

Shetland Islands Council

The Audit of Best Value and Community Planning



Prepared for the Accounts Commission

March 2005



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Executive and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Commission findings

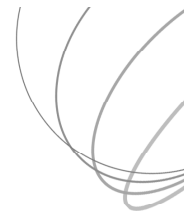
1. The Commission accepts this report on the performance of Shetland Islands Council's statutory duties to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.

2. There is considerable scope for improvement in the management and leadership of Shetland Islands Council and their internal arrangements for scrutiny. In particular, the Commission has significant concerns about the following:
 - There is a lack of clear strategic plans with targets translating the broad vision of the Council and its partners into practical programmes of action
 - Planned activity is not prioritised and matched to planned resources
 - There is a lack of evidence and systems to show how well the Council is delivering services to the people of Shetland. As a result senior managers and councillors are not able systematically to monitor performance across all areas of activity, or identify areas of under-performance
 - There is a lack of a corporate approach to procurement
 - It is not acceptable for an Executive Committee to attempt also to fulfil the role of an independent Audit Committee
 - The principles of Following the Public Pound need to be fully applied to the currently complex arrangements that the Council has put in place for service delivery through the various Trusts
 - The Council has been unable, in three successive years, to agree a balanced budget and has met the shortfall between expenditure and income from reserves. This is unsustainable and not conducive either to sound financial management or to good planning.

3. The Council area has a distinctive culture. The Council has no loan debt and has significant investments. It also has a more significant role in the local community through the provision of air services and ferries and in economic development. We recognise that these factors result in unique circumstances for the Council and we welcome its honest self assessment of where it stands and how it needs to improve. While we accept that service delivery in Shetland can result in higher costs, the lack of key management systems prevents the Council from demonstrating whether Best Value is being achieved.



4. In view of the significance of our concerns we recommend that the Council adopt an improvement plan by 30 June 2005 with specific targets and timescales to address the issues raised in the report and these findings. We are asking the Best Value Audit Team to revisit Shetland Islands Council with a view to a further statutory report on the extent to which the objectives of the improvement plan are being achieved within 12 months from the adoption of that plan.



The Audit of Best Value

The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning.

The scope of Best Value and Community Planning is very broad but in general terms a successful council will:

- work with its partners to identify a clear set of priorities that respond to the needs of the community in both the short and the longer term
- be organised to deliver those priorities
- meet and clearly demonstrate that it is meeting the community's needs.

The key objectives of this audit were to:

- assess the extent to which Shetland Islands Council is meeting its duties under the Local Government in Scotland Act 2003, and
- agree planned improvements with the council. These will be reviewed by the council's external auditor over the next two years.

As Best Value and Community Planning encompass all the activities of a council it is not realistic to audit everything in depth, so we plan our detailed work in two ways:

- Where possible, we draw on the findings of other scrutiny processes, such as the work carried out by the council's external auditors and by inspectorates. These are incorporated into our report.
- We select certain aspects of the council's performance for detailed audit investigation. A wide range of sources, including a self-assessment by the council, reports issued by external audit and inspections, and national Statutory Performance Indicators, informs this selection.

The report reflects this selective approach, with detailed commentary on some areas and limited or no coverage in others. While we have made some comparisons with other councils, our overall approach has focused on performance trends and improvement within Shetland Islands Council.



Overall conclusions

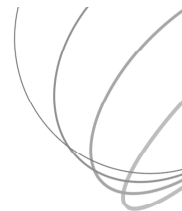
Shetland Islands Council is unique in some of the challenges it faces. It is an affluent council and has been able to fund high quality high cost services and new infrastructure projects. However, its resources are finite and, if it is to sustain high levels of service provision and capital investment, difficult decisions must be taken. After a slow start in addressing Best Value, the Council is beginning to recognise the areas which need to improve and has started to deal with them.

Unique challenges for the Council

1. Following the discovery of North Sea oil in the 1970s, Shetland has enjoyed years of economic prosperity. Uniquely, the Council has no loan debt and has investments of around £280 million. This has allowed it to provide high quality services and fund the steady development of the local infrastructure.
2. Shetland is now facing some difficult issues. Its population is again falling, the fisheries industry is in recession, and revenue from North Sea oil is in decline. Its defining challenge is to ensure the sustainability of its islands' communities. The Council has also recognised the need to ensure the financial sustainability of the services it provides, balancing its annual budget and preserving the value of its long-term investments.
3. However, there is a high level of economic dependency on the Council by the community and high levels of expectation on service provision and continued development of the infrastructure. Any proposed changes in the current status quo generate significant pressure from the local community.

