

Shetland Islands Council

Best Value Thematic Review

2022/23



Prepared by Audit Scotland
August 2023

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Key messages

- 1** The Council continues to have a clear vision based on challenges facing the Islands. These are contained in “Our Ambition”: the council’s strategic plan.
- 2** Performance measures are now aligned to “Our Ambition” but these are not focussed enough and lack medium or longer-term targets. The annual performance reporting lacks data to support its narrative, which is mainly positive and does not provide insight into areas where performance is poorer. The Council’s “Performance Explorer” interactive website provides good, detailed performance information, but doesn’t reflect the priorities and commitments in “Our Ambition” and links to data are not well-used in the progress update.
- 3** Shetland has a relatively strong performance, based on LGBF data: 55 percent of indicators are in the top two quartiles with 51 percent of indicators in the top quartile compared to other councils, but this performance relative to other councils has decreased. Resident satisfaction scores remain high, except for housing.
- 4** The Council’s community engagement network is well-established and the Council plans to develop a community engagement strategy. Locality Plans are still not established and the extent of participatory budgeting is unclear.
- 5** The Council has a net zero target for 2045 and is developing a plan.
- 6** Service plans and revenue budgets are up-to-date and consistent with “Our Ambition”. Other plans, including workforce and asset investment plans, are not yet aligned with “Our Ambition”.
- 7** A Council General Fund revenue budget gap of £3.2 million for 2023/24 is part of a much larger planned use of reserves totalling £37 million. This includes £18m harbour income and investment returns of £15 million.
- 8** The total useable reserves decreased last year (2022/23) (£40 million) and the projected reduction in 2023/24 is £24 million) with amounts being used to support services and capital investment. If this continues, then the council reserves could run out in 15 years.
- 9** The Council has made progress on recommendations, reported one year ago, in the 2022 BVAR. There is evidence of progress in almost all areas, but no area is fully complete yet.

Scope of the audit

1. This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on the effectiveness of the leadership of the development of the council's strategic priorities.
2. In carrying out the work auditors have considered the following questions:
 - How clear is the new council vision and its priorities?
 - How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the council?
 - How effectively do the council priorities reflect the need to reduce inequalities and climate change?
 - How good are the delivery plans and is there alignment of financial, workforce, asset and digital plans with the council's priorities?
 - Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them?
3. This report reflects upon and includes an update on the areas covered by recommendations in the [Shetland Islands Council Best Value Assurance Report \(BVAR\)](#) published in August 2022.
4. An improvement action plan is included at [Appendix 1](#) of this report. This sets out audit recommendations in key areas, and the Council's planned response including responsible officers and dates for implementation.
5. The coverage of the work is in line with the expectations of councils for the seven Best Value themes set out in the [Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020](#).

Section 1: Council vision and priorities

The previous Best Value review identified that that Council has clear visions and priorities.

6. The [August 2022 BVAR report](#) outlined that the Council has a clear vision and priorities that take account of the challenges in the community. These priorities were shared by partners and elected members. This was based on the Council plan “*Our Ambition 2021-26*”.

The Council has identified its key challenges.

7. The challenges faced by the Council, including its geography are outlined within “*Our Ambition*”. The previous auditor noted that it took “account of the specific challenges for the community”. These include:

- Shetland’s population balance – including net outward migration, a reducing proportion of working age population and an increasing proportion of over 65s in the islands.
- UK withdrawal from the European Union - Shetland is the 2nd most vulnerable area in Scotland. This affects tariffs and/ or restrictions on how goods can pass through key trading routes; replacement of EU funding programmes and access to EU working age labour.
- Climate change and transport –over half of Shetland Island Council’s energy use is attributed to its internal island ferry service, there is a lack of available and affordable local fossil fuel alternatives. Vessels and infrastructure are ageing and becoming unreliable and the costs of sustaining services and replacing assets are not affordable to the Council.
- Sustaining current jobs and creating new ones – There are 1,000 people directly or indirectly employed in the energy sector and ancillary services in Shetland and the sector is transitioning to new greener jobs. The seafood sector is also important to Shetland’s economy (over £400 million annually).
- Skills and learning – 20 percent of responses to the 2017 Shetland employment Survey said employers struggled to fill vacancies due to availability of local labour and 23 percent of respondents said that basic employability of candidates was a problem. Skills Development Scotland estimated that over ten years, there will be a requirement for 3,600 people to fill the job openings in Shetland due to turnover.

- Digital connectivity – 25 percent of homes and businesses in Shetland are still not connected to a network capable of delivering 30mbps or more, well above the estimate of 6 percent in Scotland. COVID-19 pandemic response experience has further shown how critical digital connectivity is to the islands so local business can continue to operate through online models.
- Caring for our community - The demand for care services in the community is changing as people live longer and there is a need to provide different types of support due to an increase in people living with complex conditions.
- A fairer Shetland. The cost of living in Shetland is 20 to 60 percent higher than the UK average. Almost a fifth of Shetland households are spending more than 20% of their net household income on heating their homes (extreme fuel poverty). 46 percent of households do not earn enough to live well.

The overall vision of the Council is clear.

8. The Council plan “Our Ambition” sets out clearly the Council’s priorities and is both appropriate and focussed. This includes:

- A stronger focus on early intervention and prevention.
- Demand management, including ensuring they deliver services right first time through Customer First and applying learning from complaints and customer feedback.
- Harnessing community strengths, collaboration and assets, particularly to tackle inequalities and enable more improvements in wellbeing to be delivered by the community.
- Ensuring services are targeted and make a difference to those people who need them most.
- Growing the economy and improving people’s ability to access opportunities through learning, skills and training.

Plans are consistent with the Community Planning Partnership.

9. The vision of the Council plan ‘*Our Ambition*’ maps closely to the Shetland Partnership Plan and the priorities are drawn from the priorities in the Shetland Partnership Plan.

The Council did not consult directly with communities on the Council plan.

10. The previous Best Value Report in 2022 found that Council officers did not consult directly with the community on the *Our Ambition* plan. They relied upon elected members and staff as representatives of the community. A revised

Council plan has not been prepared since, but we note consultation improvements in other areas ([Paragraph 61](#)).

Originally ‘Our Ambition’ did not define performance measures, but these are now in place.

11. The previous Best Value Report recommended that performance indicators are put in place for plans and strategies. The Council has now aligned its existing performance measures to the priorities set out in *Our Ambition*, but we believe that further improvements are required ([paragraph 25](#)).

Section 2: Performance

The previous Best Value report identified that performance management arrangements were weak.

12. The [August 2022 BVAR report](#) identified that “Shetland Island Council’s overall performance management arrangements have been weak. There were no performance indicators for its previous corporate plan and service performance reporting has been inconsistent in recent years. At March 2022, many indicators still lacked targets. Public performance reporting tended to focus on positive achievements, with areas of under-performance and actions to address these being less clear. The Council was developing a performance dashboard in Pentana (its performance management system) to allow elected members and the public to monitor performance against its priority areas and performance indicators.”

13. The previous report also found that, “In 2020/21, the Council’s performance was in the top quartile in over half of the relevant indicators. Its performance improved in half of the relevant national benchmarking indicators over the last five years, and the rate of improvement has generally been faster than the Scottish average. In 2019/20, Shetland had some of the highest Local Government Benchmarking Framework service satisfaction scores in Scotland.”

14. The previous BVAR report said that “while the new corporate plan was approved in December 2020, the Council did not approve performance indicators to measure the progress against this until 15 months later, in March 2022. Progress was impacted by the Covid-19 pandemic as performance and improvement staff were redirected to Covid-19 data collection. The agreed performance indicators are mainly Local Government Benchmarking Framework (LGBF) indicators, as well as some additional indicators. It is too early to make a judgement of progress towards these priorities as performance data is not yet available beyond 2020/21.”

15. Based on the following paragraphs and findings we have concluded that progress has been made in this area since the previous BVAR report, but that further work is still required to ensure satisfactory performance reporting arrangements, that support “*Our Ambition*”.

There is a framework in place for performance reporting.

16. The “*Our Ambition*” plan did not identify performance measures used to monitor progress, though it did identify that the Council “will monitor and report progress on this plan through our Change Programme and Performance Management Framework”. It defined a framework for reporting:

- directors to report progress on key areas of this plan through their quarterly reports to their respective committees.

