highlighted that some areas of risk and uncertainty remained. It concluded that further targeted Best Value audit work was required, which resulted in the most recent Best Value audit report published in September 2013. In its findings on the report, the Accounts Commission recognised that the council had strengthened its leadership to address the improvements required. It encouraged the council to maintain momentum by fulfilling its commitment to:

- introduce development programmes for officers and members
- integrate its various strategic plans and strands of improvement work
- introduce a more coordinated approach to seeking and making use of customers' views.

4. This report details the progress made by the council against the improvement areas identified in the last Best Value audit report ([Exhibit 1, page 6](#)). Our audit work took place during May and June 2015 and involved reviewing council documents, interviewing elected members and senior council officers, and observing council meetings. We gratefully acknowledge the cooperation and assistance provided to the audit team by Council Leader Councillor Stewart Cree, Chief Executive Roddy Burns, Corporate Policy Unit Manager Bridget Mustard and all of the elected members and officers we spoke to during the audit.

Exhibit 1

Improvement agenda

The council needs to:

- continue to build on the improvements on leadership and culture by:
 - acting decisively in making the difficult decisions required to deliver £30 million of savings by 2016/17
 - continuing to embed the collaborative and positive workforce culture demonstrated by the corporate management team (CMT) more widely across the council
- maintain progress of leadership development and member development programmes, specifically by:
 - providing leadership development opportunities for all senior managers
 - ensuring all elected members undertake personal development meetings
 - improving member take-up of development and training opportunities
- clarify its strategic planning arrangements to build a clear framework to support leadership and direction by:
 - aligning the council's strategic plans
 - developing an overarching improvement programme to help prioritise and focus improvement activity and improve reporting and governance arrangements
- develop a customer focus strategy and action plan and improve reporting on customer feedback
- maintain the momentum on improved leadership of equalities and improve member take-up of equalities training and reporting against equalities outcomes
- improve how it measures and reports on performance, including:
 - customer feedback and satisfaction
 - continuous improvement programmes
 - equality outcomes.

Source: [*The Moray Council Targeted Best Value audit work 2012/13*](#), Accounts Commission, September 2013

Summary



5. Since our last audit report, The Moray Council has made progress on its improvement action plans. In particular, there is more cohesive strategic direction and planning in place, including a ten-year community plan, a more robust corporate plan and a linked system of service planning that includes arrangements for performance review and continuous improvement. There has been a shared commitment across the council in developing these important tools, and this offers a good opportunity for future progress.

6. However, there is still much to be done. Recent progress has to be seen in the context of a relatively low starting point. Basic building blocks for Best Value that are now well developed in many councils, such as an overall customer focus strategy, strategic planning and its approach to continuous improvement are still in their infancy or are only now being effectively applied in Moray. The council must increase the pace of change and improvement, to ensure it fully complies with its statutory duties, and gains the benefits that Best Value can bring.

7. The council's new corporate management team (CMT) is committed to change. It has a good level of awareness of where major work is required, and has started to make the fundamental cultural and organisational shifts required. It has supported the elected members in establishing their strategic plans, and is building improved standards of management across the council through employee leadership development programmes and employee engagement activities. Elected members have contributed to their own personal development through involvement in a range of development programme activities.

8. However, the extent to which the council can come together and act decisively in addressing future challenges remains to be fully tested. Moray faces significant financial challenges over the next few years. It needs to reduce its spending by over £16 million by March 2018. At the same time, it needs to respond to increases in demand for many services. While a high level of financial reserves will help in the short term, the council's strategy to respond to these challenges is still in its early stages. This includes the development of services that will be sustainable in the future environment all councils will find themselves in. Difficult decisions will need to be made and the delicate political balance in the council at present adds to this challenging environment.

9. A structured approach to achieving political consensus (the cross-party Area Based Review Group or ABR) was successful in bringing members together to develop a new community plan, a council corporate plan and preparations for the 2014/15 budget. However, as a result of political differences surrounding a strategic review of education services, it was replaced in November 2014 with an administration-only Service Development Group (SDG). It will be important in

the future for councillors to be able to work together on the challenges facing the council as a whole, to ensure that it can meet the needs of Moray and its communities.