Vision, values and strategic direction

4. The Council and its community planning partners have a clear long-term vision for Shetland as a 'sustainable and self-sufficient community'. This is set out in the local community plan, *'Together – Shetland'*, and in the Council's Corporate Plan. As part of this overall vision, the Council has also stated its desire to achieve a balanced budget and maintain the value of its long-term investments for the benefit of future generations.
5. However, there is a lack of clear strategic plans which translate the broad vision of the Council and its partners into practical programmes of action. A lot of progress has been made in recent years, but both *'Together – Shetland'* and the Corporate Plan lack specific performance targets which could help to define priorities and help to monitor progress. Similarly, the Council has not been able to agree a



balanced budget for the past three years. As a result, the value of its reserves has fallen by £16 million.

6. The lack of clear strategic plans is rooted in the lack of corporate leadership from councillors. While there have been innovations in recent years, such as the introduction of an Executive Committee, councillors have a marked tendency to represent the narrow interests of their wards at the expense of their wider corporate role for the Council and Shetland as a whole. This, in turn, has meant that initiatives taken by managers in earlier years, such as establishing performance monitoring or a programme of Best Value reviews, have tended to falter.

Is the Council organised to deliver better services?

7. Many of the core aspects of Best Value are underdeveloped within the Council. Planned activity is not prioritised and matched to resources, resulting in overspends. Service plans and targets are not properly established. The delivery of many services is through a complicated system of local trusts which could be rationalised. As a result, senior managers and councillors are not able to systematically monitor performance across all areas of activity, or identify areas of underperformance. This further reduces councillors' ability to exercise their scrutiny role.
8. There are signs that this is changing. The Council's Best Value Submission contained a frank self-assessment. This shows that it is aware of the key issues which need to be addressed and an increasing acceptance that Best Value principles are relevant to Shetland.

How do Services perform?

9. In the absence of a robust system of performance management throughout the Council, it is difficult to know how well it is delivering services for Shetland. There is evidence to show that it provides high quality services. National and local surveys of service users show high satisfaction levels with the standard of most Council services. But there is evidence that costs are high, often well above the levels of other island councils. There is also evidence of some areas where performance is weak, such as waiting times for home care and care home places.

What needs to improve?

10. Clear leadership is required to deliver a strategy for long term financial sustainability. As part of this, the principles of Best Value need to be embraced, by councillors and senior managers alike, as directly relevant to the needs of Shetland. A key challenge is to develop a Shetland approach to Best Value, finding local solutions to universal management issues. This way it can continue to deliver high quality services and support a sustainable community for future generations.



Does the council have a clear vision and strategic direction?

Shetland is different from the rest of Scotland. It has enjoyed years of affluence, but the Council now needs to make some difficult decisions to help ensure the sustainability of its services and of the community it serves. Currently, however, it is not well-placed to translate its vision of what needs to be achieved into clear programmes of action.

The Shetland context

Following the North Sea oil boom of the 1970s, Shetland's economy and population are in decline. The Council has enjoyed years of affluence and growth but is now spending more than its annual income, forcing it to draw on its substantial investment earnings. This, in turn, reduces the Council's ability to invest in long-term capital projects.

Geography and economy

11. Shetland is remote from the rest of Scotland, limiting the opportunities for joint working with other local authorities but promoting a particularly strong sense of local community and identity. There are 18 separate island communities, with a significant rural population in many remote locations.
12. Following the discovery of North Sea oil in the 1970s, the Islands have enjoyed years of economic prosperity. Unemployment is low: in 2003 it was only 2.3% compared with a Scottish average of 4.5%. Similarly, average earnings are higher than other parts of Scotland.

Wider role of the Council

13. The Council has a much wider range of responsibilities than mainland councils, reflecting the context in which it operates. There is a marked emphasis on transport infrastructure. Ferries, for example, make up its second highest area of expenditure, above social work and housing. The Council also provides an inter-island air service and acts as the port authority for the Sullom Voe oil terminal. In addition, it has a strong role in economic development, helping to strengthen and diversify Shetland's economy.
14. However, this means that there is a high level of dependency on the Council. Together with the local Trusts, it accounts for around a third of the Shetland economy. Any changes in Council spending can have a marked impact on the wider community.