- an annual report to Policy and Resources Committee to highlight key areas of progress and any significant changes to the drivers for change.
- an annual public performance report.

17. The Council has now established a clear reporting framework (Policy & Resources Committee, June 2023) and performance indicators which align to its Council plan priorities.

There are 118 overall performance indicators, and this may be excessive.

18. The proposed performance monitoring includes a range of targets that cover each of the 10 priorities within “*Our Ambition*”. There are a total of 118 indicators identified that align to the priority areas in “*Our Ambition*”, there are also many actions identified. The number of performance indicators and actions may be too many to focus on the key priorities of a relatively small Council.

19. The indicators measured include most of the non-cost LGBF performance indicators plus over 50 other indicators.

Performance targets have only been set one year ahead and only for 70 per cent of indicators.

20. The information that accompanies the identified performance indicators includes up to four years of historic data to 2021/22. It also includes a target performance level, but this is only expressed for one year: 2022/23. There are 35 indicators (30 per cent).

Annual performance reporting against the Council plan is available on the website, but is mainly narrative and focuses on achievements.

21. The Council’s website provides an update on performance in 2022 within a dedicated section named “[Our ambition 2022 progress report](#)”. The interactive webpage reports are narrative descriptions of activities and achievements. As noted in the previous BVAR report there is a positive focus on the narrative reporting without any insight to areas where performance is poorer or where corrective actions have been agreed. There is no integrated performance data to support the narrative, as this is contained in a linked “Our Ambition interactive dashboard” site. More could be made of links to the data in the narrative.

Recommendation 1

Annual Progress Reporting should present a balanced view of progress and demonstrate links to data in the interactive dashboard.

The Council's interactive data website has good, detailed information, but these are not clearly focussed on key priorities in "Our ambition".

22. The website has pages structured around "Our ambition". The "Shetland Islands Council Performance Explorer" or "Our ambition - interactive website", details performance indicators and actions. These are grouped under the priorities identified in "Our Ambition", but don't necessarily reflect the priorities and commitments in the plan. We would expect the indicators and actions to have strong connections to the overall objectives. For example, the commitments underpinning the key objective "Shetland's population balance" include:

- We will support and promote the Shetland Partnership's 10 Year Development Plan to attract people to live, work, study and invest in Shetland and regularly refresh the actions to match what the evidence tells us.
- We will refresh the Promote Shetland place branding and deliver campaigns to attract working age people to relocate to Shetland.
- We will work with our partners to develop a clearer understanding of issues relating to recruitment and retention in Shetland and deliver a strategy that focuses our work on overcoming barriers to recruiting and retaining working age people.
- We will continue to deliver on the key themes of the Local Housing Strategy, aiming to increase future affordable housing supply across all tenures by making maximum use of funding streams and working with partner agencies to design and deliver energy efficient, modern homes. We will also meet the needs of people who are facing homelessness and those who need support to maintain their tenancies.

23. The detail of the indicators and actions are shown in

24. [Exhibit 1](#). These are not always clearly linked to the objectives identified, or are not key to the achievement of the commitments contained in "Our ambition". The key objective "Shetland's population balance" includes performance reporting of:

- Cost per attendance at sports facility.
- Cost of parks and open spaces per 1,000 population.
- Average number of days taken to complete non-emergency repairs.
- Caravans in School Car Parks. Investigate options for using School Car Parks for temporary caravan sites during the school holidays.
- Sandwick Sandsayre Public Toilet. Include working with community and improving accessibility for tourism.

25. There are no significant indicators to support the “*Our Ambition*” objective to address recruitment and retention or covering investment or GDP measures. There are however actions linked to these intentions, including “WP08 Review of the Council’s pay and grading model...”

26. It appears that the existing indicators have been allocated to the objectives in “*our ambition*” and that more work is required to support and streamline the performance framework to reflect the priorities of the plan by having a smaller number of indicators.

Recommendation 2

The framework of indicators and actions to support “Our Ambition” should be streamlined and reduced to enable focus on the areas that demonstrate progress on key priorities.

27. Members of the public can easily identify which elements are on track due to the rating that is attached to each on the dashboard (

28. [Exhibit 1](#)).

29. The previous BVAR Report found that the “Council reports its performance against the LGBF indicators to the Policy and Resources Committee annually. This shows trends in the Council’s performance over time, as well as performance compared to other councils. The reports also contain narrative around past performance and planned future improvements for each indicator.” This reporting is still completed on an annual basis, with the most recent update in June 2023.

Exhibit 1

Extract from Shetland Islands Council Website.

The monitored indicators and actions aligned with the key objective of addressing Shetlands Population Balance.

- 1.01 Shetland's Population Balance
 - . Performance Indicators
 - ✓ Cost per attendance at sports facilities
 - ✓ Cost of parks & open spaces per 1,000 population
 - ✓ % of adults satisfied with parks and open spaces
 - ✓ Street Cleanliness Score
 - % of council dwellings that meet the Scottish Housing Quality Standard
 - ✓ Average number of days taken to complete non-emergency repairs
 - 📊 Number of population below working age (0-15yo)
 - 📊 Proportion of population below working age (0-15yo)
 - 📊 Number of population working age (16-66yo)
 - 📊 Proportion of population working age (16-66yo)
 - 📊 Number of population above working age 67yo+
 - 📊 Proportion of population above working age 67+
 - 1 Shetland Partnership's 10 Year Development Plan
 - ▶ Major Works Team
 - 2 Promote Shetland place branding
 - ✓ Caravans in School Car Parks
 - ▶ Sandwick Sandsayre Public Toilet
 - 3 Recruitment and Retention
 - ✓ **Recruiting and Retaining Work Force**
 - 4 Local Housing Strategy
 - Strategic Housing Investment Plan
 - ▶ Knab Redevelopment Programme

30. There is good, detailed data under each element on the website and this would allow citizens to assess the performance of the indicators and actions identified. For example:

- **the cost per attendance at sports facilities**, shows the 2021/22 result as £0.97 against a target of £1.07 and confirms that its RAG status as Green. It also shows historic data over 12 years for the Council. However, the national comparison of data is in narrative form only and doesn't help the reader particularly to understand that Shetland had the lowest cost per each attendance in Scotland in 2021/22.
- **Percentage of Council dwellings that meet SHS standards**. This clearly shows that only 28.94 percent of houses meet the standard and that it is below target and deteriorated over time. It also explains that this deterioration is "wholly attributed to the legislation to install linked smoke detection by February 2021".
- **Proportion of population of working age**. This is described as "data only, no numeric target" – even though this is the core measure for the indicator. It shows that current position is 63.4 per cent and notes that "Data indicates recent declines have steadied in the last year".
- **Knab redevelopment programme**. This is an action which is monitored and reported by the website. The action is to "achieve agreed full business case for the Islands Growth Deal contribution to the Knab redevelopment programme". Its recorded as 75 percent complete with a due date of 30

March 2024 and the narrative confirms that the outline business case has been signed off”.

Performance reporting at a service level is detailed and consistent with the corporate indicators.

31. Performance reporting at a service level is taken to relevant committees, typically quarterly. For example, the Corporate Services Report is reported to the Policy and Resources Committee. These reports contain a range of data, but include management information systems performance reports from the “Performance Explorer” ([Paragraph 22](#)).

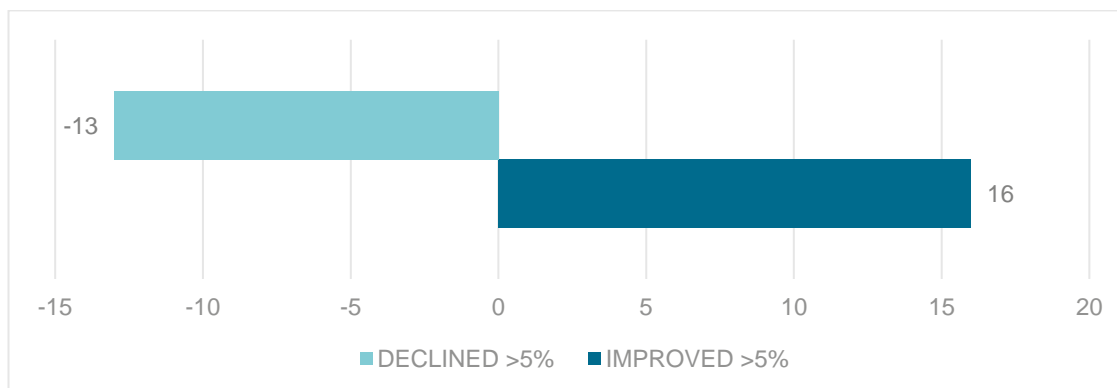
Shetland Island Council’s performance has improved since 2018/19.