10. The council continues to provide some good services and performs well compared to other local authorities. In 2013/14, the latest year for which figures are available, the council's performance improved against the majority of the indicators in the Local Government Benchmarking Framework. Overall, The Moray Council remained in the top half of performing councils in Scotland.

11. However, there are some areas that need further improvement if high-quality services and Best Value are to be achieved. In particular, while the council has recently finalised a customer focus strategy, it remains to be seen whether this will effectively drive the cultural change required across the council. Similarly, while there has been considerable activity in employee engagement, it is vital that the council follows through on developing a more positive workforce culture.

12. The council is taking action across a broad range of fronts to address the areas for improvement identified in previous Best Value reports. In some areas it is too early to say what impact these actions have had on the council's overall effectiveness. While the current delicate political balance requires careful handling, the presence of a settled and committed corporate management team, which the council now has, provides an opportunity to make a real difference to the pace of change and prospects for improvement.

Audit assessment



Progress in leadership and culture

Among other challenges, the council will need to reduce its spending by more than £16 million over the two financial years to March 2018. Greater pace around service transformation and more effective leadership will be required if this financial challenge is to be met. Corporate leadership by senior management continues to improve, and the council demonstrates a commitment to management development and embedding a positive workforce culture.

Delivering financial savings

13. All councils are facing increasingly difficult financial challenges. Councils should have robust plans for targeting resources at their priority areas, for providing services in new and better ways, and for making savings over the longer term. They should also have buy-in from elected members for the difficult decisions that need to be made.

14. The council's current financial planning strategy focuses on the need for:

- further reductions of £15 million in annual running costs by 2017/18
- greater service efficiencies, including the development of a sustainable model for service delivery
- effective communication and consultation with elected members and the public.

15. The last Best Value report said the council needed to make difficult decisions in order to deliver nearly £30 million of savings over the four years 2013/14 to 2016/17. In February 2015, as part of its 2015/16 budget considerations, the council reported it had made £11.5 million savings to date and had identified a further £2.4 million savings to be implemented over 2015/16 and 2016/17. The council continually updates its budget assumptions and reports any significant changes to members. Following revised assumptions around income sources and the cost of new demands, the council now estimates that it will need to agree savings amounting to £16.5 million for 2016/17 and 2017/18, of which £15.0 million has still to be identified ([Exhibit 2, page 10](#)).

Exhibit 2

Moray's budget overview to 2017/18

	2015/16 £k	2016/17 £k	2017/18 £k	Total to be identified £k
Expenditure	197,891	202,997	198,190	
Funding	196,367	193,420	191,230	
Funding gap	1,525	9,577	6,960	
Savings identified so far	1,297	1,140	380	
Balance to be funded from reserves	228			
Balance of savings still to be agreed		8,437	6,580	15,018

Source: *Budget Overview 2014-18 at 10 April 2015, The Moray Council*

16. In the last two years, the council has largely delivered its financial savings by reducing levels of service, from efficiency gains and by not filling staff vacancies. For example, £1.2 million has been removed from the devolved schools management budget and other additional teacher funding, and £1.4 million has been removed from the roads maintenance budget. Similarly, the council's Designing Better Services (DBS) programme reported savings of £1.8 million in 2014/15 through a reduction in the number of offices, changing processes for handling customer enquiries and better procurement. The council expects to generate further efficiency savings in 2015/16 and 2016/17 but these areas are unlikely to contribute the same level of savings as before.

17. The council had usable reserves of £31.6 million as at 31 March 2015. Of this, £10.6 million has been earmarked for specific purposes such as repairs and renewals, and other projects. While the council could use its reserves to absorb the current £15 million funding gap, this will not help with achieving its long-term financial sustainability. The council does not have a formal long-term reserves strategy and it also requires to invest £300 million over the next ten years to maintain its property estate. Senior management recognises the need for significant service remodelling and organisational change, and it has briefed the elected members on the situation.