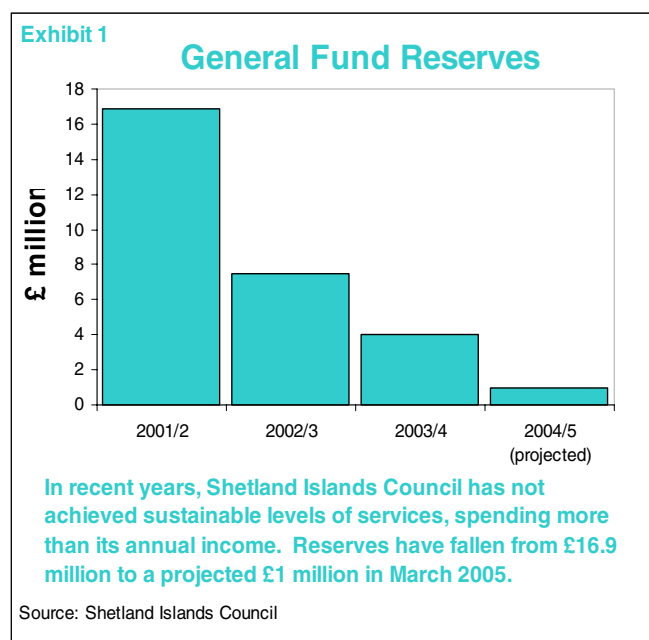
Economic decline

15. Circumstances are beginning to change. Shetland's economy is heavily dependent on fisheries, oil and the public sector, and vulnerable to any decline in these sectors. The fisheries industry, still the largest part of the local economy, is in recession. In addition, the North Sea oil industry is in slow decline.
16. As a result, Shetland's economy shrunk by almost 2% last year, the only local authority area in Scotland to report a decline in Gross Domestic Product. Perhaps most significantly of all, Shetland's population is falling, from over 26,000 in 1981 to under 22,000 at present.

Council finances

17. Shetland Islands Council is relatively affluent. Uniquely in Scotland, it has no loan debt and has substantial investments of £286 million – the equivalent of £13,000 for each person living in Shetland. This has enabled it to steadily invest in capital projects and provide a high level of services.

18. There is now a recognition by the Council that this period of sustained growth is coming to an end. For the past three years, its expenditure has exceeded its income. General Fund Reserves were £16.9 million in March 2002; they are projected to fall to only £1 million during the current financial year (Exhibit 1). Unless the Council is able to find a sustainable level of services and funding, it will be forced to draw increasingly on investment income and so reduce its ability to invest in infrastructure projects that could enhance the long-term sustainability of communities.



19. However, there is a high level of dependency by the Shetland community on the services provided by the Council and high expectations. Any proposed changes in service delivery or reductions in expenditure can generate marked public and political concerns.



Vision

The Council and its community planning partners have a clear long-term vision for Shetland as a “sustainable and self-sufficient community”. This is set out in the local community plan, ‘Together – Shetland’, and in the Council’s Corporate Plan.

‘Together – Shetland’

20. Community planning is particularly relevant for Shetland. Its relative isolation and distinctiveness is seen by many within the Council as a strong incentive for local organisations to pool their resources and coordinate efforts to make a greater impact. While it is not formally articulated, many have a long-term aspiration for Shetland’s public sector to receive ‘a single cheque’ from central government and be left to allocate it according to local priorities.
21. The Council has taken a leading role in developing local community planning. Shetland’s Community Planning Board was established in 1999, bringing together five main partners:
- Shetland Islands Council
 - NHS Shetland
 - Northern Constabulary
 - Shetland Enterprise Company
 - Association of Shetland Community Councils.
22. Following an initial Community Plan, published in 2001, the Community Planning Board is currently developing a more detailed Framework, known as ‘Together-Shetland’. This sets out a series of objectives, grouped into four main topics ([Exhibit 2](#)).

Exhibit 2

Main themes of the community plan

	Main objectives
Economic	<ul style="list-style-type: none"> • Increasing the population of Shetland • Developing skills to match jobs and opportunities • Efficient transport and telecommunication links • Developing the economy of Shetland
Social	<ul style="list-style-type: none"> • Improving health • Ensuring everyone is treated fairly • Community safety
Environmental	<ul style="list-style-type: none"> • Protecting Shetland’s landscape • Using energy efficiently • Minimising waste and encouraging recycling • Protecting the diversity of plants and animals
Cultural	<ul style="list-style-type: none"> • Promoting Shetland’s cultural identity

Source: ‘Together – Shetland’



Corporate Plan 2004-08

23. The Council has also set out a clear long-term vision for Shetland in its Corporate Plan for 2004-08. This has clear links with the four main themes of 'Together – Shetland'. Sustainability and self-sufficiency are at the heart of this vision ([Exhibit 3](#)).

Exhibit 3

Shetland Islands Council's vision

To be a sustainable and self-sufficient community where everyone works together towards the same goals.

