

Comhairle nan Eilean Siar

Best Value Assurance Report

SEPTEMBER 2022

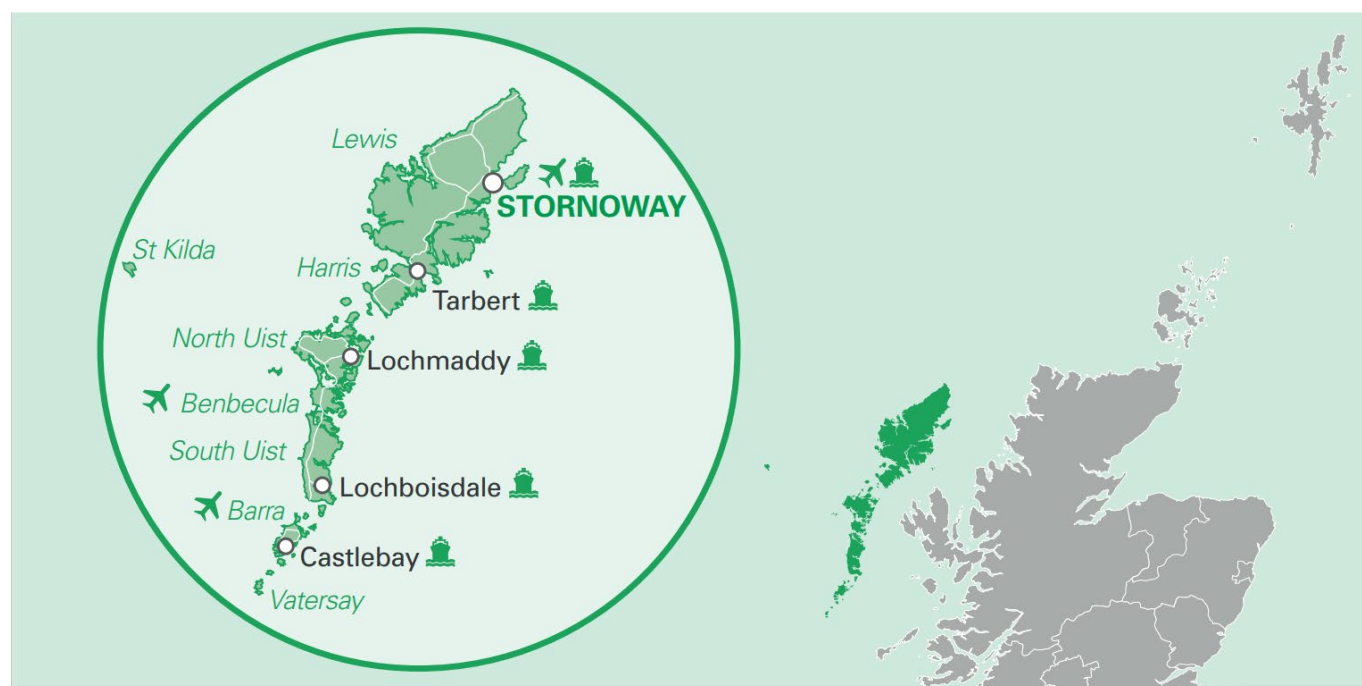
ACCOUNTS COMMISSION 

Prepared by Audit Scotland
September 2022

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Key facts



3,071
square
kilometre
s

Area

26,500

Population
(mid-year 2020
estimate)

31

**Elected Members
2017**

23 Independent
7 Scottish National Party
1 Conservative and
Unionist

29

**Elected Members
2022**

22 Independent
6 Scottish National Party
1 Conservative and
Unionist

1,575
FTE

Staff

112.4
million

**2022/23
Revenue Budget**

£38.4
million

**2021/22
Capital Budget**

£0.541
million

**Budget Gap
2022-23**

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the Annual Audit Report. In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the audit appointment for each council. This is the first assurance report on Comhairle nan Eilean Siar (which is Gaelic for the Western Isles Council), referred to in this report as ‘the Comhairle’. The judgements from the most recent Best Value report on the Comhairle are summarised in Part 5 and [Appendix 1](#) shows the Best Value audit timeline.

2. This report seeks to provide the Commission with assurance on the Comhairle’s statutory duty to deliver Best Value, with a particular focus on the Commission’s strategic audit priorities. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in the future.

3. Our audit is proportionate, risk based, and reflects the context, and performance of the individual council. It also draws on the intelligence from audit and scrutiny work carried out in previous years. We conducted some initial work to identify the scope of our audit. This included a review of previous audit and inspection reports, review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience. Key areas of focus for our audit included are set out in [Exhibit 1](#).

4. The detailed audit work for this report was undertaken from March to May 2022. Our audit work included:

- interviews and focus groups with elected members and senior officers
- focus groups including community planning partners, community organisations, and employees
- observing a range of council and committee meetings
- document review

Exhibit 1

Key areas of focus for our audit



The Comhairle's leadership, vision, and priorities



Performance of services and achieving better outcomes



Supporting the islands economy including

- the Islands' Deal
- digitalisation of services, such as providing more services online
- climate change and renewable energy



Governance and scrutiny including

Transparency of decision-making and Lews castle follow up

- Fairness and equalities
- Response to the Covid-19 pandemic



Financial management and financial planning



The challenges of depopulation including

- Workforce planning
- the apprenticeship scheme



Involving communities including

- Involving communities in service redesign and local funding decisions
- The community empowerment act and the use of assets for community benefit



Continuous improvement in services and the Comhairle's pace of change including:

- Process and results of self-evaluation
- Progress against judgements in previous Best Value reports

Source: Audit Scotland

5. The Comhairle's appointed auditors, Audit Scotland, will continue to audit Best Value at the Comhairle. This will include follow-up work on the recommendations from this report as well as more detailed audit work on other Best Value characteristics as appropriate.

Acknowledgement

6. We gratefully acknowledge the cooperation and assistance provided to the audit team by all elected members, officers, and other stakeholders during the audit.

Key messages

- 1** Comhairle nan Eilean Siar has not yet demonstrated that it is meeting its Best Value duty in a number of important areas. It has implemented successful initiatives and shows good practice in community engagement and in supporting the local economy, but the pace of wider-scale change and improvement has been slow. The Comhairle's prospects for achieving the improvements needed are currently uncertain and will be influenced by its ability to successfully manage its finances, workforce and leadership capacity.
- 2** Elected members and the corporate management team work well together but need to provide stronger strategic direction and leadership. In doing so they should identify clear priorities and planned actions for achieving the change and improvement needed. The community planning partnership has an important oversight role and needs to renew its overall strategy and focus.
- 3** The Comhairle does not have an effective medium or long-term financial strategy that links to transformation, workforce and asset planning. It has only partly realised its ambitious savings anticipated from service redesign. The Comhairle has had the largest decrease in funding in real terms of any Scottish local authority in recent years. In the absence of a detailed financial strategy, the Comhairle is not yet able to demonstrate that it will be able to meet the significant financial challenges it is facing over the medium to longer term.
- 4** The Comhairle is a strong advocate for the Outer Hebrides and collaborates well with partners, national agencies and other rural and islands councils. The Islands Growth Deal sets a template for sustainable growth, building on the islands' unique energy potential.
- 5** Depopulation and difficulties recruiting staff are a critical challenge to sustaining services on the islands. The Comhairle should ensure it has the leadership capacity to fulfil its ambitious plans for the economy and repopulation. It is currently updating its workforce and organisational development plans.
- 6** Service performance and public satisfaction with services has declined overall in the past five years. There are significant challenges in social care and tackling fuel poverty. The Comhairle performs well in education services

and in supporting the local economy and it has a successful apprenticeship programme. The Comhairle together with its partners responded well to the Covid-19 pandemic.

- 7 Elected members and officers need to have more focus on targeted performance management, improvement and self-evaluation. Public performance reporting needs to be more accessible and include progress with improving outcomes for the people of the islands.
- 8 Social care services face specific recruitment and workload challenges. Funding and resourcing issues have led to uncertainty over the Comhairle and Integration Joint Board's (IJB) delivery of a flagship health and social care facility.
- 9 Elected members understand community issues. The Community Planning Partnership has local plans in place for areas of priority need. The Comhairle is making good progress with some aspects of the Community Empowerment Act and supports communities in making local spending decisions on the use of Crown Estate funding.

Part 1

Does the council have clear strategic direction?



The Comhairle is a strong advocate for the islands. It has set out a broad vision for the area based on a good understanding of local need. It needs to set clearer priorities and focus on strategic issues. The Comhairle responded well to Covid-19.

The local context

7. The Outer Hebrides (often referred to as the Western Isles, or Na h-Eileanan Siar in Gaelic) is a chain of islands to the north-west of mainland Scotland. There are 11 inhabited islands and over one hundred named islands, which cover an area of 3,071 square kilometres and extend to 209 kilometres in length.

8. With around 26,500 people, the Comhairle is the third smallest local authority by population (Orkney and Shetland Islands Councils are the smallest). The main populated islands are Lewis, Harris, Benbecula, North Uist, South Uist and Barra. Approximately 30 per cent of the population (7,280) live in the main town of Stornoway on the Isle of Lewis. The Western Isles has the highest proportion of Gaelic speakers in Scotland (over 50 per cent).

9. A relatively higher proportion of people than in Scotland work in public administration, tourism, agriculture, forestry and fishing, and health and social work. The Comhairle is the largest employer in the Outer Hebrides, with over 2,000 employees (1,575 full-time equivalents). The employment rate in the Outer Hebrides (81.5 per cent) is higher than the national average (72.9 per cent), but average earnings are lower.

10. The Outer Hebrides is renowned for its natural beauty and cultural assets and 10 to 15 per cent of economic activity relates to tourism. Tourism typically attracts more than 200,000 visitors to the islands each year and directly supports 1,000 full-time equivalent jobs. Islanders often run tourism micro-businesses to supplement income from other work such as crofting.