32. There are 81 Local Government Benchmarking Framework (LGBF) indicators, relevant to Shetland that can be used to compare annual performance. Twenty-one are cost indicators and the remaining 60 indicators measure non-cost performance. Thirteen of these indicators had no comparative data. So out of the remaining 47, a comparison since the last Best Value Report in 2020 shows that 16 of these indicators improved by 5 per cent or more and 13 indicators deteriorated by 5 per cent or more with the remaining 18 indicators remaining relatively unchanged.

Exhibit 2

Comparison of 47 LGBF indicators from 2018/19 to 2021/22

16 indicators have improved by more than 5 per cent



Source: [LGBF benchmarking data](#)

33. The key areas where performance improved include:

- CHN12c - Average total tariff Scottish Indicator of Multiple Deprivation (SIMD) quintile 2 increased by 116% from 470 to 1013 (possibly relatively small numbers). The national average is 827.

- SW02 - Self Directed Support spend on adults as a percentage of total social work spend on adults increased by 70 per cent from 4 to 7 per cent. The national average is 8.4 per cent.
- CORP03b - The percentage of the highest paid 5 per cent of employees who are women increased by 61 per cent from 24 to 39 per cent. The national average is 59 per cent.

34. There were also areas where performance has deteriorated including:

- CHN22 - The percentage of child protection re-registrations within 18 months deteriorated by 206 per cent from 9 to 28 per cent. The national average is 8 per cent.
- HSN03 - The percentage of Council dwellings meeting Scottish Housing Standards deteriorated by 71 per cent from 100 to 29 per cent. The national average is 69 per cent.
- ECON03 - Average time per business and industry planning application (weeks) increased by 54 per cent from 13 to 19 weeks. The national average is 12 weeks.

35. The changes in ECON03 planning applications were typical of the change across Scotland, but the other changes were relatively atypical.

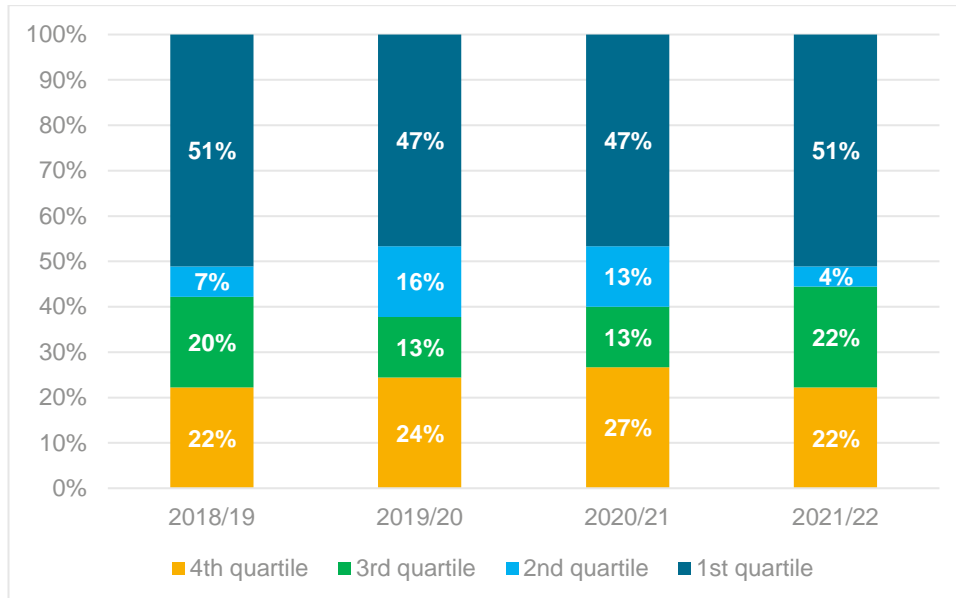
Performance compared to other councils has decreased, but performance remains relatively very strong.

36. An overall comparison of LGBF performance to the other 31 councils across Scotland shows a decrease in the number of indicators where Shetland features in the top two quartiles (from 58 in 2018/19), but 55 percent of indicators are still in the top two quartiles and the performance has remained relatively very strong compared to others ([Exhibit 3](#)). 51 percent are in the top quartile which is a very strong position compared to other councils. A total of 51 indicators are included in this comparison, as two indicators don't have data for 2019/20.

Exhibit 3

LGBF data comparison across all 32 Scottish councils

The Council's relative performance is very strong, but has reduced, with 55 percent of indicators in the top two quartiles in 2021/22.



Source: Audit Scotland analysis of LGBF data

37. The significant changes over the four years include improved rankings for:

- The average total educational tariff SIMD (Scottish Indicator of Multiple Deprivation) quintile 2. The Council moved up from 32nd to 3rd.
- Proportion of internal floor area of operational buildings in satisfactory condition. The Council moved up from 21st to 1st.
- Sickness absence improved. Teachers improved from 21st to 5th and non-teaching staff improved from 17th to 6th.

38. Areas where the Council's ranking moved down include:

- The percentage of council dwellings meeting Scottish Housing Standards. The Council moved down from 1st to 24th ([see paragraph 34](#)).
- The average total tariff SIMD quintile 3. The Council moved down from 3rd to 24th.
- The percentage of Pupils Gaining 5+ Awards at Level 6. The Council moved down from 6th to 23rd.

Satisfaction levels are high, except within housing.

39. The previous Best Value report noted that “Shetland has some of the highest service satisfaction scores in Scotland” and “Shetland scores particularly highly on the LGBF’s satisfaction indicators for adults receiving support to live at home, against a backdrop of decline across Scotland.” However, the report noted that “In 2020/21, the Council’s tenant satisfaction scores were lower than the Scottish average for all indicators.” The Council is engaging with the Scottish Housing Regulator on issues, including tenant satisfaction through an Engagement Plan.

40. The Council is bound by the charter to carry out a full tenant satisfaction survey at least every three years, with the latest taking place in Spring 2023. The latest results show slight improvements since the last survey (in 2019) across most of the indicators, however a slight reduction has been noted on the opportunities to participate indicator. This covers the opportunities to participate in council decision making and the 2023 results are showing 52.8% against a Scottish average of 74.8%, and a fall from the previous result of 59.8% in 2019. The Council is working on how they can rebuild this but believe much of the impact can be attributed to Covid-19.

Recommendation 3

Further engagement is required to encourage tenant participation in council decision making.

The Council reports on Best Value and on responses to inspection reports.

41. The previous Best Value report noted that, “the Council does not have an overarching, systematic approach to continuous improvement but there is evidence of improvement activity”. The report also found that “The Council generally responds positively to inspection reports and scrutiny recommendations.”

42. During 2022/23 there were no formal self-assessments of Best Value within the Council due to the recent BVAR, but there have been a number of service reviews were completed in 2021/22 covering Education and Families and Outdoor Education, with the outcomes reported in the service performance reports.

43. The Council is focussing this year on addressing the issues from the BVAR and making improvements. They have amalgamated this with wider Best Value recommendations such as those from internal audit to create a plan, and this is presented and updated regularly at full council meetings. Once the BVAR issues have been addressed the Council intends to return to annual self-assessment of best value.

44. External inspections are available on the council website within the relevant service area pages. The recent reports include:

- Education Scotland inspection of schools
- Care inspectorate inspection of schools
- Joint inspection report published for adult support and protection in Shetland
- Harbours, ports and airports review (not freely available on the website)

45. Generally, all actions that result from an audit or inspection appear on the relevant Service Plans. These all contain an Actions/Projects section, which is live and published on the main [performance page](#). The reporting on harbours, ports and airports are the only ones which are not published on the website due to the sensitive nature of the recommendations and the potential security risks associated with disclosing issues.

The Council does not demonstrate full compliance with the SPI direction.

46. The previous BVAR reported that the “Council generally responds positively to inspection reports and scrutiny recommendations”, however the previous external auditor’s [Annual Audit Report](#), identified that “the Council performance management framework requires improvement, and this is being taken forward by management. The planned work should help ensure that the Council has robust arrangements in place to comply with the SPI Direction, including its public performance reporting requirements”.