18. The council does not yet have well-developed plans for how it will transform services to make the savings it requires, and minimise the impact of reduced spending on services for local communities. As a first step, it has commissioned a number of strategic service reviews to inform its future financial plans. These include Waste Management, Leisure Services, Sustainable Education and Children's Services. The CMT also plans to develop the Project Management Office (PMO), that was established as part of the DBS programme, to support

organisational development and monitor change projects. While these are positive steps, many councils have had similar arrangements in place for some time. It is vital that the council develops a clear sense of pace around changing the way that it delivers services so that it can contribute fully to the savings which are required.

19. High-quality and effective communication and engagement with elected members and the public will be essential if the council is to agree where it needs to make future savings. There is a delicate political balance on the council, which currently consists of an Independent-Conservative coalition minority administration group. Overall, the council has 11 members of the administration (nine Independents and two Conservatives), 14 opposition members (11 SNP, two Labour and one Conservative), and one seat which is presently vacant.¹ At the time of our last audit in September 2013 the council had a narrow Independent-Conservative coalition majority administration. This was made up of 14 members of the administration (11 Independents and three Conservatives) and 12 opposition members (nine SNP and three Labour).

20. In March 2013, the council set up a cross-party working group to oversee the development of its community plan for the area. The Area Based Review Group (ABR) comprised six elected members (three members from the administration and three from the opposition) and met weekly with the corporate management team. The ABR's remit was subsequently widened to oversee the development of the council's corporate plan, the 2014/15 budget, and the delivery of strategic projects such as the Sustainable Education Review (SER).

21. Following growing differences between the political parties, and the council's decision to introduce a five-year moratorium on decisions relating to rural school closures, the administration disbanded the ABR and replaced it in November 2014 with the Service Development Group (SDG). This is an administration-only group and is now responsible for taking forward the council's strategic business.

22. In April 2015, the leader of the council proposed a series of working groups with responsibility for reviewing savings options for 2016/17 and 2017/18 relevant to each service committee and for making recommendations to the SDG. The leader proposed that each working group would comprise both administration and opposition members. However, the main opposition party chose not to participate in this approach, and officers are now working with it separately to discuss savings proposals.

23. At the time of our audit, officers had provided savings proposals to elected members amounting to £8.0 million of the £8.4 million shortfall in 2016/17, and £0.7 million of the £6.6 million shortfall in 2017/18. The vast majority of the proposed savings relate to service reductions, with consequential staff cuts. None of the savings proposals have been agreed at this stage, although the process is ongoing. Working groups for each service committee are currently considering further savings options to take forward in consultation with the public.

24. Given the scale of the financial challenge, the pace of identifying and agreeing savings proposals needs to increase. It is critical that the council is able to make clear and unambiguous decisions on where it may be able to make future savings, and that elected members consider carefully how these will impact on services and communities. It has been a difficult and tense period politically for the council, and it is not yet clear how working relationships between the administration and the opposition might develop in the future. There is a need

for elected members to display a clearer sense of leadership and to work better together to carry forward the council's business transformation agenda.

Leadership development

Exhibit 3

The Accounts Commission found that:

'the better performing councils are characterised by good working relations between councillors and officers. In successful councils, councillors and senior managers share a strong public sector ethos and work well together to put their plans for the council area into action. Common features include clearly understood political and managerial structures, professional and constructive relationships between councillors and between councillors and officers, a shared commitment to council priorities, and constructive debate at council and committee meetings.'

Source: *How Councils Work: An Improvement Series for Councillors and Officers. Roles and Working Relationships: Are You Getting It Right?*, Accounts Commission, August 2010

Elected member development

25. The Best Value report published in September 2013 recommended that all elected members undertake personal development meetings and that the council should improve member uptake of development and training opportunities. It also recommended that the council needed to maintain the momentum on the improved leadership of equalities, and improve member take-up of equalities training.

26. Elected members we spoke to were generally positive about the training available to them and felt that the council was responsive to their training needs. The council completed a training needs analysis in June 2014, and all elected members now have personal development plans. The council intends to add a reflective section to each member's personal development log to record the main learning outcomes from each activity. This will help the council carry out the important task of evaluating the impact of its member development programme.