11. Population decline is the most significant issue facing the islands and poses challenges for sustaining services such as social care and health services. The population is projected to fall by 9.4 per cent between 2018 and 2033 (the biggest decline for any Scottish local authority), whereas the Scottish population is projected to increase by 2.3 per cent. Over this period, the population of

people in the islands aged over 75 years is projected to increase by more than 30 per cent, with a decline in the working age population of 13 per cent and a decline in the numbers of children by almost 20 per cent. Overall healthy life expectancy is higher than the rest of Scotland for both women and men, but rates of obesity and alcohol-related hospital admissions are high.

12. No areas of the Outer Hebrides are classed as being in the 20 per cent most or least deprived in Scotland according to SIMD. There are however small, isolated pockets of poverty throughout the islands. Most of the areas in the islands (80 per cent) fall within the 20 per cent most access-deprived areas in Scotland, meaning that it takes longer to access key services by car and public transport. Child poverty in the Western Isles rose from 12 per cent in 2015 to 15 per cent in 2019/20, which is lower than the 18.8 per cent figure for Scotland.

The Comhairle has set a wide-ranging vision for the area but has not identified clear strategic priorities to focus action

13. The Comhairle's main strategic documents set out broad and consistent aims to support the economy and the quality of life for the people of the Outer Hebrides ([Exhibit 2](#)). The local outcome improvement plan (LOIP) sets out the vision for the Comhairle and its community planning partners. The corporate strategy and LOIP have common aims.

Exhibit 2

Overview of the Comhairle's key strategic plans

	Duration
Outer Hebrides Community Planning Partnership Local Outcomes Improvement Plan (LOIP)	2017-27
Aims to improve outcomes for re-population, economic growth, and quality of life. Underpinned by two locality plans.	
Corporate strategy	2022-27
Sets the Comhairle's strategic direction. Sets out strategic aims consistent with the LOIP, supported by comprehensive performance indicators.	
Recovery and renewal strategy	2020-22
Refreshes the Comhairle's corporate direction in the context of recovery from the pandemic. Sets broad aims to support communities, the economy, and renewable energy.	
Islands growth deal	2022-37
The Islands Growth Deal for the Western Isles, Orkney, and Shetland (March 2021) sets out joint commitments for	

economic recovery and growth in tourism, skills, and renewable energy

Source: Audit Scotland

14. The corporate strategy sets out the strategic direction for the Comhairle. It includes 20 strategic outcomes linked to four broad overall priorities ([Exhibit 3](#))

Exhibit 3

Corporate strategy

The corporate strategy includes 20 strategic outcomes linked to four broad overall priorities.

STRATEGIC PRIORITIES

Strengthen the local economy	Support children, families, and young people	Support resilient communities and quality of life	Be a sustainable and inclusive Council
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STRATEGIC OUTCOMES

Deliver our Islands Deal projects	Attainment rates continuously improve	The Gaelic language, natural heritage and culture of our communities is supported and promoted	Communities are empowered and continue to be at the heart of our decision making
Digital investment delivers outcomes for the community	Early intervention in place to keep our most vulnerable children safe	People receive the care and support they need to live healthy and independent lives	Reduction in our carbon footprint and development of an island route map to Net Zero
Investment in our buildings and infrastructure	Schools are centres for lifelong learning and key assets for the community	Planning and infrastructure meet the needs of our communities	Equality of opportunity is increased
Increased level of skills across our communities and workforce	People are healthy and active	Our communities are safe, inclusive, and resilient	Efficient and sustainable services are provided to the community
Growth in small and medium sized businesses demonstrated	Childcare facilities in place to meet the needs of working parents	Reduce inequality and poverty and promote social mobility	Effective governance of the Comhairle is in place

Source: Comhairle nan Eilean Siar, Corporate Strategy 2020-27

15. The corporate strategy lists 24 supporting strategies including the local housing strategy, local transport strategy and the community engagement and participation policy. It does not reference other important strategies such as its integrated children's services plan and its anti-poverty strategy. The Comhairle should highlight more clearly how its key strategies support its priorities.

16. In early 2022 the Comhairle introduced an operational plan to strengthen the links between the corporate strategy, the LOIP, and service business plans. The operational plan sets out supporting actions and measures to track future progress.

17. The corporate strategy does not include actions to achieve its strategic outcomes. It notes that these will change over time and will be developed through service business plans and the operational plan. It does however include over 200 performance indicators to monitor progress toward the strategic outcomes.

18. The corporate strategy does not identify its main priorities within its broad range of strategic outcomes. The Comhairle should set clear and specific priorities to identify exactly what it needs to do to achieve its vision. This would support elected members and the corporate management team in ensuring that the vision is achieved. It would also help communicate a compelling case for concentrated action on key issues to staff and stakeholders.

The Comhairle is a strong advocate for the Outer Hebrides and collaborates with other islands councils

19. Elected members and officers actively lobby at regional, Scotland and UK-wide levels on key island issues. These include renewable energy, transport and digital connectivity, Crown Estate funding and emerging funding policies following the UK's withdrawal from the EU.

20. The Comhairle works with the other island and rural councils. This includes work on improving educational outcomes through the Northern Alliance partnership. The three islands' councils jointly developed the Islands Growth Deal, which could bring potential investment of £335 million to the islands local authorities and create up to 1,300 new jobs.

21. The Comhairle's partners value the Outer Hebrides Community Planning Partnership (OHCPP) as a useful forum for discussion and networking. The Comhairle and its key partners recognise the broad issues they face and see the LOIP as a useful statement of shared direction.

The Comhairle responded well to Covid-19

22. The Comhairle used good connections with its partners to quickly sustain services and protect vulnerable people at the onset of the Covid-19 pandemic ([Case study 1](#)).

Case study 1

The Comhairle and its partners responded well to the Covid-19 pandemic

The Comhairle and its partners reacted quickly to the pandemic. It made good use of digital technology to maintain council business, home working and access to education. Examples of action taken include:

- setting up a Comhairle resilience team to take swift decisions including implementing homeworking for its employees

- launching a community response with a volunteer helpline which quickly attracted over 130 local groups and volunteers.
- maintaining full operating capacity of benefits staff, reducing claims processing times while maintaining accuracy rates, and making emergency free school meal payments.
- expanding pupils' access to on-line learning and using its e-Sgoil platform to deliver live, interactive lessons as part of Scotland's national e-learning offer.
- distributing business support grants and providing additional funding to support vulnerable businesses.
- operating six holiday hubs over the summer, in which community learning and development staff led activities for key workers' children and vulnerable pupils.

Covid Ceilidhs

The Comhairle promoted online ceilidhs (traditional Scottish gatherings, often with Gaelic music) to help connect individuals and communities during the lockdown restrictions, including the islands' older people and harder to reach groups.

A total of 63 live ceilidhs took place on the Comhairle's Facebook page over 2020/21. Total viewing figures exceeded 1.6 million across 22 countries.

These online events provided a unique platform for sharing the Comhairle's messages and providing important health and safety advice to a wide audience.

Source: Audit Scotland and Comhairle nan Eilean Siar

Elected members work well together, but need a stronger focus on strategic issues

23. The local government elections took place after our on-site audit activity was completed. The former leader stepped down and 10 new members were elected. The Comhairle has 29 elected members, most seats are held by independents (22), SNP have six seats, and the Scottish Conservatives & Unionist Party have one.

24. The Comhairle has traditionally operated without a formal administration or opposition grouping. Elected members work well together and achieve consensus over many decisions. Members have a close understanding of local issues.

25. The Comhairle operates a traditional service-based committee system. The main committees are the Full Council Committee, Policy and Resources Committee (P&R), Audit and Scrutiny Committee and three service committees.

26. Members actively scrutinise the papers and updates that they receive. Much of the reporting to committee is on services and operational items. The Policy and Resources Committee does consider more council-wide issues, such as procurement and human resources, but scrutiny of more strategic issues even by this committee is limited.

27. The Comhairle should seek to involve members more in strategic decision-making. Many papers recommending policy or decisions are presented for members approval. It should consider making greater use of options papers to

allow members to take active decisions. As noted previously, a stronger Comhairle-wide focus on its priorities would also encourage stronger strategic scrutiny and leadership from elected members.

28. The Comhairle has introduced measures to allow members to work more closely with officers outside of committees. This is good practice and allows members to explore and discuss issues before policy is more formally developed. Elected members spoke positively about the role of these forums, which include:

- Member–officer working groups for members to discuss policy issues and work more closely with officers. These working groups can involve external stakeholders, for example fisheries and crofting representatives.
- The chairs group provides a forum for chairs and the chief executive to discuss corporate policy and acts as a sounding-board for policy matters.
- The budget board is a non-decision-making body with representation from each ward and registered political group. It considers the budget in detail and how it is spent throughout the year. It can involve meetings with local community representatives to discuss budget issues and options for making savings.
- Members’ seminars allow issues to be explored in-depth. These are well-attended and cover key areas such as budgeting, the Islands Growth Deal, and the National Care Service.

Elected members need to receive more ongoing training and development

29. Members receive comprehensive induction training and additional training to support them in their statutory roles on planning and licensing committees. Members also spoke positively about the support they receive from officers.

30. The Comhairle should have stronger oversight of elected members’ development. Training is provided on key issues, such as budget strategy and the Islands Growth Deal, but there is no formal ongoing training programme. Members’ uptake of training is mixed, and they would welcome more structured ongoing training. This should include training on statutory roles and wider topics such as financial scrutiny, members’ conduct, working relationships and using social media.

31. A Comhairle survey of senior management wellbeing confirmed that one of the most significant issues was the conduct and behaviour of some elected members. The chief executive has worked with elected members to address concerns over how a small number of members have interacted with officers.