47. The Accounts Commission issued a new [Statutory Performance Information Direction](#) in December 2021 which applies for the three years from 2022/23. It requires a council to report its:

- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to allow comparison both over time and with other similar bodies (drawing on Local Government Benchmarking Framework and/or other benchmarking activities)
- own assessment and audit, scrutiny and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

48. On the basis of the preceding paragraphs, we do not believe that the Council has fully complied with the Direction. Although data analysis is available on the Council’s website; is reported to committee; is sufficiently detailed; includes comparison with other councils and over time, Our judgement is the Council is not doing well enough in balanced reporting. Performance indicators and outcome reporting lacks focus and doesn’t reflect the priorities in Our Ambition.

Section 3: Citizen and community engagement

The previous BVAR identified that the Council had a good understanding of its communities but did not consult on “Our Ambition”.

49. As noted in Section 1 of this report, the previous BVAR found that Council did not directly consult with the community on ‘*Our Ambition*’ relying instead on elected members and staff. The report recognised that the Council had good partnership working, including supporting island communities to become more sustainable and resilient. It also reported that they responded well to the challenges of the pandemic, including the inability to directly consult with communities during the development of the plan.

50. “At an operational level, the Council and the NHS work well together and there are some good examples of service transformation. There is a lack of strategic direction from the IJB in directing health and social care service redesign and transformation”.

51. “There has been slow progress on some aspects of the Community Empowerment Act, such as the development of locality plans and the Council does not consult communities on its budget.”

The IJB has developed a new strategic commissioning plan.

52. The IJB has prepared a new strategic commissioning plan for 2022 - 2025, which provides strategic direction. This includes general strategic priorities, areas of focus, next steps and a performance framework. The strategic priorities are to:

- To prevent poor health and wellbeing and intervene at an early stage to prevent worsening outcomes.
- To prevent and reduce the avoidable and unfair differences in health and wellbeing across social groups and between different population groups.
- To demonstrate best value in the services and the ways in which we work.
- To shift the balance of care towards people being supported within and by their communities.
- To meaningfully involve communities in the design and development of services and to be accountable to their feedback.

A Community Engagement strategy has not yet been prepared.

53. "Our Ambition 2021-26" identifies the Council's 10 themes including "Caring for our community" and "Fairer Shetland". None of the themes refer directly to community empowerment, but the Partnership Plan and Community Learning Development Plan develop community empowerment aims.

54. The Partnership Plan focus "is to reduce inequality of outcome in Shetland – how we will tackle the issues that mean some people and groups have a poorer quality of life than others".

55. Covid-19 recovery is a main priority for year-one of the Community Learning and Development Plan 2021-2024. The 5 aims are:

- Individuals and families are supported to recover, and communities reopen.
- Children and young people's wellbeing is prioritised, and families are helped to recover any lost ground in learning.
- Interventions are targeted to help improve health and wellbeing of those disproportionately affected prior to, during and post Covid-19.
- The work undertaken during Covid-19 to close the digital poverty gap and support those disproportionately affected, can be built on.
- Sufficient opportunities for lifelong learning and skills development to address economic recovery post Covid-19 to progress in learning, training and employment.

56. To support this, they have set three actions:

- Support to reopen – provide support to communities, groups and volunteers to safely reopen community activity.
- Connections, skills and learning – pilot community based informal skills and learning support programmes across Shetland, increasing connections to improve health and wellbeing and mitigate isolation.
- Access to information – map out and plan how to best help increase the flow of information about what's on / support available in communities.

57. The Council plans to develop a community Engagement Strategy for Shetland, and it has a target date of 4 December 2023 for completion.

Recommendation 4

A community engagement strategy should be completed.

The Council's community engagement network is well-established, but the work of groups is not transparent.

58. The Council and its partners have created a Partnership [webpage](#). This provides information on the partnership, their activities and how people can get involved.

59. There are 18 community councils across the Shetland Islands as well as the Association of Shetland Community Councils. Details of these groups and their meeting dates are available on the Council website, with information on how to obtain copies of the minute appendices. A total of 147 community groups received capacity building support from the Community Development Team between October and December 2022. During this same period 702 community members engaged in activity alongside Community Development. This contributed to the development of personal and community capacity, influencing local decision making and service delivery.

Locality plans are still not in place.

60. There is only one locality profile. In early 2022 work started on refreshing locality profiles, to help identify the need for Locality Plans.

61. Over the last year, the Council's Community Development department engaged in a series of Community Conversations with members of the community, community groups, third sector organisations and staff teams. In February 2023 the Council, its partners, Hub North Scotland and Scottish Futures Trust (SFT) produced a report "Nort Natters." The report took a place-based approach. Although not a locality plan it has provided the Council with an understanding of what the residents would like to see and how they would like it achieved.

Uptake of asset transfers to community groups is limited.

62. The previous BVAR report noted that "Since the Community Empowerment (Scotland) Act 2015, came into force, three assets have been successfully transferred to community groups". The last transfer was during 2020/21 and the council had no applications for community transfer in 2021/22 under the Community Empowerment (Scotland) Act 2015.

The Council is improving resident involvement in budget setting.

63. The Previous BVAR report noted that the Council did not involve people in the budget setting processes. However, for the 2023/24 budget the Council engaged with people on council tax increases as well as with tenants on rent increases. The budget proposals included a series of publications on budget challenges issued for comment. For the 2024/25 budget the Council plans to implement an engagement programme starting in August 2023 to build in community priorities.

64. COSLA and the Scottish Government developed a framework agreement setting down that at least 1 per cent of local government budgets should be

subject to participatory budgeting by the end of 2021. A COSLA return for participatory budgeting is prepared by the Council on an annual basis, with the next return to be completed by the end of August 2023. Since 2020/21 until 2022/23 there has been a nil return for participatory budgeting as the Council have a rigid definition, and items could not be included unless it met all criteria precisely. This led to many areas being excluded.

65. The corporate management team (CMT) at the Council consider this at their meetings to outline what is being included in the return and have been working on expanding the criteria and having a more realistic approach. The revised list includes: introduction of south mainland school bus; swimming lessons; period products; expansion of free school meals; IJB Commissioning Plan, among others.

66. There is very little publicly available on this and discussions with COSLA are ongoing to arrange sessions with members and officers on mainstreaming participatory budgeting.

Section 4: Reducing inequalities and tackling climate change.

The previous BVAR report identified that the Council was committed to reducing inequality and address climate change challenges.

67. The previous BVAR report in 2022 identified that “the Council is committed to reducing inequalities across the community but its approach to impact assessments could be more consistent. For example, it prepared assessments for the Young Person’s Guarantee and on the strategic outline case for Brae High School, but has not prepared Equality Impact Assessments (EIAs) for its budget or for “*Our Ambition*”. In “*Our Ambition*”, the Council made clear links to other equalities-related plans and activities.”

68. The report also identified that “the Council and its partners face a significant challenge in terms of climate change. The Shetland Islands had the highest level of CO2 emissions per capita in Scotland in 2019/20, at almost four times the national average. The Council was working to develop two net zero route maps by July 2022: for the Council’s estate and services; and for Shetland as a whole. It also noted “the Council was also working well with its partners to explore renewable energy opportunities through the ORION (Opportunity for Renewable Integration with Offshore Networks) project”.

The Council is working with partners to reduce inequality.

69. The Partnership Plan, developed by the community planning partners, started with a review of the 2016 Place Standard survey and engagement with community bodies about the evidence and the priorities for Shetland. The vision for the plan is “Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges. The plan is based on four shared priorities around participation, people, place and money.

70. The Council’s Community Learning and Development Plan 2021-2024 aims to help deliver on these priorities. It has six priorities which are aligned to the Partnership Plan including:

- Health, wellbeing and life chances of those most in need are improved so they can thrive and reach their potential.
- Preventative work with individuals and families is prioritised, to tackle generational inequalities.

- Children, young people and parents feel more connected to school community.
- Parents more involved in children's learning, with a focus on closing the poverty related attainment gap.
- Individuals and families are accessing the support needed to maximise their income.
- Individuals and families have support to build capacity to withstand and adapt to life events that impact them.