Our vision is to ensure the long-term vitality and well-being of Shetland; a place where:

- Our economy is prosperous, competitive and diverse
- Our society is vibrant, healthy and safe, and one in which everyone is able to take part
- Our outstanding environment is conserved and enhanced; and
- Our unique cultural identity and spirit is celebrated and promoted.

Source: Shetland Islands Council, 'Corporate Plan 2004-08'

Financial sustainability

24. The Council also has a clear vision of financial sustainability. It wants to find a level of services and capital spending which can be sustained over the long-term and will not lead to sharp cuts in future years. It has stated its aim of achieving a balanced budget each year to help maintain both the value of its investments at no less than £250 million, and a sustainable level of capital investment.

Strategic planning

While a lot of progress has been made, there is generally a lack of clear strategic plans which translate the broad vision of the Council and its partners into practical programmes of action.

'Together – Shetland'

25. 'Together Shetland' contains some specific targets, mostly relating to economic development, which can help drive action and improvements. For example, it sets out some targets to be achieved by 2012:
- increasing the population from 22,000 to 23,000,
 - creating 1,050 new jobs, and
 - 50% of Shetland's energy to be generated from renewable sources.



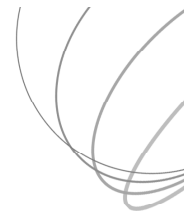
26. However, the Community Planning Board recognises that most of its objectives are still couched in broad terms, such as 'reducing smoking'. These tend to be aspirations which could be shared by most communities, without clearly defining the resources to be invested and the level of improvement which is planned. It is currently developing a range of specific targets for all areas covered by 'Together-Shetland', which can then be used as a clear programme for action by the various partners.

Corporate Plan 2004-08

27. The Council's Corporate Plan also tends to list broad aspirations, rather than set out specific targets which can drive practical action. For example, it aims to strengthen rural communities by decentralising public sector jobs away from Lerwick; but there is no indication of scale or timescales. Similarly, it aims to minimise the impact of Council buildings through energy conservation measures; but again no targets or timescales are given.
28. Without specific targets, it will not be possible to assess the Council's success in future years in implementing its key policies. The lack of specific detail in the Corporate Plan also means that it does not form the basis for objective decisions to be made on shifting resources between departments in order to match Council priorities.
29. A Monitoring Report was drafted in June 2004 to start to translate the Corporate Plan's aspirations into a programme of action. This is updated every six months to enable the Executive Committee and the full Council to monitor progress. It represents a step forward in helping to drive action, but tends to focus on management processes and inputs rather than outputs. For the examples used above, projects are planned for various economic developments and an energy audit is to be completed. But there are still no targets for how many jobs are to be shifted from Lerwick, or for the reduction in the energy used by Council buildings.

Long-term financial planning

30. The Council has clearly stated a desire to achieve a balanced budget and maintain the value of its long-term investments at around £250 million for the benefit of future generations. However, it has only been able to agree a balanced budget for the past three years by drawing on its financial reserves, which have fallen by £16 million. In a recent report, the Council accepted that it was unlikely to achieve a balanced budget until 2005-06.
31. Similarly, it has developed an ambitious programme of capital projects, costing over £80 million over the next eight years. There is little evidence to show that a corporate approach has been taken in compiling this programme to identify priorities or the impact on the Council's future running costs.



Corporate and strategic leadership

The lack of clear strategic plans is rooted in a lack of corporate leadership from councillors. This in turn inhibits the development of strong corporate leadership at managerial level.

32. The current weaknesses in strategic planning are rooted in the lack of corporate leadership being provided by Shetland's councillors, who are largely Independent members without strong party political allegiances. They tend to represent the narrow interests of their wards, rather than the wider interests of the Council and Shetland. An important part of the work of a councillor is, of course, to represent their ward. But they also need to work with others in order to provide stable corporate leadership for the Council as a whole.
33. Some councillors are well aware that their role needs to be developed and have supported recent improvements in corporate governance, such as the establishment of an Executive Committee of seven members and individuals taking a lead role for aspects of the Corporate Plan. There are also examples of a willingness to take on difficult issues and to try and lead the views of the local community, rather than simply represent them, such as the recent review of Education. However, in general, councillors focus on parochial ward issues. This means that strategic plans tend to be limited to uncontroversial aspirations which can be agreed by consensus, rather than based on clear choices which, by definition, will not suit everyone.
34. As a result, the Council has only been able to set a balanced budget for each of the past three years by drawing on its financial reserves. Cuts in expenditure were recommended by the recent Best Value review of Education, but these were not supported by councillors out-with the working group. It is not clear what other Council activities will be reduced in order to achieve a balanced budget and protect its long-term investments.
35. This lack of a strong political interest in corporate governance matters has also had an impact on the priorities of managers. A variety of initiatives have been taken by managers in earlier years to establish service planning, performance monitoring, and a programme of Best Value reviews. But, in the absence of strong interest from councillors, these have tended to falter.
36. This has also meant a tendency for departmentalism. Service budgets tend to be based on historic trends, rather than corporate policies and priorities. Within broad limits, individual departments are left to go their own way on issues such as performance monitoring, staff appraisal, and procurement.