Part 2

How well is the council performing?



The Comhairle needs to strengthen its focus on improvement and report more clearly on its overall priorities. Service performance has declined overall and there are significant challenges in social care and tackling fuel poverty. The Comhairle performs well in many education services and in supporting the local economy. It has a successful apprenticeship programme.

The Comhairle needs to improve its performance reporting to the public including its progress with overall priorities

32. The Comhairle's website gives access to a comprehensive range of service performance reports, annual reports, inspectorate reports and supporting strategies. It does not, however, give the public an easily accessible overview of progress in key areas. Some councils present performance information in a 'dashboard' format on their websites, which makes it easy for viewers to gauge overall performance.

33. The Comhairle and its OHCPP partners have not published an LOIP progress report since 2019/20. The Comhairle reports on its performance and progress in achieving outcomes through its annual public performance reports. These reports are accessible and informative. They provide highlights from the Comhairle's activities and include areas of underperformance, but they do not systematically cover performance across all the strategic priorities.

Improvements are needed in performance management

34. Performance data, including Local Government Benchmarking Framework (LGBF) indicators, are reported to the Comhairle's Policy and Resources Committee each year. These reports highlight areas for improvement and actions to address these are included in quarterly service business plan progress updates. The Comhairle has set the national average performance as the default target for many of its performance measures. It should develop more meaningful targets to strengthen its focus on improvement.

35. Elected members also receive quarterly performance reports at service committees. These highlight overall progress, current issues, financial performance, and complaints. They give a useful narrative, but the supporting

reports are extremely detailed and do not give a clear sense of progress made against priority issues for each service or across the Comhairle. Members can also use the Comhairle's intranet to access this performance information outside the committee reporting cycle.

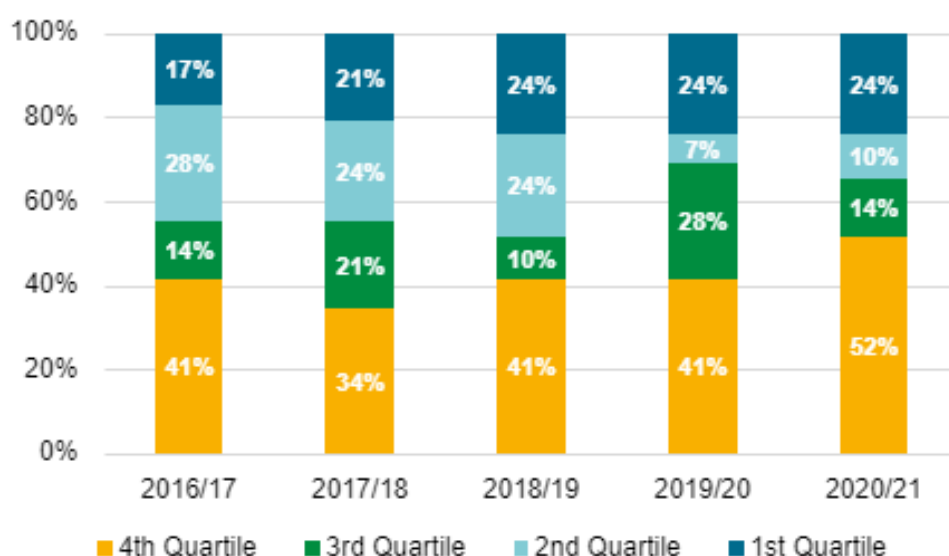
The Comhairle's overall performance has declined, however it performs well in education and supporting the economy

36. The LGBF allows councils to compare themselves with the Scottish average. Our assessment of LGBF performance indicators for the Comhairle shows that service performance has declined over the last five years, with approximately two-thirds of indicators now falling in the lowest two quartiles over 2019 - 2021 compared to just over half in 2016 - 2018 ([Exhibit 4](#)).

Exhibit 4

Comhairle performance relative to other councils, 2016/17 to 2020/21

Performance in comparison to other councils has declined



Indicates performance relative to the national average across 29 corporate, environmental, education and social care performance indicators (does not include customer satisfaction and cost-based indicators (as cost may be location-dependent)).

Source: Audit Scotland; Local Government Benchmarking Framework, Improvement Service, 2020/21

37. The Comhairle has performed well to support the local economy:

- It supports the highest proportion of unemployed people into work in Scotland (at 21 per cent compared with a national average of 6 per cent for Scottish councils). The Comhairle's Managing Employment, Enterprise and Training programme and Hebridean Independent Living and Learning Service support participants to learn new skills and gain experience through work placements. 17 participants were supported through the

programme, and of the 6 participants to have completed it in early 2021, 5 have moved on to full time employment.

- The Western Isles has the second highest rate of Business Gateway supported start-up businesses at 24.2 start-ups per 10,000 population compared with a rate of 11.2 for Scotland. The Comhairle's Covid-19 economic recovery grant scheme supports new start-ups and existing businesses, with grants of £10,000 and £20,000 respectively.

38. Areas where the Comhairle's performance needs to improve include:

- Sickness absence rates in the council are relatively high but have recently improved. Absence rates for non-teaching staff are 10.9 days per year (Scotland 9.7 days), and for teaching staff are 5.1 days (Scotland 4.2 days).
- Support service costs (non-front-line services such as democratic functions, human resources and finance) as a proportion of total budget tend to be higher for smaller councils. The Comhairle has reduced its support service costs from 8.6 per cent of budget to 5.6 per cent in the last ten years, but it remains one of the highest cost councils for this measure.
- Recycling rates are below the national average of 42 per cent but increased from 20.6 per cent in 2019/20 to 34.6 per cent in 2020-21 following investment in kerbside recycling funded by the Recycling Improvement Fund.
- The proportion of roads in need of repair across the various classifications managed by the Comhairle is higher than the national average, but comparable with other rural and islands authorities. At current investment levels, the proportion of the road network requiring maintenance is likely to increase significantly over the next 20 years.

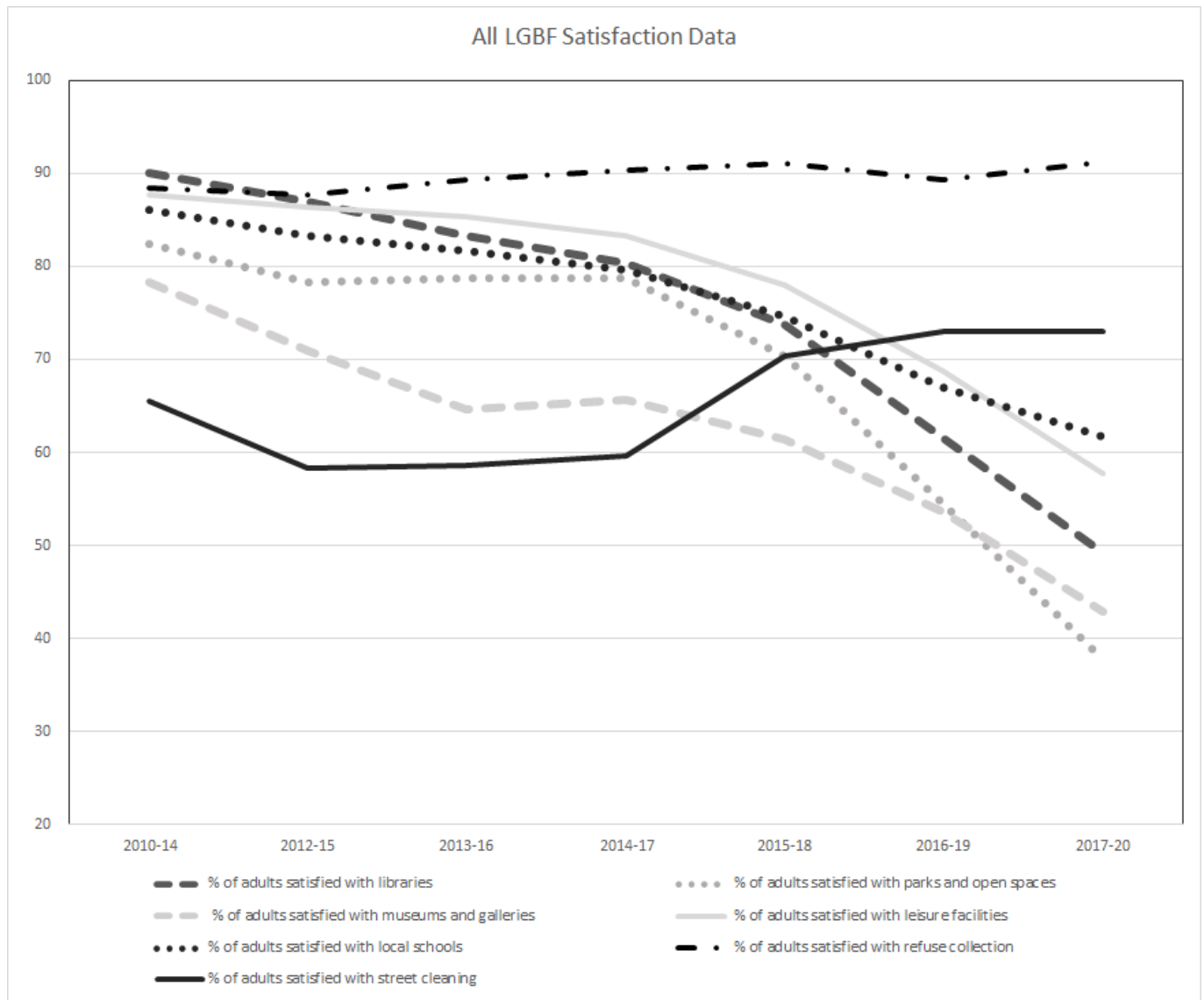
There has been a drop in public satisfaction with services

39. The Scottish Household Survey (SHS) is an annual survey of individual and household satisfaction with locally run services. As with Scotland as a whole, the Western Isles has seen an overall drop in public satisfaction with local services. Public satisfaction in the Western Isles has declined more steeply for education and cultural and leisure services such as libraries and sports centres. Satisfaction with street cleaning has improved, and the Comhairle has the highest satisfaction rating for refuse collection services in Scotland ([Exhibit 5](#)).