71. These aims are supported by seven actions. The actions are set to be completed during the life of the plan. All the actions have linked measures to show success and impact.

The Council's approach to equality impact assessments is improving.

72. The previous BVAR noted the Council's approach to equality impact assessments could be more consistent. The Council identified four actions to address this criticism:

- Review current templates for Integrated Impact Assessments (IIA), ensuring all statutory requirements are covered for equalities.
- Develop a process for ensuring that when all plans / policies / strategies are at a review point, equalities are considered.
- Develop a process for ensuring that when new strategic plans and policies are initiated, that an integrated impact assessment is carried out.
- Ensure an Impact Assessment is carried out on the Council's 2023-2024 budget.

73. Progress has been made on these actions, with the first and last actions now completed. The remaining two actions have a target date of August 2023.

The 2023/24 budget EIA identified areas where there was a possible but unknown impact on equality.

74. The 2023/24 budget impact assessment was presented to the development committee in March 2023. There were sixteen areas where the impact was assessed as "possible (currently unknown) impact" for the revenue budget, and there was a recommendation to ensure these were monitored. We have yet to see an update on the monitoring.

The latest equality report update identifies a plan to ensure EIAs are undertaken in a meaningful way.

75. The latest equality report update from the Council was published during 2023. The report covers progress made on the equality outcomes that were set

out in the Mainstreaming report 2021. The report also outlines the Council's plans for the period 2023-25, which includes ensuring Equality Impact Assessments are undertaken in a meaningful and systematic way across all their strategies, policies and services, as part of Shetland's wider Integrated Impact Assessment.

The Council is preparing for a Human Rights-based approach.

76. The Council is aware of the consultation recently opened by the Scottish Government on proposals for a new Human Rights Bill for Scotland. Human Rights may become part of the Equality Impact Assessment, and this has been incorporated into the project initiation document for the Impact Assessment project and will be considered as part of that work. The Council's draft response to the consultation will be shared initially with the CMT in August 2023.

The corporate plan includes eight actions linked to Climate Change

77. In January 2020, Shetland Islands Council acknowledged a Climate Emergency and the Climate Change Programme was set up. The importance of climate change has been recognised in the corporate plan. "Sustainable future for Shetland" forms part of "*Our Ambition*" and tackling Climate Change is one of the ten priorities. The climate response aims to ensure that solutions clearly recognise existing inequalities, are actively designed to reduce them, and delivers a "Just Transition". "*Our Ambition*" includes eight actions linked to Climate Change including:

- Prepare and implement a Council net zero plan and lead the preparation of a Shetland net zero strategy involving community planning partners and a range of energy-focused businesses and organisations.
- Support the identification and delivery of a robust, green Shetland electricity distribution grid, which reaches across all of Shetland, and enables further public, community and commercial 'greening'.
- Campaign at all levels to ensure future developments recognise that energy affordability is already a key issue in Shetland and ensure that progress is designed into all significant proposals and solutions.
- Work with our partners to achieve a more sustainable, ecologically diverse and resilient natural environment as it is Shetland's most valued and distinctive asset.

The Council has a net zero target for 2045 and is developing a plan.

78. The Council has set an organisational net zero target by 2045 and is currently developing a Climate Change Strategy and Action Plan to set out how they plan to achieve this. This is being done using the data and recommendations gathered through the net zero route map project. The Council intends to publish annual progress reports.

A climate change website has been created for residents and businesses.

79. A climate change webpage has been created, which signposts users to more information on climate change: how they can get involved and details on available funding opportunities.

Section 5: Alignment of delivery plans

The previous Best Value review identified that plans and strategies were not aligned to Our Ambition.

80. The previous BVAR in 2022 found that financial plans, the asset improvement plan and workforce plans are not clearly linked to *Our Ambition*.

81. The report identified that “the Council has a Long-Term Financial Plan (LTFP) covering the period 2015–2050. Four financial models based on different scenarios were produced to give an indication of the broad financial impact of assumptions. This modelling estimated a funding shortfall of over £200 million over the next 35 years.” The LTFP sets out broad financial parameters. The LTFP is due to be updated later in 2023/24.

82. The Report found that “the Council refreshes its Medium-Term Financial Plan (MTFP) on an annual basis, with the latest plan covering the period 2021–2027. While the MTFP references to links to other council plans and strategies, including *Our Ambition* and its Workforce Strategy, these links are not explicitly set out.”

83. The report recommended that: “The Council should align all plans and strategies under “*Our Ambition*” to meet its priorities, specifically: workforce planning, the Asset Improvement Plan, financial planning and the Change Programme”.

Service plans are up-to-date and consistent with the Council plan.

84. The Council has developed three-year service plans for each of the five directorates:

- Children's services
- Infrastructure services
- Development services
- Health and Social Care services
- Corporate Services.

85. These are updated annually and were last updated on 15 March 2023. The delivery plans are clearly aligned with the priorities in “*Our Ambition*” and demonstrate how each service will deliver its priorities.

86. Each plan outlines a series of projects for the service directorate, alongside the actions to be taken in the short, medium and long term. Scenario planning has taken place to show the impact in a pessimistic, minimum and optimistic situation.

Revenue budgets are aligned to “Our Ambition” priorities.

87. On 15 March 2023, the Council approved a balanced revenue budget for 2023/24, which reflected budget consultations with the community. The budget for each service is taken to that service committee and the associates report aligns proposed activity to the priority in “*Our Ambition*”. Savings proposals are also outlined by each service.

The Council has a budget gap of £3.2 million in 2023/24 and this will be met from reserves.

88. The Council budget for 2023/24 had a budget gap on the General Fund of £3.2 million. This is after considering council tax increases, sustainable use of reserves and savings plans. The remaining gap is to be met from general fund reserves. The budget included funding from the Scottish Government of £107.6million.

89. The budget included the following key elements:

- £23.1 million provided for the operational costs of inter-island ferry services (ring fenced funding)
- £2.63 million for the continued provision of Early Learning and Childcare services (ring fenced funding)
- £10.8 million income generated from a Council Tax including an increase of 4.5% (£0.5 million)
- £18.2m of trading income generated from the Harbour Account, including additional income from the Shetland Gas Plant
- £15.4 million in returns from long term investments in line with the councils Medium-Term Financial Plan.

The Council has a medium-term financial outlook with a projected cumulative budget gap of £106 million over 3 years.

90. The Council has prepared a medium-term financial outlook (MTFO) 2022-2027, which is refreshed annually ahead of the budgeting cycle. The latest update was September 2022. The MTFO summarises the key financial planning assumptions and translates the assumptions and financial modelling into three different scenarios:

- An optimistic, upside scenario
- A central, most likely scenario, and
- A pessimistic, downside scenario.

91. Scenario planning and financial modelling indicates that the Council faces a significant challenge in being able to set balanced budgets in the future. The central scenario indicated a potential 4 year cumulative budgetary deficit for the General Fund of £106 million by 2026/27.

Shetland has significant financial reserves generated from oil and harbour activities. Last year, for the first time in 10 years, these reserves reduced.