27. In September 2014, a report to the Policy and Resources Committee showed that together, the 26 elected members had attended a total of 1,475 training events, information or briefing sessions since the election in May 2012, an average of 56 for each member. Members attend events at their discretion and attendance varies considerably. For example, in 2014/15, attendances ranged between nine and 51 for each elected member. Since the report, the council has developed new training initiatives, including a seminar on equality impact assessments in October 2014 and training on chairing committees in April 2015. The council plans to develop further its approach to delivering training sessions by building on shared events with other councils and public sector partners, such as the Improvement Service.

28. It is encouraging to see that elected member development is being monitored and reported to council. There is now scope to develop the training programme so that it better supports the delivery of the council's strategic objectives. The most popular training and information sessions are those related to service improvement. The council recognises that more emphasis is needed in the areas

of leadership and corporate focus, although it still has to develop clear plans to address this.

29. Both officers and members we spoke to commented on how members' understanding and delivery of their strategic role had improved over the last few years. This has been helped particularly by the process to develop the community plan and the corporate plan. Both were developed in partnership with members of the ABR. Elected members we spoke to were extremely positive about this process, and said there was good ownership of the strategic priorities and cross-party buy-in to the community plan and the corporate plan.

30. The leader of the council has retained his role as equalities champion, and the chair of the Communities Committee also continues to lead on equalities issues. Since 2012, 23 elected members have attended some kind of equalities training or information session. In October 2014, the council delivered a seminar on the use of Equality Impact Assessments (EIAs). This was designed to challenge members to consider equality issues in more depth. Elected members we spoke to said there was now a good awareness of the need to complete EIAs.

Officer development

31. The September 2013 Best Value report found that officer leadership was developing well, with a more open and inclusive management style emerging and signs of improved corporate leadership by the Chief Executive. The Commission concluded that the council needed to continue to improve leadership through its development programme for senior managers.

32. The council's CMT has changed recently, with two out of the three corporate directors appointed in the last year. A new Corporate Director of Education and Social Care was appointed in October 2014, having held the post on an acting basis since August 2014. The Corporate Director of Environmental Services post was renamed as the Corporate Director of Economic Development, Planning and Infrastructure Services in June 2014, reflecting the council's commitment to economic development. The post holder was made permanent in June 2015, having held the post in an acting capacity for the previous nine months. The council filled both posts following open competition recruitment exercises.

33. The CMT has continued to build an open and inclusive leadership style. We found a strong sense of cohesion and corporate leadership among the CMT. Corporate directors continue to work in an open plan office called 'The CMT Hub' which promotes joint working and information sharing. The elected members we interviewed as part of the audit spoke positively about the open leadership style of the CMT. The CMT is working collectively to address the strategic issues and challenges facing the council. CMT meeting agendas now have fewer items and are more targeted on council priorities. At the time of our audit, the CMT was reviewing how best to ensure future senior management meetings focus on how prepared the council is to deliver the changes required to meet future priorities and financial challenges. The CMT is also improving external links with, for example, neighbouring authorities and the Scottish Government. This demonstrates that the council is becoming more outwardly focused.

34. The council is taking steps to further improve corporate leadership at all levels of management. In March 2015, the council introduced a Leadership Forum to

improve corporate working among council managers at third-tier level and above. The forum meets quarterly so managers can work together to respond to council priorities. So far, the forum has covered topics such as the community plan and the corporate plan, and performance management and corporate management responsibilities. In September 2015, the forum looked at:

- performance, including financial performance;
- resilience in times of change.

The council plans to hold a forum meeting on the CMT's workplan for managing change and delivering priorities in November 2015, and on leadership and culture change in March 2016.

35. In May 2015, the council published Moray Management Methods (MMM). This sets out the corporate responsibilities of council managers to ensure all staff are managed consistently. It provides guidance and information on areas of essential management responsibilities such as service planning, performance management and customer care. The June 2015 Leadership Forum meeting focused on MMM, including identifying associated training needs. It is too early to determine the full impact of the Leadership Forum and MMM, but both will help to keep all employees better informed about corporate priorities.