Is the Council organised to deliver better services?

The Local Government in Scotland Act 2003 is supported by detailed guidance describing the key aspects of Best Value and the duties of local authorities. The Council has much ground to make up in achieving Best Value.

Engaging with the Public

Councillors have a sound informal awareness of the key concerns of voters. This needs to be supported by a more structured approach to consulting with other stakeholders, with clear links to the priorities for services. This is currently being addressed by the Council.

37. There is little doubt that Council members are in touch with the key issues in their community. With small electoral wards of only around 700 voters, councillors are aware of the concerns of the local electorate. However, councils need to consult with a wider range of stakeholders, such as service users, employees, and other public sector partners.
38. The Council uses a range of consultation methods. None of these are fully developed in influencing decision-making.
 - **Policy Forums** - Three forums - covering economic, environmental, and social issues - meet four times per year. They bring together a wide range of local public organisations, business interests, and voluntary associations to help develop Council policy. Attendances and the quality of debate at these meetings has been of variable quality. Councillors chairing the forums have, for example, expressed some disappointment that few members of the public attend. There also remains an important issue of how these forums will fit into the community planning agenda.
 - **'Your Voice'** - As a key player in Shetland's Community Planning Board, the Council has recently helped to establish a citizens' panel. Known as 'Your Voice', this consists of 600 representative members of the public who are asked to comment on local issues. However, this was only set up in June 2004, and it is too early to show its effectiveness.
 - **Complaints** - The Council has had a corporate complaints system in place since 1998, in addition to the complaints systems managed by individual departments. But there is little evidence to show how this helps to inform policies. For example, information on the number and types of complaints is not reported to councillors.



39. Individual departments also carry out consultation exercises on specific service issues. Perhaps the most prominent has been the extensive consultation carried out as part of the Best Value review of education. This clearly influenced the Council's subsequent decision not to go ahead with proposed school closures. There are other examples of consultation exercises over, for example, ferry services, and proposals to build a Bressay bridge. The Council has identified the need for greater coordination of these exercises to help ensure their quality and avoid 'consultation fatigue'.

Service Plans and Priorities

Most departments have only recently started to produce annual Service Plans, aiming to set out their priorities and targets. These have few clear links with the overall priorities set out in the Council's Corporate Plan and few clear performance targets.

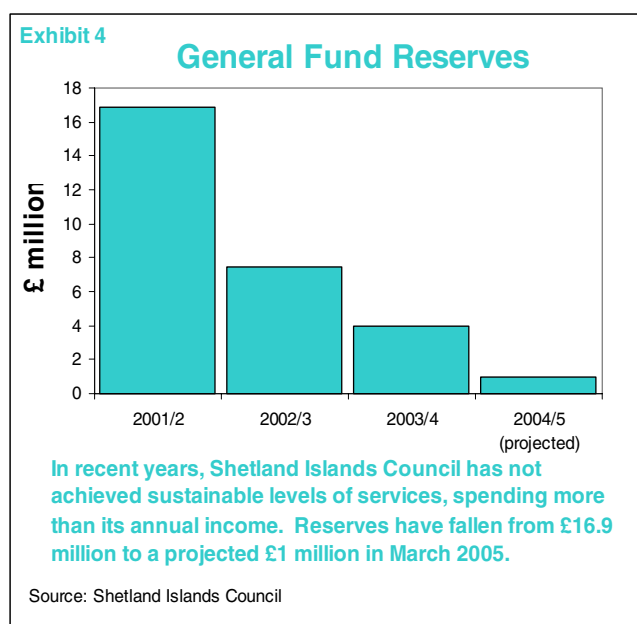
40. Service planning is not well-established within the Council. Early attempts failed in the 1990s as it tended to be seen as an unnecessary paper exercise, rather than a key aspect of sound management. Some progress has recently been made as service plans for 2004-05 have been prepared by each department. However, most of these are clearly drafts, contain significant gaps, and were not approved by councillors. In our view, their production was hasty and prompted by our impending audit. There is still little to suggest that they are seen by most managers and councillors as anything more than an unnecessary paper exercise.
41. The work and expenditure of the Council's various departments should be based on the priorities and objectives set out in its Corporate Plan. However, because many of these objectives are still expressed in vague terms, they are not used to drive underlying service plans. Departments tend to produce their own plans and then find convenient links with the Corporate Plan. The Council needs to ensure that its Corporate Plan drives the priorities and activities of each service.