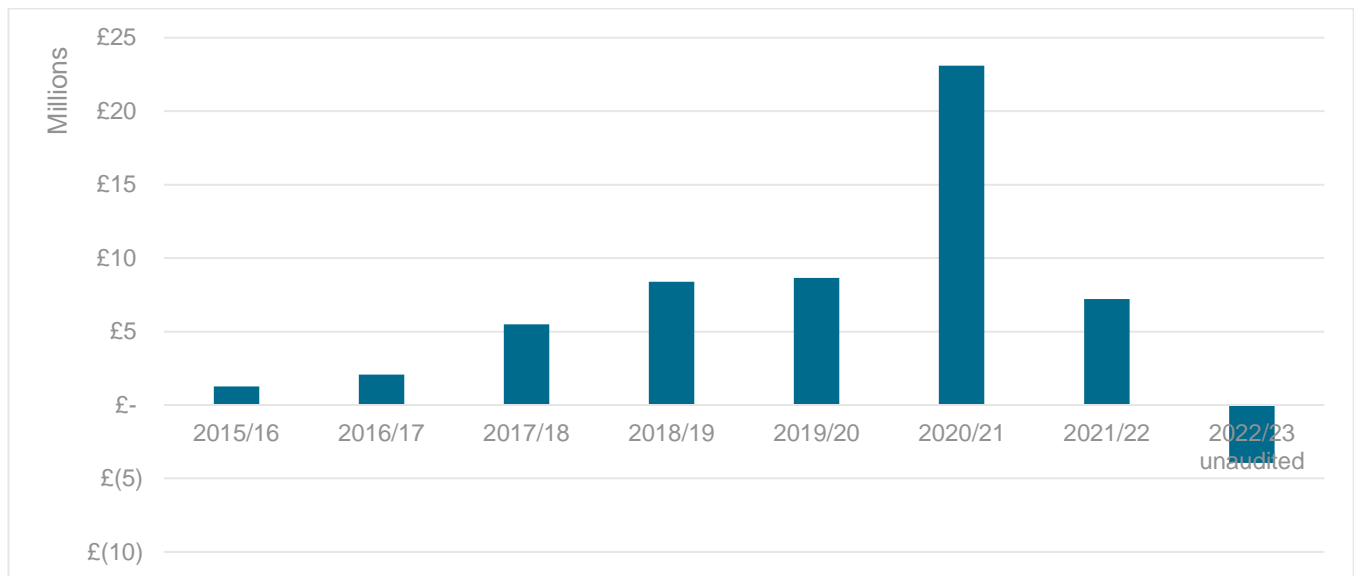
92. The previous BVAR report said that “The council’s reliance on reserves to set a balanced budget is not sustainable in the long term”. The report noted that “while this reliance has decreased in recent years, the reserves are projected to be fully depleted by 2030/31 if continued at the current rate”.

93. Total useable reserves in the Council, after excluding the unrealised gains on investments, have typically been above £250 million over the last nine years. Unrealised gains can be very volatile based on investment movements and are not certain. If the unrealised gains are included, total useable reserves are nearer £400 million. To put the reserve in context, gross annual expenditure of Shetland Islands Council is £300 million.

94. The Council has been using reserves to balance its budget for over 20 years and more recently to supplement capital investment. The Harbour operations in the Islands have continued to add to reserves and support services over this time and the net effect is that total useable reserves (excluding unrealised gains) have only actually been reduced in 2022/23 based on the prior 8 years data ([Exhibit 4](#)).

Exhibit 4**Movement in useable reserves (excluding unrealised gains) over the last 8 years.**

Only in 2022/23 has the total useable reserves of the Council reduced.



Source: Shetland Islands annual accounts

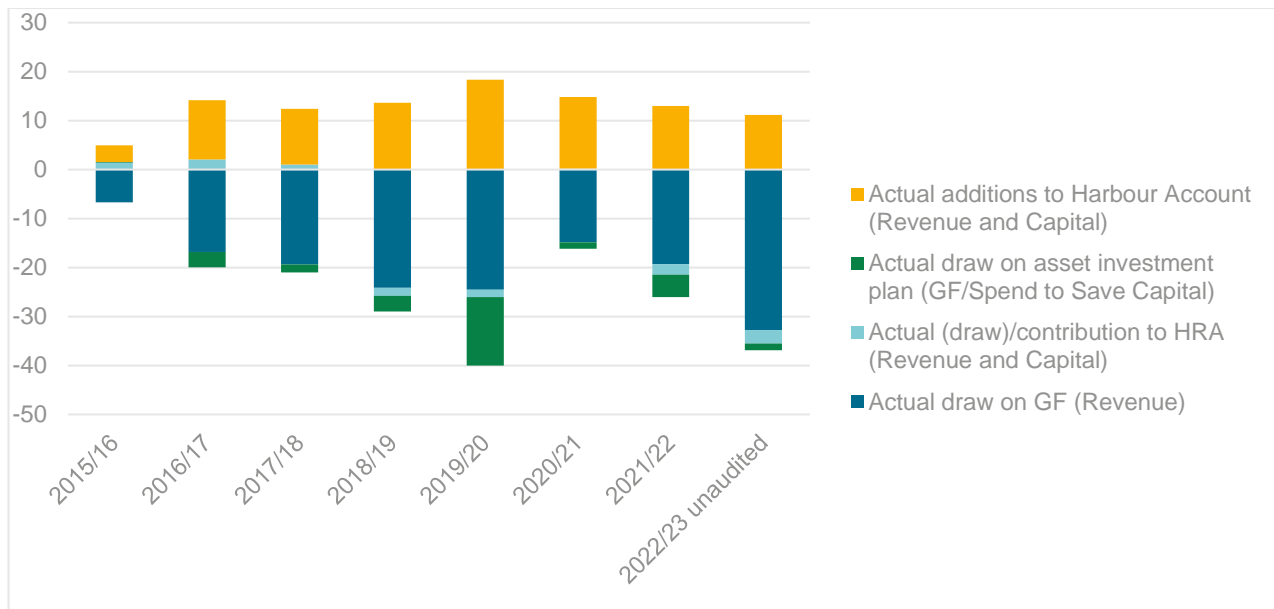
Income from harbour activities continues to add to reserves, but increasing amounts are being used to support services and capital investment.

95. The detail of the movements in useable reserves at [Exhibit 5](#) shows the general fund support for services and for housing, as well as the increasing support for capital investment and the offsetting income from harbour operations. Harbour operations provide income of £11 million each year, with General Fund capital spend of £11 million and revenue spend of £33 million in the last financial year. A total net draw on reserves of £33 million (unaudited). This represents about 12 percent of the annual gross expenditure of the Council.

Exhibit 5

Analysis of the movements in useable reserves excluding unrealised investment gains

Harbour operations provide £11 million income each year and revenue and capital support from reserves have exceeded this.



There is an increased risk of a significant impact on future services, if reserves continue to be used at their current rate as these could run out in 15 years.

96. If the level of reliance on reserves continues at the rate used in 2022/23 (£33 million) and investment returns are ignored, then the Council will completely deplete its significant reserves in 15 years time. This reflects the increased reliance on reserves in 2022/23, which is roughly 3 times the typical annual draw on reserves experienced over the last 8 years of £11 million.

97. The planned draw on General Fund reserves in 2023/24 is £37 million.

98. The increased reliance on reserves in 2022/23 and planned for in 2023/24 is concerning and we would not otherwise highlight any significant concerns over the sustainability of the reserve position. However, the extent of increased reliance on reserves to balance the budget over two recent years is a cause for concern. This cannot be sustained without very significant impacts on services. The reserve will be used up over the next 15 years at the current rate.

Recommendation 5

The Council needs to address its significant increase in reliance on reserves, if it is to avoid impacts on services in the long-term as reserves run out.

Workforce plans exist, but still need updated to align with “Our Ambition”.

99. The BVAR in August 2022, reported that workforce planning needed to improve, with links to the “*Our Ambition*” plan. The workforce planning needed to also link with financial plans and the change programme. The Council has a workforce strategy from December 2020, covering the period 2020-2025, with a workforce plan from September 2021, covering the period 2021-2026.

100. Due to the locality of the Council, they have on-going issues regarding the attraction and retention of staff. An update on the workforce plan was taken to the Council in June 2023, which outlined the actions they are taking to address this. One initiative that has been implemented is the “grow our own” which is focussed on Technical Teachers and Social Care Assistants.

Asset Investment Plans are in place but still aren’t linked to “Our Ambition” and capital plans are optimistic.

101. The previous BVAR report identified that “projects within the Asset Investment Plan are not clearly linked to how they will help the council achieve its priorities set out in ‘*Our Ambition*’”.

102. The Council has a five-year Asset Investment Plan (AIP) 2023-28, approved on 15 March 2023. The five-year plans are updated annually as part of the budget setting process. Over the five-year period the Council plans to spend £99 million on maintenance, acquisition and construction of assets. Total planned capital investment in 2023/24 totals £22 million. There is still no clear link between the projects within the AIP and how they will help the Council achieve its priorities set out in “*Our Ambition*”.

103. Progress reports are presented to the policy and resources committee on a regular basis. The reports form part of the annual performance reporting arrangements on financial matters against the Financial Strategy, Reserves Policy and Budget Strategy.

104. At 14 March 2023, the Council’s total projected capital expenditure was £15 million against a revised budget of £25 million. This means there is an underspend of £10million in 2022/23. The projected underspends are due to delays in supply chains, delays with construction work and contractors not yet being appointed. In addition delays in receipt of external funding have also been seen. The slippage or underspend in the capital programme is a recurring issue for the Council, with underspends noted in 2021/22 and 2020/21. This might indicate that capital plans are optimistic.