36. The council continues to participate in the Public Sector Leadership programme with the University of the Highlands and Islands. The structured development programme, which leads to a formal postgraduate certificate, focuses on the current challenges facing the public sector and helps prepare future leaders. Since our last audit, the programme has been opened up to managers at fourth-tier level to build capacity for succession planning; six members of staff have since completed the programme.

37. The council changed the programme based on feedback from participants. For example, it has been extended to reflect the significant time commitment required to complete the course and the number of local support sessions has been increased. The council recognises it can further develop its management training. For example, it is developing workshops on managerial resilience. It has also established short-term action groups to address priority training issues raised in the June 2015 Leadership Forum.

38. All councils should use performance appraisal systems to help develop their staff and improve performance. The information generated from appraisals is important for identifying at a corporate and individual level the extent to which the skills and competences needed by the council are in place, and where further training and development is required. However, the council does not routinely monitor and report on staff appraisals. It has not gathered information on uptake since September 2013, when it estimated that only 60 to 70 per cent of staff had undertaken an appraisal. The council plans to review the current training it provides in April 2016 to ensure it is aligned with corporate priorities. But it also requires, as a matter of urgency, to ensure that all staff receive an annual performance appraisal, and that the results of these inform its training programmes.

Embedding a collaborative and positive workforce culture

39. The last Best Value report found that the council needed to build on improvements in leadership and culture by continuing to embed the collaborative and positive culture demonstrated at CMT more widely across the council.

40. The CMT and elected members demonstrate a clear commitment to embedding a positive workforce culture within the council through a range of approaches. They have identified workforce culture as an organisational development priority in the council's corporate plan, and engaging with employees is a key part of the workforce strategy.

41. The council's Employee Engagement programme, introduced in January 2012, has activities and events to engage with staff. For example, the council held its first employee recognition scheme in November 2013, and its second in November 2014. The programme's service learning visits continue to be well received. During these visits, members of the CMT and elected members meet staff in different services. In 2014, these visits were increased to two each month. Two employee conferences, held in autumn 2014, allowed small groups of staff to discuss specific council issues in more depth. The council plans to build on this new format for the 2015 event.

42. The council carries out a staff survey every two years as part of the Employee Engagement programme. The last staff survey for which results are available was carried out in summer 2013, before the last Best Value report was published. Only around 25 per cent of the council's 4,900 staff responded to the survey. It found that the vast majority (around 90 per cent) of staff who responded were clear about their duties and responsibilities, and had high levels of job satisfaction. Conversely, around one in five did not consider that the council's culture was open, honest and transparent. In addition, eight per cent of respondents reported that they had been harassed or victimised in the workplace.

43. The council conducted a further employee survey during May 2014 to better understand why staff felt harassed or victimised. Some 29 per cent of staff responded to this survey. A third of respondents reported experiencing some form of bullying or harassment in the workplace in the previous 12 months. In response, the council established a Workforce Culture Group in September 2014 intended to help develop a more positive workforce culture. The group comprises the council leader and one other administration member, one opposition member, the Chief Executive, the Corporate Director (Corporate Services), the Head of Human Resources and ICT and three trade union representatives.

44. The group is currently developing an action plan underpinning six key areas of improvement:

- positive behaviour
- addressing problems
- excellent communications
- valuing and recognising employees

- realistic workload expectations
- people management.

Representatives we spoke to as part of our audit work told us the group is developing a shared understanding of workforce issues within the council. However, there is scope for the pace of this work to increase and begin to deliver change and improvement.

45. The council conducted a staff survey in summer 2015. It included a new workforce culture section, with questions about staff management and team working, work-related issues and behaviours. Around 30 per cent of staff responded to the 2015 survey. The council expects that the results will provide baseline information on workforce culture issues, against which it can benchmark future performance. Survey results were not available at the time of our audit.

46. There have been some recent capacity issues within the council's human resources department which have limited progress on elements of the Employee Engagement programme. For example, some actions arising from the 2013 staff survey were not completed owing to insufficient staff availability. In April 2015, the council agreed to allocate £136,000 for 12 months (and £63,000 a year after that) to recruit additional human resources staff to take forward key elements of the Workforce Culture Group. The council has filled two out of the three posts and is considering how best to fill the other post. Recruiting these extra people shows that the council wants to improve workforce culture, but it is important it has an impact in ensuring delivery of the group's priorities.