Exhibit 5

Satisfaction with local services

There has been a decline in satisfaction over the last ten years



Source: Audit Scotland and Scottish Household Survey, Health and Care experience survey datasets, Residents satisfaction with local services LGBF SPI report 2010-2020, Comhairle nan Eilean Siar

Many school leavers achieve positive outcomes and educational attainment is good

40. Achieving ‘positive destinations’ for school leavers, namely education, training or employment, is a priority for the Comhairle. It performs consistently well, ranking fourth highest in Scotland in 2020/21 with 97.1 per cent of school leavers achieving a positive destination. The Scottish government’s redesign of the curriculum to focus on employability has contributed to its good performance. School attendance for all pupils is good, with the Western Isles ranking seventh out of all Scottish council areas in 2020/21.

41. During 2020/21, attainment grades were estimated because of the Covid-19 restrictions and cancelled examinations. Trend data therefore cannot be compared with previous years:

- 91 per cent of pupils leave school with level 4 or above literacy and numeracy. This is one per cent below the virtual comparator set for the Western Isles. Virtual comparators reflect the different backgrounds of pupils in a school or local authority area.
- 72 per cent of pupils achieved five or more qualifications at level 5. This is higher than the Scotland-wide figure of 67 per cent.
- The percentage of primary pupils meeting numeracy and literacy standards is slightly below the national average.
- The Comhairle's spending per primary and secondary pupil is consistently among the highest in Scotland, along with the other two islands authorities.
- The islands have the UK's highest proportion of Gaelic speakers at over 50 per cent. In August 2021, 46 per cent of primary 1 pupils received Gaelic medium education.

42. The e-Sgoil (Gaelic for e-school) learning platform is a sector-leading approach to allow online access to education for the islands' dispersed communities ([Case study 2](#)). e-Sgoil expanded the scope of its activities throughout the Covid-19 restrictions to support e-learning across Scotland. The Comhairle is continuing to develop the project. In doing so it needs to manage concerns from teaching staff over the importance of face-to-face learning for some courses and the potential impact on teacher numbers.

Case study 2

e-Sgoil on-line learning gives pupils wider access to subjects in both English and Gaelic

e-Sgoil, based in Stornoway, is a Scotland-wide online learning initiative to promote equal access to the school curriculum. It offers live, interactive learning sessions delivered by registered specialist teachers, as well as online resources for pupils and families.

Programmes cater for all levels of the curriculum including early years, primary and secondary broad general education, and study support for higher and advanced higher levels. e-Sgoil also offers tuition for teachers and other adults across Scotland who are learning Gaelic. Collaboration with Headstrong, a mental health practice, has also seen e-Sgoil offer mental health and wellbeing sessions to pupils and their families, for example to support the transition from primary to secondary education.

e-Sgoil's management team has attracted significant amounts of funding. It received £1.9 million to deliver the live element of the Scotland-wide e-learning service, with more than £1 million of this being used to employ staff across the Western Isles.

Source: Audit Scotland and Comhairle nan Eilean Siar

Challenges remain in tackling fuel poverty

43. Fuel poverty has significant health and wellbeing implications, particularly for older people, including increased risks of respiratory and cardiovascular health conditions. Compared to other council areas, the Western Isles has the highest estimated proportion of households in fuel poverty at 57 per cent.

44. This is influenced by the nature of the housing, types of energy available and household income. Island areas have the highest proportion of the least energy efficient properties, at 21 per cent for the Outer Hebrides compared to the Scottish average of four per cent. This makes it more difficult and costly to achieve modern insulation standards. The ongoing cost of living crisis is likely to worsen the situation.

45. The islands' social housing stock was transferred to the Hebridean Housing Partnership, the registered social landlord, in 2006. Affordable housing is important to retain people on the islands and to strengthen rural communities. The Local Housing Strategy for 2017-22 sets the target for 55 per cent of new affordable housing to be provided in rural areas, and 45 per cent in the Stornoway area.

46. The affordable housing programme has made steady progress in the last few years, with 213 new homes completed since 2018. Progress in some areas is slow and the high cost of building new homes in rural areas continues to present challenges.

Plans are in place to address climate change, including the Islands Growth Deal

47. In June 2022 the Comhairle approved its climate change strategy. This identifies actions to achieve zero direct emissions from the Comhairle's own assets and services and to reduce its overall carbon footprint. It also sets out how the Comhairle will work with partners to support the islands' contribution to achieving a Net Zero Scotland by 2045. Climate change and the islands renewable energy potential is also a core feature of the Islands Growth Deal.

48. Carbon emissions attributable to the Comhairle fell by 30 per cent from 2010/11 to 2019/20 compared to a 35.6 per cent average reduction across Scottish councils. The Comhairle reduced its emissions through actions set out in its carbon management plan including:

- energy efficiency measures including buildings insulation
- introducing ultra-low emission vehicles to the fleet
- reducing the amount of waste going to landfill
- reduced emissions from the electricity grid.

49. Carbon emissions tend to be higher in rural areas. The Comhairle will continue its work with partners, including Adaptation Scotland, to improve its

understanding of the risks of climate change and identify priority actions for adaptation work in the Western Isles.

The Comhairle helps to promote fairness and equalities in its communities but needs to widen training to all employees

50. The Comhairle has taken steps to embed fairness and equalities in its services. It uses integrated impact assessments to consider these requirements in the design of new or revised policies. These go beyond the protected characteristics, including aspects such as environmental sustainability, human rights, and poverty.

51. The Comhairle does not have an equalities forum to help it to understand and address equalities issues. Employees have the option of undertaking online equal opportunities training. We would expect this to be mandatory given the public-facing and organisational responsibilities of all councils.

52. The pay gap between male and female employees has decreased from 16.4 per cent in 2015-16 to 13.5 per cent in 2020/21. This is the second largest pay gap among Scotland's councils (average 3.7 per cent). Social care workers, who are predominantly female, make up a larger share of the workforce in the Comhairle compared with mainland councils. This contributes to the wider pay gap.

53. In 2020/21 women made up 52 per cent of the Comhairle's top ten per cent of earners (the figure includes senior teaching posts). This is an improvement from 37 per cent in 2015/16. Only 24 per cent of the Comhairle's top two per cent of earners are female.

54. Over its previous term, the Comhairle was the only council in Scotland with no female councillors. It worked with external providers to run events aiming to support more women into local politics. These were well attended and resulted in eight female candidates standing in the 2022 election, two of whom were elected. The events also led to more women becoming community council representatives. In the 2022 election, the first person from a minority-ethnic background was also elected. The Comhairle should continue to review its working practices to encourage greater diversity in local politics.

55. The Fairer Scotland Duty requires councils to consider how they can reduce inequalities of outcome caused by socioeconomic disadvantage. The OHCPP has a focus on tackling inequalities in the islands' two most disadvantaged areas, and its Child Poverty Action Group supports low-income families. The CLD team is active at area forum level, including work with LGBTI groups (lesbian, gay, bisexual, transgender and intersex), promoting 'no-cost' activities, and its work during the pandemic to help vulnerable people. The Comhairle has two financial inclusion officers who support people with debt management, access to benefits and fuel poverty.

56. The Comhairle has worked with its partners to re-settle refugees from Syria and more recently Ukraine. In doing so, the education service has worked with charities, Hebridean Housing Partnership, and the NHS to support

unaccompanied children. Beginner's English classes and resources are also available to Ukrainian families on the Comhairle's e-Sgoil online learning platform.

Part 3

Is the council using its resources effectively?



The Comhairle has had significant real-terms funding reductions. It needs to develop longer-term financial planning and realisable savings. Depopulation and recruitment difficulties are adding to service pressures. It needs to update workforce and asset management plans.

Effective budget setting and monitoring processes are in place

57. The Comhairle approves its annual budget alongside service business plans, business continuity plans and service risk registers each year. This ensures that all are interlinked and support the Comhairle's corporate strategy and priorities.

58. Senior management and members receive regular and accurate financial information on budget performance. Quarterly revenue and capital monitoring reports are presented to the Policy and Resources Committee, and financial performance is also reported to service committees.

59. The Comhairle has a budget board comprising elected members from all wards to oversee its budget strategy. The budget board monitors current year budgets and considers priorities for future years. Recently, the board has overseen the service redesign programme and Covid-19 recovery, including the use of Scottish Government Covid funding.

60. During the pandemic the Comhairle paid out around £14 million to individuals and businesses, largely through the Business Gateway team. It granted a further £300,000 through its own COVID-19 Local Business Support Scheme to support vulnerable businesses. Effective financial controls and processes were in place. These ensured that businesses met the eligibility criteria before grant support payments were authorised.