Managing Finance

The Council recognises the critical importance of effective long-term stewardship of its resources. However, it has not been able to match its resources with overall priorities and has only been able to agree a balanced budget over the past three years by drawing on its financial reserves.

42. Shetland Islands Council is determined that the 'boom' years will not be followed a 'crash'. It has recently approved proposals to preserve the value of its long-term investments at around £250 million, providing a source of additional income for future years. It has also identified the need to reach a sustainable level of services which can be funded without 'selling the family silver'.
43. In recent years, however, the Council has struggled to set a balanced budget. For three consecutive years, its current expenditure has exceeded its current income. General Fund Reserves were £16.9 million in March 2002; they are projected to fall to only £1 million during the current financial year (Exhibit 4). Without efficiency savings or cuts in some of its services, this position is not sustainable.
44. The 'boom' years, however, have created high levels of expectation amongst the community. Any proposed changes in service delivery or questioning the status quo can create anxiety in sections of the community and generate significant political pressures. The most obvious example of this is the recent debate over proposals to close small rural schools.
45. Given the current weaknesses in service planning, it is not surprising that there are some concerns about the Council's ability to set a balanced budget. Without service plans setting out agreed priorities and targets, it is difficult for the Council to reduce overall spending or to move resources between departments to match changing needs. Instead of service-led budgeting, departmental budgets tend to preserve historic patterns.
46. In recent years, the Council's local external auditor has also raised concerns about the system for monitoring expenditure against agreed budgets. Essentially, local managers have been unaware of the value of central overheads until after the year-end. This has led to unforeseen overspends. The auditor has acknowledged that significant improvements have been made to the budget monitoring system, but budget overspends still amounted to £1.8 million in 2003-04.





Capital projects

There is little overall coordination of the Council's ambitious capital programme, based on priorities and long-term financial sustainability.

47. An ambitious programme of capital projects has been established, setting out a list of projects totalling around £80 million to be spent over the following 10 years or so.
48. Controls over individual projects look to be sound, but there has not been any clear prioritisation of projects within the overall programme. While the Council has large financial reserves and can afford to fund this capital programme, there is little evidence that projects have been assessed against the long-term goal of financial sustainability. Essentially, the capital programme is a wish-list of projects, without a clear assessment of their impact on the Council's priorities and running costs. If the Council continues to spend more on services than its income then it will be unable to deliver all of its capital programme and will be forced to sacrifice individual projects. The only alternative would be to eat into its investments.

Procurement

The Council does not have a corporate approach to procurement. This is currently being addressed.

49. There are sound controls over capital contracts. All goods and services costing over £50,000 are administered centrally by staff specialising in capital tenders and contracts.
50. However, the Council does not have a corporate approach to purchases under £50,000. Instead, these are dealt with by individual departments. As a result, there is no central coordination to take advantage of bulk purchase savings or to ensure compliance with European Union regulations on tendering. Managers have an informal understanding that some weight should be given to non-financial factors, such as buying local, but there is no clear guidance to support and protect them. The Council has recognised this and is currently preparing a Procurement Policy. This will also provide guidance on promoting Council policies on issues such as equalities and buying local.

Joint working with trusts

Local trusts provide a significant level of public services, particularly the Shetland Charitable Trust which is independently funded. There is a need to improve the overall coordination of these public resources to help ensure they are used effectively.



51. The Council has been making steady progress in its approach to partnership working through community planning. However, its delivery of public services is complicated by a unique infrastructure of local trusts which help to provide an extensive range of core social work, leisure, education and environmental services.

Shetland Charitable Trust

52. By far the largest of these is the Shetland Charitable Trust (SCT), which holds funds valued at around £227 million generated from oil revenues. Through a range of subsidiary trusts, it provides around £12 million per year to supplement the Council's expenditure on areas such as care homes (approximately £2.8 million funded annually through the Shetland Welfare Trust) and sports and leisure centres (£2.5 million via the Shetland Recreational trust). It also supports more than 30 local charities.
53. The availability of these additional resources has meant that a high level of public services is provided in Shetland. However, the need to co-ordinate different sources of funding, managed and controlled in different ways, complicates the overall planning and organisation of these services. There is clearly potential for the community planning framework to provide this overall coordination.
54. The Council has recognised the need to address this area. A working group, consisting of representatives from the Council and the Trust, has recently been established. It has put forward proposals to rationalise some of these joint arrangements, estimated to save around £250,000 per year on management costs.