Progress in strategic planning and continuous improvement

The council has aligned its community plan and corporate plan, and now has a clear set of strategic priorities and objectives. It has recently agreed a performance management and continuous improvement framework but it is too early to say how effective this will be.

47. In the September 2013 Best Value report, the Commission concluded that there would be substantial benefit for the council in integrating its many strategic plans and strands of improvement work. The report recommended that the council develop an overarching improvement framework to help prioritise and focus improvement activity and improve reporting and governance arrangements. The report also recommended that the council improve how it measured and reported on equality outcomes.

48. The report identified that the council's strategic plans at that time were contained in a significant number of similar interrelated priorities and community planning outcomes. Key strategic plans then in place included:

- a corporate plan up to the period 2013
- a corporate improvement plan (*Best Value for Moray*), agreed in November 2011
- a set of administration priorities, agreed in September 2012
- a draft Single Outcome Agreement for the period 2012-15.

49. In December 2013, the Community Planning Board approved a new ten-year community plan, *Moray 2023*. The council reviews the community plan annually. This plan replaces the previous Single Outcome Agreement. Audit Scotland published the results of its review [*The Moray Community Planning Partnership*](#) (CPP) in July 2014. The report, on behalf of the Accounts Commission and the Auditor General for Scotland, found that the CPP had made significant progress over the previous year. Its ten-year community plan had given it a much better understanding of the needs of Moray and helped establish a clearer strategy for the area, with economic development as a clear priority.

50. The council's *Corporate Plan 2015-17* sets out how it will help deliver the agreed priorities identified in *Moray 2023*. It also sets out the financial challenges facing the council and the need to adapt as an organisation to meet these. The community plan and corporate plan are clearly aligned, sharing the same five priorities:

- a growing, diverse and sustainable economy (which is the top priority overall)
- healthier citizens
- ambitious and confident young people
- adults living healthier, sustainable, independent lives safeguarded from harm
- safer communities.

51. The cross-party ABR oversaw the development of both the community plan and corporate plan. The council approved the corporate plan in March 2015, a year after the community plan. This was the result of a conscious decision by officers to work as effectively as possible with elected members on the development of the plan. Officers and members we spoke to considered that it was worth investing the extra time to work together on the corporate plan, to develop a good understanding of the council's priorities and to achieve cross-party buy-in. All agreed that these features were largely absent from previous arrangements. Maintaining a shared commitment to these plans should provide a strong foundation for the council as it starts to deliver them.

52. At the time of our audit, the council was in the process of approving its service plans for 2015-18. The council will need to ensure these plans will deliver its strategic aims, particularly its top priority of a sustainable economy.

53. The council has three clear equalities outcomes: reducing bullying; reducing domestic violence, and improving access to streets (for example ensuring wheelchair users are able to use the pavements). These outcomes were developed in consultation with the Moray Equalities Forum and approved by the council in March 2013. All public sector bodies must review their equalities outcomes at least every four years and publish a progress report every two years.

54. The council's progress report, published in April 2015, found it was difficult to establish how well it was doing in many of the equalities areas owing to a lack of reliable baseline data. The council's equalities officer is now working closely with the relevant service departments to obtain the necessary data. The progress

report shows a reduction in incidents of harassment of vulnerable adults, and a drop in the number of domestic violence incidents, although the number of repeat incidents increased. There is also a decrease in the number of incidents of domestic violence involving alcohol, which the council attributes to recent campaigns by the Moray Drugs and Alcohol Partnership.

Developing an improvement programme

55. The September 2013 Best Value report found that the council did not have an overarching approach to prioritise and focus improvement work. At the time, the council was taking forward improvement activity through three strands:

- Designing Better Services (DBS) ([paragraph 16](#))
- the Public Service Improvement Framework (PSIF)
- its corporate improvement plan, *Best Value for Moray*.

Each of these strands had different reporting and governance arrangements.