The Comhairle has not achieved its savings plans in full

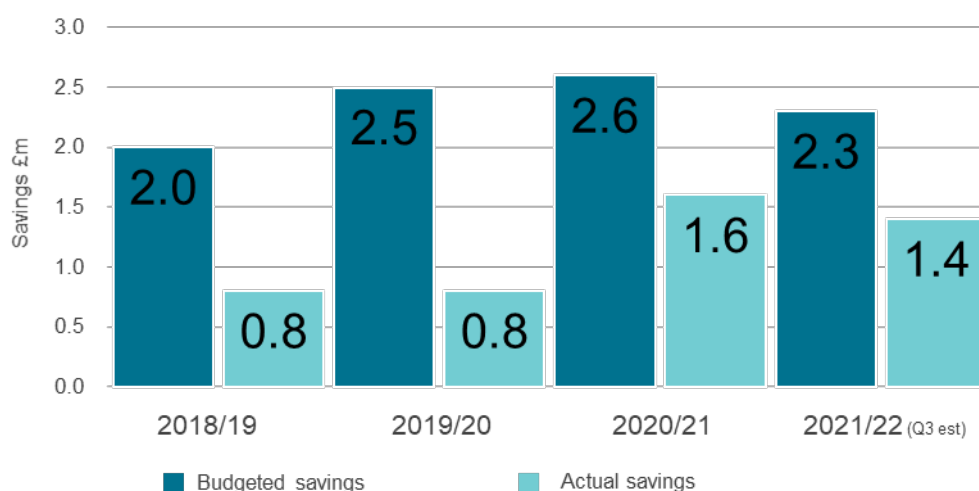
61. In February 2018, the Comhairle set out an ambitious four-year budget strategy to save £9.75 million by redesigning services and reducing the budget across services by 25 per cent. Planned savings included service reductions, asset sales, staff cost savings and contract reviews. The revised Lewis and Harris bus contract, for example, is expected to save £1.2 million each year over a seven-year period.

62. In the first three years of the strategy, the Comhairle achieved only £3.2 million of the anticipated £7.1 million savings. It implemented a new two-year budget strategy in 2021/22 intended to make savings of £2.3 million in the first year and a further £1.2 million in 2022/23. The most recent projections estimate that only £1.4 million of the 2021/22 savings can be achieved, with £0.3 million of the unachieved savings attributed to the pandemic ([Exhibit 6](#)).

Exhibit 6

Budgeted savings versus actual savings achieved 2018/19 to 2021/22

The Comhairle has not realised its anticipated savings in recent years



Source: Audit Scotland; Comhairle nan Eilean Siar Revenue Monitoring Reports

The Comhairle needs to develop longer-term financial planning and has been unable to fill a key finance officer vacancy

63. The Comhairle develops its budget based on one to two-year projections. It does not yet have an effective medium or long-term financial strategy that links to transformation, workforce and asset planning. It plans to develop a three-to four-year medium-term financial plan in line with the most recent Scottish Government spending review. A ten-year financial projection is reported as part of the annual budget. This makes broad assumptions around the Comhairle's future income and expenditure including:

- a flat rate settlement for revenue support grant funding from the Scottish Government for ten years (to be revised following the Scottish Government spending review)
- flat rate cash funding to the IJB for ten years
- two per cent annual increase in staff costs; and two per cent annual increase in income

64. The forecast lacks the detail required for longer-term strategic planning. It does not include different financial scenarios, future savings from redesigning services or transformational options.

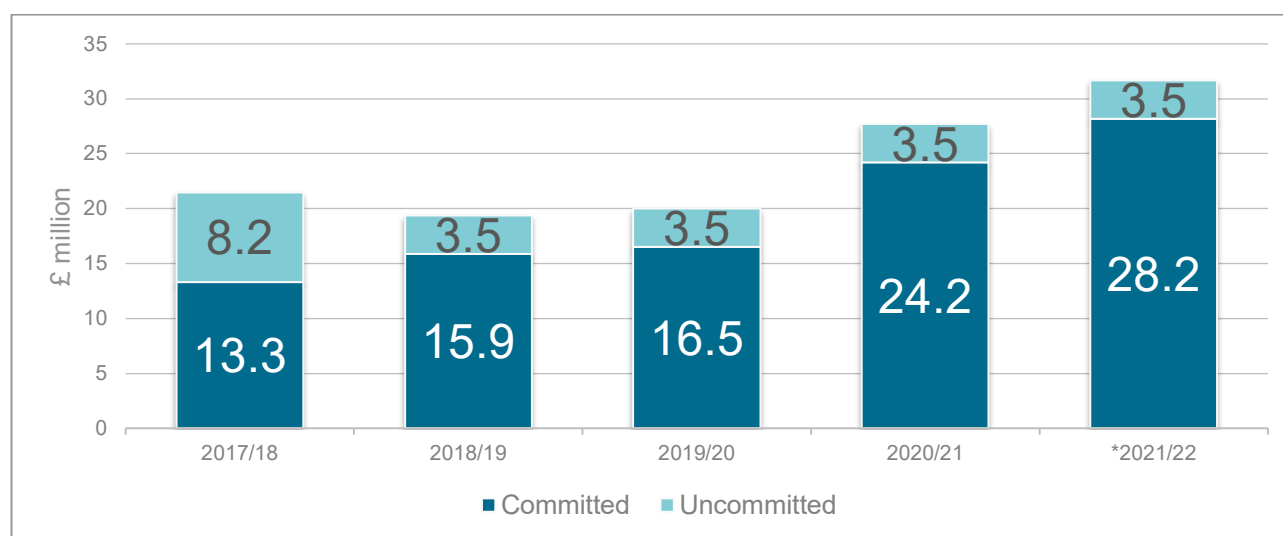
65. The Comhairle continues to face significant financial challenges over the medium to longer term. It will need to meet planned deficits of £0.5 million in 2022/23 and £2.6 million in 2023/24 from reserves unless new savings are found. Long-term forecasts are for a £13 million annual deficit by 2032/33 in the absence of new savings.

66. Exhibit 7 shows the Comhairle's general fund reserves balance over the last five years split between committed and uncommitted reserves. The level of reserves has gradually risen since 2018/19, and the unaudited position for 2021/22 shows a further increase of £4 million mainly as a result of additional General Revenue Grant funding from the Scottish Government including support in response to Covid-19 pressures.

Exhibit 7

Committed and uncommitted reserves balance 2017/18 to 2021/22

The Comhairle's reserve balance has risen since 2018/19.



Source: Audit Scotland; Comhairle nan Eilean Siar Revenue Monitoring Reports

67. The lack of a detailed financial strategy means that the Comhairle cannot yet demonstrate that it will be able to meet the significant financial challenges it is facing over the medium to longer term.

68. The Comhairle has operated without a director for assets, finance and resources since January 2021. Appointing a directorate-level finance officer is a

key priority for the Comhairle. This is important to allow it to develop its longer-term strategic planning.

Funding has reduced significantly compared to other councils and the Comhairle faces a future revenue shortfall

69. Funding for councils is decreasing, and the Scottish Government allocates much of it for specific purposes. This reduces councils' discretion over spending decisions. Funding settlements for councils are linked to population among other factors. In setting its budget in recent years, the Comhairle has indicated that it has seen the largest decrease in revenue support grant funding of all 32 local authorities.

70. Our analysis, as part of our local government overview reporting, supports this assertion. The Comhairle saw a 14.6 per cent decrease in real terms funding between 2013/14 and 2018/19, the largest of any local authority. The average real terms decrease in that period across Scottish councils was 5.6 per cent. Had the Comhairle received the same proportion of overall funding in 2020 as it did in 2010, it would have received an additional £20 million.

The Comhairle actively explores funding opportunities, but future funding streams are uncertain

71. The Comhairle has been a strong advocate of Crown Estate funding and it actively explores additional funding opportunities. As a remote rural region, it has previously benefited from European funding, for example to improve the spinal transport route through the islands. The Comhairle and its partners' Islands Growth Deal resulted in the highest per capita funding for a growth deal. The funding that will replace EU funding streams is currently uncertain, as is its specific impact on the Comhairle.

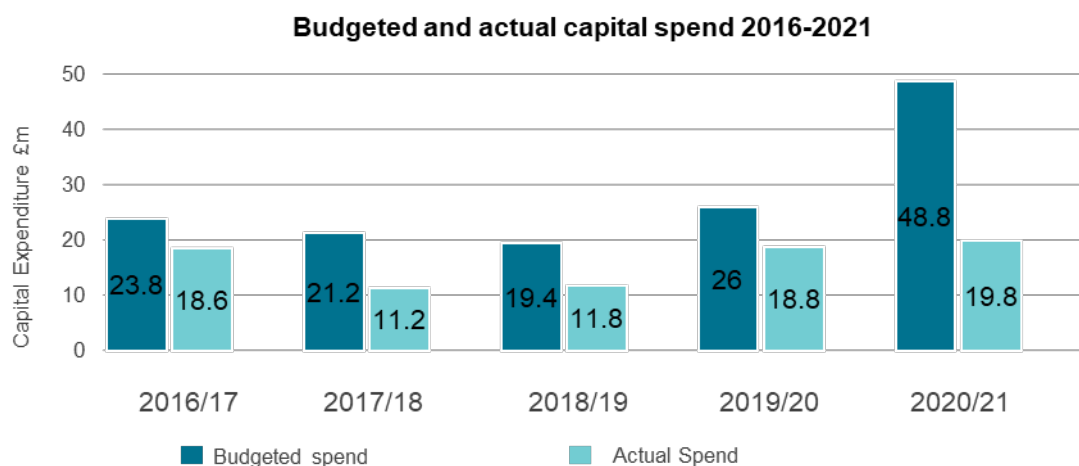
The Comhairle consistently underspends on its capital programme and needs to update its asset management plan

72. The Comhairle underspent its 2018-2023 capital budgets ([Exhibit 8](#)). It has over-estimated its capacity to deliver capital projects and Covid-19 has slowed progress further.

Exhibit 8

Budgeted capital spending versus actual spending, 2016/17 to 2020/21

The Comhairle has underspent its capital budget in recent years



Source: Audit Scotland

73. This pattern has continued into 2021/22 with a reported underspending of almost £10 million. Most of this has resulted from delays in one of the Comhairle's and its partners' main capital projects, its Castlebay community hub project. Around £3.5 million of expenditure planned in 2021/22 has now been re-scheduled for 2023/24. The Comhairle will need to consider the implications of these spending delays as it develops its 2023–28 capital programme.