Recommendation 6

The Council should assess whether capital programmes are optimistic and if an adjustment is required to plans. Capital and workforce plans should be aligned to Our Ambition plan.

The Digital Strategy reflects the Council's priorities and the national digital strategy for Scotland.

105. The Council's Digital and IT Strategy 2021-24 was approved by the Policy and Resources Committee in April 2021. The strategy sets out how the Council will deliver the digital transformation of services in line with the Council's priorities contained in "Our Ambition".

106. The strategy is also aligned with the national digital strategy for Scotland ([A Changing Nation: How Scotland Will Thrive In A Digital World](#)) as recommended in [Audit Scotland's Digital Progress in Local Government Report](#) (January 2021).

Section 6: Leadership

The previous Best Value review identified that the Change Programme was not being driven forward and there is little evidence of PMO progressing change.

107. The previous BVAR noted that the Change Programme “was at an early stage of development and despite good working relationships between elected members and management, they are not providing the strategic leadership to drive forward plans. The Chief Executive has introduced a Change Programme to promote cross-organisational activity, but it is taking some time to embed.

The change programme is part of service plans, which are aligned to wider Council plans including Our Ambition.

108. The change programme is not a single programme. The Council’s change programme is not detailed in one policy document, it is however included as part of each of the service plans. All Service Plan Actions and Projects are aligned under one of the *Our Ambition* Themes to ensure that they are fully meeting the objectives.

109. The change programme actions are reported on a quarterly basis within the performance reports via the [Our Ambition dashboard](#).

110. The resources for the change programme are not solely focussed on a single change project but are instead working over various projects, for example a project of “Levelling Up for Fair Isle”.

111. Progress reports on the change projects are reported to the policy and resources committee quarterly and the actions are given a red-amber-green status. The actions are spread over the 29 service plans and linked to the Our Ambition themes.

112. A significant number of the projects are at the early stages of implementation with the dates for completion being over the next three-year period, however progress has been made on each action.

Political leadership has been stable since the 2022 elections.

113. In May 2022, local government elections were held across Scotland. Twenty-two councillors were elected to represent the seven wards of Shetland. There was a vacancy within the North Isles Ward which was filled with a by-election in August 2022. The Council administration continues to be an independent administration and following the election, a new leader of the Council was appointed. The make-up of the council is 20 Independent, 1 Green, 1 Labour and 1 SNP member.

The Council's management structure is well-established.

114. The Chief Executive has been in post since February 2018 and is supported by the corporate management team which includes Heads of Service for each directorate. This includes children's services, community health and social care IJB Chief officer, corporate services, development services and executive services.

Elected members are committed to working together.

115. The Previous BV report identified that "elected members work well together to progress the Council's aims and objectives. Council business is carried out in full Council meetings as well as by seven committees and two boards. Overall, the committee system provides an appropriate structure to consider and progress Council business and is effective. Business generally progresses well with appropriate challenge and scrutiny from members. However, there are some instances in the Audit Committee where there is a lack of focus on strategic issues and instead more of a focus on operational issues. Officers provide elected members with sufficient information at meetings and in response to questions at meetings. Officers also hold informal briefing sessions with members to provide them with information to assist with decision-making. For example, the Chief Executive and Council officers share relevant information with committee chairs at a weekly informal meeting."

We have not identified any issues with the capacity and skills of senior officers or members.

116. Based on our discussions with management, and observation of senior officers at Council and committee meetings, we do not have any concerns about their capacity and skills.

Section 7: Progress on recommendations

The Council has made some progress on recommendations reported one year ago in the 2022 BVAR.

117. The 2022 BVAR concluded that, “while significant improvement has taken place, there are some specific aspects of Best Value that lack strategic leadership:

- limited performance management and reporting.
- ability to demonstrate financial sustainability.
- transformation.
- aspects of community empowerment.”

118. In response to the BVAR the Council approved an improvement plan on 23 November 2022. Members accepted the findings and recommendations of the BVAR and approved a Best Value Audit Strategic Action Plan; governance and reporting arrangements and established a Sounding Board, comprising an elected member from each Council ward.

119. The Chief Executive set up a Best Value Leads Group comprising the officers of the Council who would be leading the work on each area of improvement in the Strategic Action Plan. The Leads Group, chaired by the Chief Executive, meets monthly to discuss progress against the Strategic Action Plan. The Strategic Action Plan is then updated and presented to the Sounding Board, which also meets monthly and the latest report was presented to the Audit Committee on 15 May 2023.

120. At the meeting of the Sounding Board on 20 April 2023, Members noted good progress made in a number of areas in the Strategic Action Plan and advised the Chief Executive on proposals for a seminar for all elected Members on 4 May 2023.

121. Our review of the Strategic Action Plan highlighted the following key developments:

- The Policy and Resources committee approved the progress on the performance management framework, but asked for some minor changes to be made. Revised framework was due to be presented to Council again in June 2023 for approval, but this has now been delayed until December 2023. Training for elected members will follow once the policy and procedure have been considered by Council.

- Full list of “*Our Ambition*” indicators agreed by Council on 22 February 2023. Most targets (where appropriate) have been set and will be revisited prior to the next Our Ambition report.
- A Workforce Plan Update report is being provided to the Policy and Resources Committee. The Workforce Plan now sets out how the Actions within the Plan contribute to “Our Ambition”. An internal audit of the Council’s approach to succession and workforce Planning was reported to the Audit Committee in May 2023. There was one high and one medium recommendation, relating to developing and agreeing operation workforce plans for each directorate and for reporting progress to the Policy and Resources Committee on a regular basis.

122. As the previous BVAR was only finalised in August 2022, there have been no previous follow-up of recommendations.

Overall, we assess that there is evidence of progress against last year’s BVAR in most areas, but no area is fully complete yet.

123. [Exhibit 6](#) summarises our assessment of each of the outstanding recommendations. This shows that some progress has been made on progressing previous BVAR findings, but none are yet complete. There has been no significant progress on developing a “change” or transformation programme.

Exhibit 6

Progress on Best Value Recommendations

BVAR Recommendation	Summary of progress
<p>The council should improve performance management and reporting by:</p> <ul style="list-style-type: none"> • ensuring performance indicators are in place for plans and strategies at the time of their development • setting targets for its performance indicators as appropriate and in a timely manner • ensuring annual performance reporting is balanced, uses a mixture of qualitative and quantitative information (including recently agreed performance indicators) 	<p><u>In Progress</u></p> <p>The council has established a performance framework which aligns with its council plan priorities (Paragraph 16).</p> <p>There are 118 indicators identified that align to the priority areas and this number of indicators may be excessive. (Paragraph 18)</p> <p>Performance targets have only been set one year ahead and only for 70 per cent of indicators (Paragraph 20).</p> <p>The Council’s website has good, detailed action and performance data, but these are not clearly focussed on key priorities in Our Ambition (Paragraph 21).</p>

<p>and clearly draws out areas for improvement and associated improvement actions</p> <ul style="list-style-type: none"> • ensuring monitoring is in place for the council’s early intervention and prevention projects 	<p>Service plans are up-to-date and consistent with the Council plan (Paragraph 84).</p> <p>Annual performance reporting against the council plan is available on the website, but is mainly narrative and focuses on achievements (Paragraph 21).</p>
<p>Elected members should work with council management to set out how it will meet the estimated funding gap</p> <ul style="list-style-type: none"> • The council should improve how it involves elected members in budget-setting 	<p>In Progress</p> <p>The council approved a balanced revenue budget for 2023/24. The budget gap of £3.2 million for 2023/24, was addressed by continued use of the general fund (Paragraph 88).</p> <p>The council continues faces a significant challenge in being able to set balanced budgets in the future. The central scenario indicated a potential cumulative budgetary deficit of £106 million by 2026/27 (Paragraph 88).</p> <p>The Councils own BV action plan monitoring update notes that “budget seminars were delivered and members’ feedback sought on savings proposals, council tax, rent levels and service reviews.</p> <p>For the 2023/24 budget the Council engaged with people on council tax increases as well as with tenants on rent increases. For the 2024/25 budget the Council plans to implement an engagement programme starting in August 2023 to build in community priorities (Paragraph 63).</p>
<p>The council needs to fully embed its Change Programme by:</p> <ul style="list-style-type: none"> • identifying, developing and aligning its supporting projects and activities • setting clear timescales • fully resourcing its work including the PMO Team ensuring there is a dedicated core hub for its work • creating a clear plan of how it will address savings identified in the MTFP 	<p>In Progress</p> <p>The Council’s own BV action plan monitoring update notes that SIC Change Programme Delivery Plan approved 23 November 2022. Hub and Spoke model agreed</p> <p>Progress reports on the change projects are reported to the policy and resources committee quarterly and the actions are given a red-amber-green status. The actions are spread over the 29 service plans and linked to the Our Ambition themes.</p> <p>A small resource is available to drive forward the change projects.</p> <p>The council needs to continue to develop its approach to driving forward the projects to ensure they are achievable within the resources available (Paragraph 112).</p> <p>.</p>
<p>‘The council should align all plans and strategies under Our Ambition to</p>	<p>In Progress</p> <p>Service plans are up-to-date and consistent with the Council plan. The council has developed three-year service plans for</p>