Shetland Development Trust

55. The Shetland Development Trust also manages significant sums of local public money, seeking to stimulate and diversify the local economy through grants and loans. It is funded entirely by the Council (just under £1 million was provided in 2003-04).
56. The Trust has attracted a great deal of public criticism in recent months, following the failure of some of its investments in salmon farming which have led to losses of £7 million. The external auditor has identified the need to improve the management arrangements between the Council and the Trust. Following the principles set out in 'Following the Public Pound' (Accounts Commission, March 2004), the Council is now setting out clearer objectives for the public funds it passes to the Trust and establishing more robust monitoring arrangements. In addition, the Council now requires the Trust to notify it of any planned awards above a threshold of £250,000, helping to minimise the risk of large losses in future.

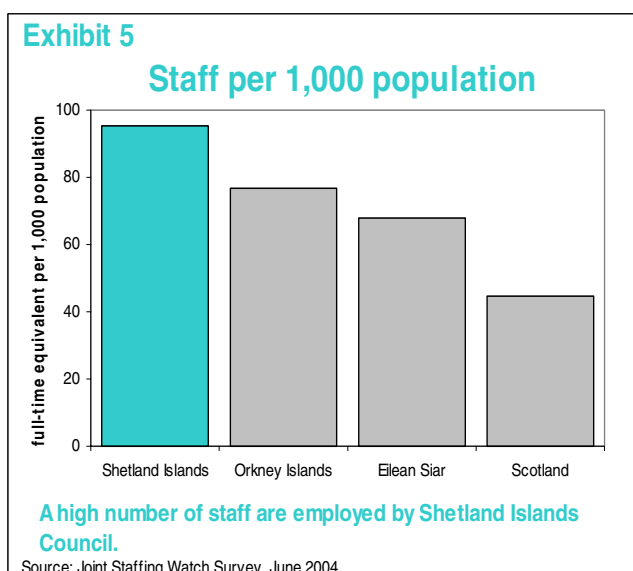


Managing Staff

Some progress has been made in workforce planning, at least for senior management posts. Overall staff numbers look to be relatively high, but the Council has not reached any clear conclusions. A staff appraisal system has been established for senior managers and is now being extended to other staff.

57. Shetland Islands Council employs around 3,000 staff at an annual cost of £71 million. There is a general desire by the Council to shift staff resources to frontline services. Over the past few years, it has cut the numbers of senior managers it employs. It now has a small Executive Management Team of three, supported by a series of Heads of Service.

58. The Council recognises the need for more broadly-based workforce planning to be carried out. It has carried out some benchmarking with similar-sized councils which suggests that its overall staff numbers are relatively high (Exhibit 5). However, these comparisons can be complex and no clear conclusions or recommendations have been reached on planned future numbers.



59. Some progress has been made in implementing a staff appraisal system for senior managers. The Chief Executive has not received any formal appraisal, but all Executive Directors and Heads of Service have had their performance reviewed annually for at least the past two years. This system is now being extended to the next tier of management, and to all Council employees by October 2005.

60. The current appraisal system is basic and does not include, for example, specific performance targets for individuals. The proposed development of service planning could provide an opportunity to link the performance of individuals with wider departmental targets. It could also establish a Council-wide approach, helping to ensure a consistency of priorities and standards and allow comparisons to be made between departments. For example, some are piloting the use of ambitious “360o” appraisals, while others still need to address more fundamental aspects of staff appraisal.

61. The Council is aware that it still needs to develop a systematic approach to consulting with its employees. Staff can provide valuable and informed feedback on a wide range of issues. Some departments, such as Housing, have carried out a staff survey, but this has still to be carried out on a Council-wide basis.



Managing performance

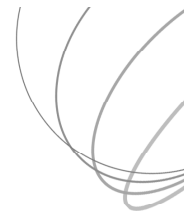
The Council is aware of fundamental gaps in its performance management system and is addressing them.

62. Performance management is a core aspect of Best Value. Without a systematic approach, local authorities cannot effectively identify areas of under-performance, or easily demonstrate that improvements are being made in services.
63. In earlier years, Shetland Islands Council's approach has been largely intuitive. It now recognises that this needs to change. There is little history of systematic target setting and performance monitoring at corporate or departmental levels. This reflects weaknesses in the approach to service planning. As a result, it is difficult to know how successful the Council is in delivering services and implementing its policies.
64. The corporate Executive Management Team carries out some monitoring of performance, but this is essentially limited to financial issues. Proposals for monitoring performance outputs were considered in 2002, but action has not been taken until this year to put in place a new corporate framework. At this stage, the Council's broad proposals look sound.
65. The Council's departments take a range of approaches to performance management. Environmental Services have one of the more advanced approaches, with a range of locally-developed targets and performance indicators. But even here there is little in the way of formal monitoring reports for managers. Departments in general are weak in setting targets and monitoring performance in terms of trends and comparisons with other local authorities. It will be important to establish some consistency in order to help set acceptable standards and encourage comparisons between different departments where appropriate.