74. The Barra and Vatersay community campus (BVCC) is a collaboration between the Hebridean Housing Partnership, NHS Western Isles and Police Scotland and is supported by the Scottish Government and the Scottish Futures Trust. It will provide schools, libraries, healthcare, and police services from a single community hub. The project is progressing but increasing construction and materials costs mean that some aspects need to be re-assessed.

75. The Comhairle published its corporate asset management plan and property asset management plan in 2013. These plans ran until 2018 and are now both significantly out of date. The Comhairle has made progress with disposing redundant assets and implementing co-located office working with its partners. It is currently reviewing options for its use of office space following an increase in the uptake of homeworking resulting from the Covid-19 pandemic.

76. The corporate strategy identifies the Comhairle's ageing asset base as a weakness. The Comhairle should update its asset management plans and ensure that they are aligned with achievable capital project timescales.

The resourcing of a flagship social care project has been challenging

77. The Goathill project in Stornoway is the Western Isles' biggest social care project. It aims to provide a care home and housing with extra care¹ on a single site, replacing two residential care homes. The option of extra care housing is a significant development not previously available in the Western Isles.

78. The project partners include the Comhairle, the Hebridean Housing Partnership and the Scottish Government's More Homes Scotland Fund. The project is supported by the Western Isles Integration Joint Board. It was approved in September 2017 with a £486k projected annual shortfall.

79. The extent of the revenue shortfall has been unclear over the course of construction of the complex and has ranged from £28,000 to £1.8 million. The variances appear to reflect revisions to staffing models for operating the care home and housing with extra care. Completion of construction works have also been delayed. The following key issues remain:

- The Goathill complex will not fully open in summer 2022 as planned, but the residential care home and housing with extra care should be open by April 2023. This is dependent on the successful recruitment of both permanent and relief staff to allow a safe transition from existing care facilities.
- Concerns remain over the ability to fill the 31 posts needed to safely transfer current care home residents to Goathill and maintain respite care capacity (six pre-existing posts are currently vacant).
- The IJB is compensating the Hebridean Housing Partnership for lost income due to housing with extra care not being open by the planned date of summer 2022.

80. There have been tensions between the Comhairle and the Western Isles IJB over the funding for Goathill. The IJB expressed concerns that the shortfall would have to be met from its reserves. This has now been addressed with additional funding from the Scottish Government and the non-recurring use of IJB reserves until the close of 2024/25.

The Comhairle faces ongoing workforce pressures and is developing its workforce planning

81. The Outer Hebrides have long-standing difficulties in recruitment, including young people and skilled professionals. The projected decline in working age population and increase in the proportion of older people is a huge challenge for the islands.

¹ Housing with extra care combines accommodation with additional support and care services, for example help with daily needs such as managing medication.

82. The Comhairle's corporate workforce plan identifies areas where it has difficulty recruiting staff including social care, qualified nursery key workers, and Gaelic-essential posts. It has an organisational development strategy for developing the future skills of its workforce. This highlights the role of its apprenticeship programme in attracting employees to the Comhairle and developing their skills. It also recognises that leadership training and improving its employment terms and conditions are important to sustain its workforce. It is a living wage employer and is developing flexible working opportunities with a focus on staff wellbeing.

83. The workforce and organisational development plans both expire in 2022. The Comhairle is updating these plans to reflect working patterns that emerged during the Covid-19 pandemic. It also needs to develop service-level plans setting out options for addressing skills and resourcing gaps.

Training opportunities and satisfaction are high, but work pressures affect take-up

84. Employees now have greater access to on-line training resources. This has been used to good effect to increase participation in training following some decline during the pandemic. A total of 890 employees received training in 2021 and satisfaction with training remains high. Some staff have indicated that work pressures limit their ability to take up training opportunities.

Staff surveys have led to wellbeing measures being introduced

85. The Comhairle carried out two specific staff surveys over the period 2020–2022 on working arrangements during the Covid-19 pandemic and on recruitment and retention in social care. It introduced an employee assistance service to provide confidential support to staff in response to wellbeing concerns indicated by the survey. The last organisation-wide satisfaction survey was undertaken in 2018. This indicated that 64 per cent of employees were satisfied with their job but indicated a drop in morale perhaps linked to reducing staff levels.

Staff communication could improve

86. Our meetings across the organisations indicated that there was scope for the Comhairle to improve its communication with staff. Previous staff surveys showed a perception that the Comhairle needed to be more open and keep staff informed. The Comhairle should ensure that it resumes its annual surveys particularly given ongoing funding and recruitment pressures.

Staff pressures are increasing and leading to reductions in some service provision

87. Our discussions with officers and members across the Comhairle indicated that workload pressures were increasing. The need to cover for vacancies, the rationalisation of management posts, and increasing service demands has contributed to this. Recently, workload pressures have led to managers focusing

on sustaining services at the expense of more strategic planning. This affects the Comhairle's leadership capacity and its ability to develop and improve its services. In February 2022 the IJB reported on the potential impact of demographic and workforce pressures on the health and social care service ([Case study 3](#)).

Case study 3

Demographic and workforce pressures in health and social care are adding to demands

Staff shortages in health and social care are making it difficult to sustain services including homecare.

Vacancy levels are high at 14 per cent, equivalent to a headcount of 160. Almost 40 per cent of the workforce is over 55 years of age and becoming eligible for retirement.

An older workforce is more susceptible to longer-term sickness. Sickness levels are high at over 10 per cent days lost through absence in front-line social care and mental health staff.

Some 72 clients are waiting for community-based care, equivalent to some 643 hours of unmet need per week. Average waiting times for care at home are high, exceeding 150 days.

The service is making greater use of agency staff to fill gaps. This is a costly option that can affect the patient-carer relationship. Agency staff typically cost double the equivalent Comhairle staff, and agency staff cost up to five times more than NHS staff in consultancy roles.

The Comhairle is considering longer-term options to help attract and retain employees. As an interim measure it has introduced a one-off £600 retention payment for eligible social care staff.

Source Audit Scotland and Western Isles IJB

Apprenticeship opportunities encourage people to remain in the Western Isles

88. The Comhairle has worked in partnership with Skills Development Scotland to promote apprenticeships for school-leavers, graduates and people seeking to retrain in a new career. Participants cited these opportunities as a key reason for remaining on the Islands.

89. The Comhairle's apprenticeship programme has increased significantly in recent years. In 2021/22, 160 apprenticeships were offered compared with 26 in 2018/19, and a total of 361 apprenticeships were offered across the four years 2018–2022.

90. Placements include modern, foundation and graduate apprenticeships. They cover a range of disciplines to reflect the needs of both the Comhairle and businesses across the Western Isles. Apprenticeships are currently ongoing in hospitality, childcare, and health and social care – including placements to help resource the new Goathill care home.

Procurement practices need to be consistent with aims to support the local economy

91. The 2021–2023 procurement strategy recognises the need to maximise the economic, social and environmental benefits from procurement. The Comhairle must strike a difficult balance between achieving economies of scale through procurement from larger mainland contractors and supporting smaller businesses on the islands.

92. In 2020/21, during the pandemic, the share of contracts awarded to local bidders fell from 40 per cent to 30 per cent. However, the Comhairle has made progress in engaging the third sector for example charity, voluntary and community groups. It has also implemented an online tendering portal for all new contracts to make the submission and evaluation of tenders easier.

Procurement failings resulted in the Comhairle making a £0.45 million settlement

93. In our [2020/21 Annual Audit Report](#), we reported significant failings in the Comhairle's handling of the Lews Castle Museum and Archive project. The service contract was awarded in 2011. In 2013 a third party raised legal proceedings against the Comhairle over the way it conducted the procurement exercise.

94. The Comhairle's position throughout was that its processes were proper and competent, and the case remained as a contingent liability in its accounts. However, in August 2020 the Comhairle received legal advice from senior counsel recommending that it settle the case as its position in terms of procurement practice was indefensible.

95. In August 2020, the chief executive presented a report to members recommending that the Comhairle settle the legal case. The report did not fully set out the procurement failings that led to the counsel's advice to settle. This was to reduce the risk of the legal advice coming to the attention of the complainant which would have weakened the Comhairle's negotiating position. Members rejected the chief executive's recommendation and instead approved a counter-motion preventing him from settling the case.

96. The Comhairle later received full details of the counsel's advice at its September 2020 meeting and authorised a £0.45 million settlement. The case was settled out of court without admission of liability. We concluded that the chief executive should have disclosed the information to members earlier in the process.

The Comhairle has made business conduct awareness training available to staff

97. Internal auditors and the Standards Commission have been critical of both officers and elected members in recent years concerning specific instances of openness and business conduct:

- In July 2018, the Standards Commission for Scotland censured a councillor for breaching the Councillors' Code of Conduct by failing to register a shareholding in a company.
- A 2019, an internal audit of members' conduct found that a member had breached both the code of conduct and the Comhairle's IT security policy in his handling of a private committee paper.
- In 2022, the Comhairle did not make agendas for its Human Resources Sub-committee available for public inspection, as required by the Local Government (Scotland) Act 1973.

98. In 2019, we proposed that the Comhairle use Audit Scotland's 'Your Reputation at Risk' survey to assess officers' and elected members' awareness of business conduct issues. In the subsequent 2018/19 Annual Audit Report, we noted that the Comhairle had not carried out the survey but was developing bespoke training for officers and members. This training had been further delayed by the pandemic but is now being delivered.

Part 4

Is the council working well with its partners?



The Community Planning Partnership has local plans in place for priority areas but needs to renew its overall strategy and focus. The Comhairle supports communities in making local spending decisions. The islands deal provides a framework and funding for key economic projects.