56. Since then, the CMT has been working on revising the overall strategic framework for the council and seeking to embed improvement in its core management arrangements:

- The DBS programme will come to an end in December 2015. The corporate plan and the financial strategy will be the drivers for change, and proposals are emerging for a Gateway process and a corporate Project Management Office (PMO) to support and monitor the change process.
- The PSIF continues to be used in all council services, apart from Education and Social Care Services, which uses its own self-evaluation tools and external inspection reports. The council uses a three-year cycle for PSIF, and completed the second cycle in March 2014.
- *Best Value for Moray* was superseded in March 2015 by the council's corporate plan, which includes council priorities. It recognises the challenges facing the council in the next few years, and the need for improvement in organisation and performance. Service plans set out aims and performance targets for each service in response to the corporate plan. Service Committees approve these plans annually.

57. The council has a framework for performance management and continuous improvement in place that includes a detailed procedure for each service to monitor and report on performance achieved. This involves:

- heads of service conducting routine regular monitoring with exception reporting to Director and/or CMT
- directorate management teams (DMT) considering service performance on a quarterly basis, reporting areas requiring significant improvement to the CMT
- service committees considering performance reports every six months summarising financial performance, areas of good and poor performance and progress against service plan actions

- a corporate overview being maintained, known as the Continuous Improvement Assessment programme, to allow progress to be tracked by CMT and service committees
- a 'call in' process by the Audit and Scrutiny Committee to consider selected improvement areas for scrutiny.

58. The way in which committees are scrutinising performance is changing. Previously, the Audit and Performance Review Committee had the lead role in examining the council's performance. The council now expects individual service committees to have a greater role in scrutinising service performance. In June 2015, the Audit and Scrutiny Committee replaced the Audit and Performance Review Committee with the intention that it should focus on strategic audit and scrutiny issues rather than the detail of service performance.

59. The Audit and Scrutiny Committee's first agenda included consideration of a report on the Local Government Benchmarking Framework results for 2013/14, Accounts Commission national performance reports and a progress update on the work of internal audit. At present the committee is still scrutinising requests for information from previous meetings relating to service performance but the council anticipates this will happen less often as the changes bed in. The manner in which the scrutiny agenda is set for this committee will be crucial to its success.

60. The council wants to use this framework to promote an open and supportive improvement culture that focuses on identifying improvements and monitoring their effectiveness. The arrangements in place have good potential to support improvement from a service delivery perspective, but there also needs to be a clearer focus on transformation or redesign of services if the council is to address effectively the challenges it faces. While the CMT recognises this, and is developing proposals, time is pressing and it will be vital that elected members across the council can demonstrate a shared commitment to what is required.

61. In addition, a key development will be in ensuring the council uses information and intelligence that emerges from managing performance and continuous improvement, to inform decisions about service redesign and transformation, and about organisational change. Managed effectively, this will ensure that the council's attention remains on delivering high-quality, customer-focused services and meeting the needs of its communities.

Progress on customer focus

The council is developing a more coordinated approach to customer focus but progress has been slow. It has developed a customer focus strategy and this should be used to drive an increased pace of change in responding to the views of its customers.

62. In the September 2013 Best Value report, the Commission urged the council to develop a more coordinated approach to seeking and making use of the views of customers in line with good practice ([Exhibit 4, page 20](#)). The report recommended that the council should develop a customer focus strategy and action plan, and improve its reporting on customer feedback and satisfaction.

Exhibit 4

Statutory Best Value guidance states that:

'A local authority which secures Best Value will be able to demonstrate: Responsiveness to the needs of its communities, citizens, customers, employees and other stakeholders, so that plans, priorities, and actions are informed by an understanding of those needs.'

Source: *The Local Government in Scotland Act 2003 – Best Value Guidance, April 2004*

63. Since the last report, the council has been developing a more coordinated approach to customer focus. But progress in developing a strategic approach was slow, despite this being a fundamental principle of Best Value. The council agreed a customer focus strategy and accompanying customer charter in April 2015. The strategy includes an action plan that the council should now use to increase the pace of change in gathering and making use of the views of customers.