<p>meet its priorities, specifically:</p> <ul style="list-style-type: none"> • workforce planning • the Asset Improvement Plan • financial planning • the Change Programme 	<p>each of the five directorates. These are updated annually and last updated on 15 March 2023. The delivery plans are clearly aligned with the priorities in the Our ambition plan and demonstrates how each service will deliver its priorities. (Paragraph 84).</p> <p>A council-wide workforce strategy and workforce plan exists, but both are being updated to align with Our Ambition. The council created a workforce strategy in December 2020 and a workforce in September 2021. An update on the workforce plan was taken to the Council in June 2023, which outlined the actions they are taking to address recruitment and retention issues. (Paragraph 99).</p> <p>The council has a five-year Asset Investment Plan (AIP) 2023-28, approved on 15 March 2023. There is still no clear link between the projects within the AIP and how they will help the council achieve its priorities set out in Our Ambition. (Paragraph 101).</p> <p>The Council has prepared a medium- term financial outlook (MTFO) 2022-2027, which is refreshed annually ahead of the budgeting cycle. The latest update was September 2022. The MTFO is currently undergoing review and it is expected to be revised by September 2023. (Paragraph 82)</p> <p>The council has the change programme embedded within all other plans that it undertakes. The council's change programme is not confined to one policy document, it is however included as part of each of the service plans. (Paragraph 108)</p>
<p>In respect of community engagement, the council should:</p> <ul style="list-style-type: none"> • engage communities on key strategic plans and developments, including the council plan and annual budget • demonstrate how the results of community engagement exercises have fed into plans and services • ensure locality plans are in place 	<p>In Progress</p> <p>A Community Engagement strategy has not yet been prepared. The Council plans to develop a community Engagement Strategy for Shetland, however there is currently no timetable for this. (Paragraph 57).</p> <p>The Council's Community Development department engaged in a series of Community Conversations with members of the community, community groups, third sector organisations and staff teams over the last year. In February 2023 the council, its partners, Hub North Scotland and Scottish Futures Trust (SFT) produced a report "Nort Natters." The report took a place-based approach. A series of community engagement events were undertaken. (Paragraph 61).</p> <p>The council is improving resident involvement in budget setting. For the 2023/24 budget the Council engaged with people on council tax increases as well as with tenants on rent increases. For the 2024/25 budget the Council plans to implement an engagement programme starting in August 2023 to build in community priorities. (Paragraph 63).</p>

In respect of impact assessments, the council should:

- develop a consistent approach in carrying out EIAs

In Progress

The Council has reviewed current templates for Integrated Impact Assessments (IIA), ensuring all statutory requirements are covered for equalities. It also completed an IIA on the Council's 2023-2024 budget. ([Paragraph 72](#)).

Source: Audit Scotland

Appendix 1

Improvement Action plan

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Annual progress Reporting</p> <p>The Council performance is reported via the Our Ambition performance progress report dashboard but there is a positive focus on the narrative reporting without any insight to areas where performance is poorer.</p> <p>Links to data in the interactive dashboard should be made in addition to the narrative.</p> <p>Risk: Insight into the areas of poorer performance is not being given and the data is not being used to demonstrate performance in the dashboard narrative.</p>	<p>Annual Progress Reporting should present a balanced view of progress and demonstrate links to data in the interactive dashboard.</p> <p>Paragraph 21</p>	<p>We will work with Services to present a more balanced view including both good performance and areas where performance could be improved. To be included in the Q2 Directorate Performance Reports.</p> <p>We will review how data is linked in the Dashboard by December 2023.</p> <p>The Annual Progress report 2023 will present a balanced view of progress and demonstrate links to data in the interactive dashboard</p> <p>Responsible officer: Chief Executive</p> <p>Agreed date: June 2024</p>
<p>2. Performance indicators</p> <p>The performance indicators and actions are not clearly linked to the objectives or key to the commitments in the Our Ambition plan. Existing indicators have been aligned to priorities in the plan but more work is needed to reflect the priorities of the plan and a review of the number of indicators should be undertaken.</p> <p>Risk: Performance indicators are not reflective of the key commitments of Our Ambition.</p>	<p>The framework of indicators and actions to support “Our Ambition” should be streamlined and reduced to enable focus on the areas that demonstrate progress on key priorities.</p> <p>Paragraphs 25 and 26</p>	<p>We will review the Performance Indicators with Services to ensure that they reflect the priorities in Our Ambition and that there is no overlap/duplication.</p> <p>Since Performance Indicators are approved by Council we would look to take a report to Council in the final quarter of 2023/24 in order to begin 2024/25 with the revised indicators.</p> <p>Responsible officer: Chief Executive</p> <p>Agreed date: March 2024</p>

3. Resident participation in decision making

The Council is bound by the charter to carry out a full tenant satisfaction survey at least every three years, with the latest taking place in Spring 2023. The opportunities to participate in council decision making 2023 results are showing 52.8% against a Scottish average of 74.8%, and a fall from the previous result of 59.8% in 2019.

Risk: The decisions taken by the council may not be reflective of the priorities of local residents.

Further engagement is required to encourage tenant participation in council decision making.

[Paragraph 40](#)

The next Tenant Satisfaction Survey will be due in Spring 2026. Further development of our Tenant Participation Strategy is planned with refreshed engagement with tenants using a variety of methods.

Responsible officer: Anita Jamieson

Agreed date: Spring 2026

4. Community engagement strategy

The Council plans to complete a community engagement strategy, and it has a target date of 4 December 2023 for completion.

Risk: The Community empowerment theme from our ambition is not being fully met.

A community engagement strategy should be completed.

[Paragraph 57](#)

A community engagement policy is in development and will be reported to the Council for approval in December 2023

Responsible officer: Vaila Simpson

Agreed date: December 2023

5. Use of reserves

There is an increased reliance on the use of reserves to balance their budget over the last two years. It is projected that £37million will be required for the General Fund for 2023/24.

Risk: There is a long-term sustainability risk for the delivery of services given the increased reliance on reserves

The Council needs to address its significant increase in reliance on reserves, if it is to avoid impacts on services in the long-term as reserves run out.

[Paragraph 98](#)

The position is well understood and forms a key pillar of influence on Council decision making. However in common with most, if not all LAs, sustainability is an elusive target. An alternative approach will be agreed by Senior Managers for use in 2024/25 revenue budget setting, which seeks to establish balanced budgets, with a demonstrable reduction in reliance on reserves year on year.

Responsible officer: Paul Fraser

Agreed date: March 2024

6. Capital programmes

The slippage or underspend in the capital programme is a recurring

The Council should assess whether capital programmes are optimistic and if an adjustment is required to plans.

Officers accept that the Capital Plan has seen a high level of underspend. An alternative approach will be

issue for the Council, with underspends noted in 2021/22 and 2020/21.

Risk: There is a risk that capital programmes are optimistic and not aligned to the Our Ambition plan.

Capital and workforce plans should be aligned to Our Ambition plan.

[Paragraph 104](#)

agreed by Senior Managers for use in 2024/25 budget setting, which seeks to ensure that the approved capital plan reflects only projects that are certain to proceed, thus creating a more stable financial position.

Responsible officer: Paul Fraser

Agreed date: March 2024

Shetland Islands Council

Best Value Thematic Review

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