The Comhairle works well with partners in delivering services, but the OHCPP needs to renew its focus

99. The Comhairle recognises that partnership working is essential to achieving its objectives. It works well with its partners to deliver services. This includes its work to support the economy and develop community hubs and its apprenticeship programme. It collaborates with other rural and island authorities and government agencies, including its work with the Northern Alliance local authority network to improve education outcomes. The Comhairle and Skills Development Scotland work closely together and have a charter setting out their shared aim to help school leavers into work, training or further study.

100. The OHCPP comprises a wide range of public agency partners and community and third sector bodies that work together to deliver collective ambitions for the islands. It is made up of a Board and an Executive Group, both of which are chaired by an elected member.

101. The OHCPP helps to build relationships between local public services. During the Covid-19 suppression measures, partners used their strong relationships to mobilise services and communities to support vulnerable people.

102. The OHCPP has three priority groups to focus on the three broad aims of the 2017–2027 LOIP: sustainable population, sustainable economy and improving quality of life. These groups lost some momentum during the pandemic. More recent activity has clearly focused on two key issues: climate change and poverty. The poverty action group is chaired by a councillor and oversees the poverty action plan. The climate group has an external chair from NatureScot and is developing the climate strategy.

103. Depopulation remains a critical challenge for the islands. The Comhairle's and its partners' activities, such as the apprenticeship programme, business support and affordable housing, are key to addressing this. The OHCPP has not provided strong oversight in this area in recent years.

104. In 2017, the partnership identified two local areas that needed additional effort to improve outcomes (Uist North and Benbecula, and Stornoway West). This was based on data on community planning outcomes and consultation through the How Good is Our Place ([Place Standard](#)) survey tool.

105. Both areas have an action plan and have appointed development officers to help the local communities deliver these plans. The partnership has made some progress on positive destinations for school leavers in these areas. Ongoing challenges remain around educational attainment and emergency hospital admissions.

106. The OHCPP recognises that it needs to set out clearly how it will deliver the outcomes stated in the LOIP and plans to review its structures. It also plans to revise the LOIP to reflect the Islands (Scotland) Act, National Islands Plan and Islands Growth Deal.

Health and social care services continue to face significant challenges

107. The Western Isles IJB provides health and social care services and has been operational since April 2016. It is a partnership between the Comhairle nan Eilean Siar and NHS Western Isles, along with third sector and independent sector providers of health and social care.

108. The IJB has set out its aims for integrated and preventative services in its 2020/21 strategic plan. This outlines progress in areas including:

- enhancing the range of services provided through primary care in line with the new GP contract
- moving more mental health services into the community, and developing a strategy for people with learning disabilities and autism
- developing home care services to improve service quality and working arrangements for staff.

There are challenges in social care with unplanned hospital admissions and delayed discharges

109. Health survey satisfaction data for the Western Isles compares relatively favourably to the national average but has declined in recent years. The Comhairle has one of the lowest proportions of people aged over 65 with long-term needs who are supported to remain at home (53.5 per cent compared with the 2020/21 average for Scotland of 61.7 per cent).

110. Unplanned hospital admissions have increased steadily. This contrasts with a relatively stable rate of unplanned hospital admissions for Scotland. Contributing factors are:

- Emergency hospital admissions have increased by around 25 per cent in the last five years and are now above the national average.
- The falls rate per 1,000 population aged over 65 is high at 29 compared with the Scotland figure of 21.7 in 2020.

111. The number of days people spend in hospital when they are ready to be discharged (per 1,000 population) was 764 compared with 488 for Scotland in 2020/21. This is an ongoing challenge for the Western Isles.

112. The inspectorate bodies have not inspected either adult or children's services within the last two years owing to the pandemic. The Comhairle will be inspected by August 2023 through the Adult Support and Protection programme. In past inspections and reviews:

- A joint inspection of adult services in March 2016 by the Care Inspectorate and Health Improvement Scotland found some significant weaknesses in the performance of the Health and Social Care Partnership (HSCP). A progress review in 2018 found that the partnership had responded well to the inspection and had made good progress in addressing its recommendations.
- Following a joint inspection of services for children and young people in 2016, a progress review in August 2017 found that partners had made considerable progress.

113. The Care Inspectorate also inspects individual facilities. Again, owing to pandemic restrictions, it inspected only four adult service facilities and no children's service facilities over 2020/21. Previous inspections found the following:

- Care at home: 85 per cent of services in the Western Isles had grades of good or better and mirrored the Scottish average.
- Care homes for older people: 44 per cent of homes in the Western Isles had grades of good or better and were below the Scottish average of 50 per cent.
- Residential care services for children and young people: 50 per cent had grades of good or better. This is below the Scottish average of 75 per cent.

114. There are huge challenges facing the sustainability of social care across Scotland, which we highlighted in our [Social care briefing](#) in January 2022. [Case Study 3](#) on page 29 highlights the demographic and workforce challenges in providing social care services.

115. The IJB is developing a revised strategic plan to set out the board's financial, workforce and transformational plans. The financial outlook for IJBs across Scotland is likely to remain challenging and this will impact on delegated health and social care budgets and on the Comhairle and Western Isles NHS Board as parent organisations.

116. In June 2022, the Scottish Government passed primary legislation in the form of the [National Care Service \(Scotland\) Bill](#). This sets out a framework to establish a national care service making Scottish Ministers accountable for social work and social care support. It will also create local care boards, which will replace IJBs, with a responsibility for planning, commissioning and procuring social care services. We will report on the implications of the new arrangements as the Bill is developed and implemented.

The Comhairle supports communities in making local funding choices

117. The Comhairle involves communities in decisions about asset transfers and local service delivery. Its practice in this area pre-dates the 2015 Community Empowerment (Scotland) Act. Its process is to first offer assets for disposal to communities at reduced cost where it sees potential community benefit. It transferred three assets in 2020/21 to be used for community play groups, campsites and a gym. It held a participatory budgeting exercise in 2019 with communities and third sector providers to design its community transport contract.

118. Crown Estate funding is now the Comhairle's main mechanism for community-led budgeting. The Comhairle has been a strong advocate for the use of Crown Estate funding to support social and economic regeneration in coastal communities. It has 12 area forums that distribute the funding across the islands.

119. The forums allow local representatives including elected members, community councils, and community organisations to decide what local projects are to be supported through local Crown Estate funding and other funding such as the Community Challenge Fund. Community learning and development (CLD) officers support each forum.

120. The Comhairle supports a community-led approach to working in local areas. Two of the area forums (Harris, and Barra and Vatersay) have opted to widen their remit to act as a collective voice for their area and develop local action plans. Two further area forums are actively pursuing this model. The Comhairle intends to help communities build on their own networks and local arrangements, rather than impose a top-down approach. Progress with implementing area working arrangements has been slow and has been delayed by the pandemic.

121. Another feature of the islands are the many independent community trusts. Many of these have been established through community buy-outs and have interests in crofting and wind power generation. They can provide an

additional source of funding for local projects. The Comhairle supports these organisations with requests for asset transfers and funding applications. Some community trusts also receive modest funding from the Comhairle to operate local facilities such as waste recycling.

122. The Comhairle could do more to communicate its locality working plans. This would help the public understand what support and options are available.

The Comhairle engages with communities and makes good use of locality data to inform its plans

123. The Comhairle engages with communities and makes good use of local data to inform its plans. The LOIP was developed over 18 months through events called community conversations and a ‘Get Heard’ initiative. It used the Place Standard tool and a How Good Is Our Place survey to inform the LOIP’s priorities. The Comhairle also used its community conversation events to seek views on its budget proposals and on the design options for local services.

124. The Comhairle’s CLD workers provide good ongoing support to communities, including their youth empowerment work. The Comhairle and the third sector also work closely through the OHCPP, area forums and their links with community councils.

125. The Comhairle undertook 12 consultations in 2020/21. It makes the outcomes of these available to the public on its website using a helpful ‘We Asked, You Said, We Did’ format. Its more recent consultation on its 2022–2027 corporate strategy attracted only a very limited response. The Comhairle should build on its earlier good practice to set its strategic direction, including its next planned revision of the LOIP.

The Comhairle works well with its partners in developing the local economy

126. The Comhairle recognises that partnership working is essential for it to achieve its economic objectives. It has supported close partnership working with economic partners, including Highlands and Islands Enterprise, Business Gateway, Skills Development Scotland and Stornoway Port Authority, including co-locating teams in Comhairle’s main office. It is an active member of the Regional Economic Partnership, which aims to bring together regional interests to help drive economic growth. It supports economic development in the Outer Hebrides through a broad range of activities:

- supporting 380 jobs by providing £1.8 million funding to local businesses
- producing an agreement between the Comhairle and landowning estates to support community projects and supporting four community buy-outs
- promoting wind power generation opportunities through planning and discussions with the Scottish Government

- securing funding from the Regeneration Capital Grant Fund of over £9.8 million for 10 local community regeneration projects, helping to tackle inequalities and deliver inclusive growth
- delivering infrastructure and environmental improvement projects, including four new marinas and the project to restore the Lews Castle grounds.

Ferry services are key and delays to two new ferries have had a negative impact on island communities

127. Ferry services remain a critical issue for the islands. Transport Scotland is responsible for ferries operations. While the Comhairle is not responsible for ferries, it maintains five ports across the islands.

128. The Auditor General's 2022 [report](#) documents the delays to building two ferries for the Clyde and Hebrides network. In 2014, Transport Scotland, supported by Caledonian Maritime Assets Ltd and CalMac, set out a case to procure two new dual-fuel vessels for the network. One of these (vessel 802) is for the Uig, Tarbert and Lochmaddy lifeline ferry service in the Western Isles. Both vessels should have been delivered in 2018, bringing social, economic, and environmental benefits to the islands. The report found that the delays and cost overruns have had a negative impact on island communities and weakened resilience across the Clyde and Hebrides network. Vessel 802 is now expected to be delivered between October and December 2023, which is around five-and-a-half years later than originally planned.