64. The Corporate Director for Economic Development, Planning and Infrastructure is responsible for leading the council's approach to customer focus. The work is taken forward through a Customer Focus Working Group. The group was established in early 2014 and comprises senior officers from across all service areas. Progress in developing the customer focus strategy and customer charter was slower than anticipated, often due to poor attendance at working group meetings and in getting sufficient buy-in across all services. This highlights the need for the council to strengthen its approach to managing cross-cutting, strategic projects. The council could deal with this through the senior managers' development programme.

65. The council has made improvements to the way it monitors and measures customer satisfaction, although Development Services was slower to respond. The council has started to map its customer satisfaction performance using the customer service excellence model. It has also now introduced a mandatory requirement for performance indicators for customer satisfaction to be gathered and reported at least every three years.

66. In addition, the council issued service planning guidance in January 2015. This requires services to report customer information in their service plans, such as other survey and complaints results from the previous year. All services need to respond fully to these requirements to ensure that customer satisfaction information is monitored consistently and acted upon. The council will also need to consider how it captures its engagement activity with its communities in response to the Community Empowerment Act.

67. The council plans to provide members with an annual overview report on complaints and customer satisfaction by the end of 2015. The council also recently joined a customer services benchmarking club hosted by the Chartered Institute of Public Finance and Accountancy (CIPFA). This will enable the council to compare its approach and performance with other local authorities in delivering services face-to-face and online, and in telephone answering.

68. The council recognises it still needs to improve how it uses customer satisfaction information to improve services and to demonstrate the success of improvement activity. Examples of when the council has acted on customer feedback include:

- improving facilities at the Buckie access point
- acting on the results of a passenger survey to extend booking times and the area covered by the council's dial-a-bus service, Dial M for Moray.

However, the use of customer information continues to be varied across service areas.

69. The Moray Community Planning Partnership has identified a need to develop an overarching framework for engagement activities. The council already has a community engagement strategy, *Moray Council: Community Engagement Scheme, 2012-2016*. But it now needs to work with its community planning partners to agree a strategic approach to community engagement across Moray. Working with its partners to engage effectively with the public will be critical as the council seeks to address the financial challenges it faces and achieve its agreed priorities for Moray.

Areas for improvement



70. We have identified six areas for improvement as a result of our most recent audit work in The Moray Council. The council will want to consider how best to integrate these areas into its improvement activity.

Political leadership and development

71. The council should:

- 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.

Managerial leadership and development

72. The council should:

- review, by June 2016, recent developments to improve corporate leadership to ensure:
 - 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 managing strategic projects that involve more than one service
- monitor senior management development needs more robustly through the performance appraisal process
- 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.

Financial sustainability

73. 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
- strengthen its approach to developing new ways of delivering services and organisational change, and maintain a shared commitment across the council in this area
- 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.

Workforce culture

74. The council should:

- develop appropriate responses to the findings of the 2015 staff survey results, using the Workforce Culture Group to coordinate areas for action
- 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
- review, by June 2016, the impact of additional human resources staff put in place to address the priority areas of the Workforce Culture Group.

Strategic planning and continuous improvement

75. The council should:

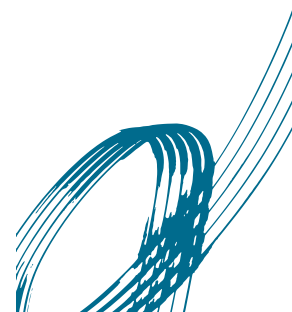
- review, by March 2016, the performance management / continuous improvement framework to ensure it is delivering the intended benefits, and that officers and members are effectively scrutinising performance.

Customer and citizen focus

76. The council should:

- increase the momentum of its approach to customer focus by:
 - using the customer focus strategy and action plan to drive an improved culture of customer focus across the council
 - using customer satisfaction results more systematically to improve services
- work with its partners to develop an overarching framework for engagement activities across Moray and its communities.

Endnotes




- ◀ 1 By-election was on 1 October 2015, shortly after Controller of Audit report was issued.

The Moray Council Best Value Audit

Progress Report

This report is available in PDF and RTF formats,
along with a podcast summary at:

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