The Islands Growth Deal provides a framework and funding for key economic projects

129. The outline terms for the Islands Growth Deal were approved by the Scottish Government and the UK Government in March 2021. Regional growth deals set out long-term strategic aims for improving regional economies. The Comhairle has taken an active role in developing the deal together with Orkney and Shetland islands councils.

130. The deal includes up to £335 million investment across the three island authorities. The Scottish and UK Governments will provide £100 million investment over the next 15 years, subject to approval of a full business case for each project. Partners from across the public, private and academic sectors will provide up to a further £235 million investment. The deal sets out joint commitments for local sustainable economic recovery and growth in sectors including tourism, infrastructure, innovation, energy transition and skills ([Exhibit 9](#)).

131. The deal's aims are consistent with the National Islands Plan and the Highlands and Islands Enterprise regional strategy for the area. Partners are currently developing outline business cases for specific projects. As recommended in our 2020 report [Scotland's City Region and Growth Deals](#) partners should also consider how they will measure the deal's long-term

success.

Exhibit 9

The Islands Growth Deal and its key projects

The deal includes a range of projects designed to support growth and a low carbon future

The Outer Hebrides Destination Development project builds on the islands' environmental and cultural heritage. It aims to create employment opportunities across the islands and includes the following projects:

- Developing tourism experiences around St Kilda, the Callanish standing stones and other visitor attractions based on the history of the islanders
- The Outer Hebrides food and drink programme to support capital investment priorities agreed with community landowners and aquaculture and fishing industry representatives
- The Outer Hebrides campus redevelopment project to enhance the University of the Highlands and Islands' facilities across the Outer Hebrides. This aims to help attract a young population to the islands, retain young workers and develop a skilled workforce for existing and expanding businesses.

The deal aims to build on the islands' unique potential for green energy and a low-carbon future. The Outer Hebrides Local Energy Hub project aims to provide the initial infrastructure to produce green hydrogen using renewable energy from onshore and offshore wind power.

Source: Audit Scotland

Part 5

Is the council demonstrating continuous improvement?



needed.

The Comhairle has implemented many successful initiatives but the overall pace of change has been slow. It needs to ensure that it has the leadership capacity to drive strategic and transformational change at the pace

The Comhairle has a focus on small-scale change and improvement and lacks strategic transformational planning

132. Recent improvements in the Comhairle's performance have been driven by its service departments. This has led to some innovative practices including:

- its apprenticeship programme and employability schemes to secure employees for the Comhairle and across the Western Isles
- the e-Sgoil initiative to promote learning in the islands and beyond
- new primary school leadership models involving executive headteachers and heads of school
- modernising the Comhairle chamber using remote meeting technology
- the community hub proposals to develop a new model of service delivery.

133. Larger-scale improvement is less evident. The Comhairle's most recent change plan (2017) focused on organisational restructuring and development. It resulted in efficiencies through voluntary redundancies, property sales and contractual savings but did not consider council-wide transformation opportunities.

134. Both elected members and officers should strengthen their focus on strategic change. The Corporate Management Team (CMT) considers council-wide business concerning its workforce, policy developments and other significant operational issues. It does not have a strong focus on transformation and improvement. As noted previously in this report the Comhairle should seek to involve members more in strategic decision-making, and this should include options for change and improvement.

135. The Comhairle believes that there are fewer opportunities for the larger-scale transformation of its services on the islands. The private sector market for outsourcing is limited, and with a diminishing population, there are fewer alternatives for delivering services. This limits the options for the Comhairle to reduce or reconfigure its own services such as libraries and leisure. It should however demonstrate that it has explored opportunities such as using digital technology, assets, or procurement to improve its services.

136. The Comhairle is still developing its digital strategy. It is important that this sets out how it will make use of digital opportunities to transform its service delivery and ways of working. The new strategy should also support the Comhairle's oversight of digital initiatives across its activities.

Self-assessment activity needs to be more strategic and engage employees more in change and improvement activity

137. The Comhairle's self-assessment process is largely based on Best Value guidance and the UK-wide public service improvement framework. A Best Value action planning group is in place to embed improvement and risk management activities in services.

138. Self-assessments are undertaken in service departments and have led to mostly smaller-scale improvements in processes. They have also highlighted the need for the Comhairle to make some cross-cutting improvement in developing its asset management, digital, and climate change planning.

139. The Comhairle should engage its employees more in its change and improvement activity. Employees are not routinely involved in service improvement and change initiatives, although social care staff make good use of reflective practice and peer review.

140. The audit and scrutiny committee takes an external perspective and considers national audit and improvement reports along with regular internal performance reporting.

The pace of change has been slow. The Comhairle needs to ensure that it has the leadership capacity to drive change

141. The Commission noted in its most recent 2014 Best Value follow-up report that a culture of continuous improvement needs to be a permanent feature not compromised by events such as changes in political or officer leadership.

[Exhibit 10](#) summarises progress against the judgements in the 2014 report. Based on this, and our findings in this report, we have concluded that the overall pace of change has been slow, despite some good examples of innovative service.

142. It is vital that the Comhairle sustains the leadership capacity it needs to achieve its objectives. Its chief executive and three of its director-level post holders are likely to retire within the next few years. It is also currently operating without a strategic finance director. In view of the recruitment difficulties on the

islands, this is a risk to the Comhairle's capacity to achieve change at the pace needed.

143. Depopulation and difficulties recruiting staff remain a critical challenge to sustaining services on the islands. The Comhairle's forward budget projections require it to identify up to £13 million in savings by 2033. The Comhairle should continue to update its workforce plans as a priority and ensure it has the leadership capacity to fulfil its ambitious plans for sustaining services for the islands communities.

144. Elected members and officers need to have more focus on strategic improvement and self-evaluation. The Comhairle needs to achieve more strategic and transformational change rather than more operational improvements. It should also communicate its vision and priorities more clearly to staff, stakeholders and the public.

145. The Comhairle should continue its leadership development programme and put further business continuity measures in place to help sustain its capacity. The Comhairle recognises the crucial role played by its partners in achieving its objectives and it should build on its good working with its economic and other partners. The OHCPP also has an important oversight role in achieving the wider partnership aims for the islands.

Exhibit 10

Progress with previous Best Value judgements

2014 Best Value judgement	2022 Controller of Audit judgement	View
The Comhairle has developed performance management, reporting and self-evaluation, and has a more embedded culture of challenge and improvement.	Performance management has strengthened the improvement culture in services. Elected members and the CMT need to focus on key priorities, take a stronger role in driving strategic improvement, and to engage staff in change.	Part 2
The Comhairle has brought together the views of its communities and used these to influence decisions and service design.	The Comhairle makes good use of a range of engagement approaches, including its community conversation events. Area forums are in place to support communities in making Crown Estate funding decisions.	Part 4
An increased pace of change is evident, especially in key areas such as asset and workforce management	The pace of change has slowed, and the Covid-19 pandemic has contributed to this. Corporate workforce and organisational development plans are in place, as is an effective apprenticeship programme. These corporate strategies need to be updated and supported by more detailed service-level planning. Digital and asset management plans are out of date and need to be developed.	Part 3 + Part 5
The Comhairle's improvement work now benefits from a greater focus on self-evaluation.	The Comhairle makes use of the public sector improvement framework and Best Value guidance, but these have led to only minor improvements in processes. A Best Value action planning group oversees departmental improvement, but self-evaluation lacks a strategic or transformational focus.	Part 5
The Comhairle has established an effective corporate improvement member/officer working group to hold responsible officers to account.	The member–officer working groups and the Budget Board are improving oversight of the budget, member-officer working and supporting engagement with communities.	Part 1
The Comhairle needs to develop workforce skills, including performance appraisal and training linked to workforce planning. It should improve absence management.	The Comhairle has increased its on-line training resources and needs to implement leadership training. It has introduced a self-appraisal process for employees. Sickness absence has improved but remains above the national average for both teaching and non-teaching staff.	Part 1 + Part 3
The Comhairle needs to improve its evaluation of customer / citizen satisfaction.	The Comhairle has introduced customer care standards and customer satisfaction surveys, linked to its 'Have your say' area on its website. It includes complaints in its quarterly performance reports to committee.	Part 5

Recommendations

The Comhairle should consider the following recommendations for improvement:

- The Comhairle should identify clear and specific overall priorities and actions for taking forward its vision.
 - Elected members should ensure they provide strategic oversight and challenge to progress the Comhairle's vision and priorities.
 - The Comhairle should develop medium to long-term financial planning and strategic workforce and asset management planning.
 - In developing capital projects, including its community hub proposals, the Comhairle should ensure projects are supported by robust business cases and that lessons are learned from the Goathill project in areas such as funding and resourcing.
 - The Comhairle should improve its process for identifying and realising savings opportunities, including opportunities from cross-council and partnership working. It should ensure that opportunities for digital efficiencies are fully explored.
 - The Comhairle and partners should develop the LOIP alongside a clear performance management framework to deliver achievable shared outcomes.
 - The Comhairle should develop ongoing training opportunities for members and officers, including making equalities training mandatory for all staff and increasing members' uptake of training.
 - The Comhairle should develop and communicate its area working arrangements more clearly, building on the good practice already in place.
 - The Comhairle should improve communications throughout the council, including communicating the Comhairle's priorities.
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Appendix 1

Best Value audit timeline

2006 Audit of BV and community planning	May 2007- May 2012 LG elections (no admin)	2005 - appointment of new CE Malcolm Burr
2011 BV audit		
2012 BV progress report	May 2012- May 2017 LG elections (no admin)	
2014 BV progress report		
	May 2017- May 2022 LG elections (no admin)	
	May 2022- LG elections (no admin)	

TO BE DEVELOPED INTO EXHIBIT

Comhairle nan Eilean Siar

SEPTEMBER 2022

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