Challenge and improvement

A limited range of fundamental reviews has been carried out by the Council. Clear leadership is needed from councillors to help ensure that a wide range of options is considered in the delivery of services.

66. Councils should carry out a programme of reviews, covering significant areas of activity, particularly where performance is poor or there are clear opportunities for improvement. Fundamental options for change, covering the public, private and voluntary sectors, should be considered.



67. A 'Best Value Toolkit' has recently been produced by the Council. This provides sound guidance for departments on the key elements of carrying out challenging Best Value reviews. There is a strong element of independent challenge in the membership of review teams: they are chaired by a councillor, with a project manager from outside the department which is being reviewed. The Toolkit also makes it clear that a wide range of options should be considered.
68. However, there is a limited track record of challenging reviews in previous years. A five-year programme of Best Value reviews was intended to cover all areas of activity. Few of these reviews have been completed, partly due to the effort taken up by the high-profile review of Education over the past three years. Other, more limited, forms of review are carried out by individual departments but these are not coordinated and are of variable quality.

Case Study: Best Value review of Education

A high-profile review of Education Services has recently been completed. This has shown many of the Council's difficulties in carrying out fundamental reviews of the way it provides services. It has taken three years to complete, taking up significant management time, and has meant that the Council has been unable to carry out reviews of other areas during this period.

The review recommended the closure of some primary schools with low number of pupils, partly to save money in a high-cost service and partly to raise educational performance. Seven councillors formed part of the review team, in line with good practice, and supported these recommendations. However, they were narrowly defeated in a subsequent vote by the Services Committee, with other councillors responding to local concerns and giving additional weight to the need to help sustain local communities. While some changes were agreed, the underlying issue of cost and quality have not been resolved.

Councillors are responsible for setting policy. However, the review has not been a success in that it has taken three years and achieved little. The underlying problem is leadership, highlighted earlier in this report. Individual councillors were involved in a working group throughout the exercise. They supported the report's findings but, perhaps in the absence of strong party groupings and a corporate focus, other Independent councillors were unwilling to make difficult decisions. If future reviews are to succeed, the Council needs to agree clear early guidance to managers on the criteria - such as cost, sustainability, and supporting rural communities - to be used to assess options



69. The Council is making renewed efforts to review its services, with a new programme of service reviews, based on performance reports and feedback from 'Your Voice', being drawn up. In the meantime, a Best Value review of support services has recently started. The Council needs to consider:
- Whether more resources are needed to support a programme of meaningful reviews; the suspension of other exercises during the three-year review of Education suggests that the Council currently lacks capacity.
 - Establishing criteria for selecting areas to be reviewed. Priorities could, for example, be identified on the basis of under-performance or potential cost savings.
 - Guidance for managers on the weight to give to factors such as sustaining local communities and buying local.

Scrutiny by councillors

Councillors do not effectively monitor the performance of services.

70. Scrutiny is an important part of the role of councillors. Essentially, they are required to monitor the performance of the Council in delivering services to the public, ensure they are meeting Council objectives, and take action to remedy any significant failings.
71. The Council recognises that its current arrangements for scrutiny are weak. This is fundamentally tied to the need to establish an effective performance management system throughout the Council. Without a systematic approach to target setting and monitoring reports, there is little in the way of a sound foundation for scrutiny. The recent losses incurred by the Shetland Development Trust of around £7 million have highlighted the importance of councillors attaching clear objectives to funding and monitoring performance.
72. Councillors represent small wards of around 700 voters and therefore tend to have a general awareness of how services are being delivered. However, councillors do not have a structured approach to monitoring service performance. There is no structured opposition group and therefore little in the way of political challenge and scrutiny. Since 2003, the Executive Committee has aimed to fulfil the role of an audit committee. To date it has made good progress in developing this role. It also has a nominal responsibility for wider aspects of scrutiny, but this role is still undeveloped. As a result, many councillors acknowledge that they are not closely in touch with the level and quality of service performance. There may also be a need for specific training to be provided for councillors on their scrutiny role, particularly as they lack the party political support common in other councils.



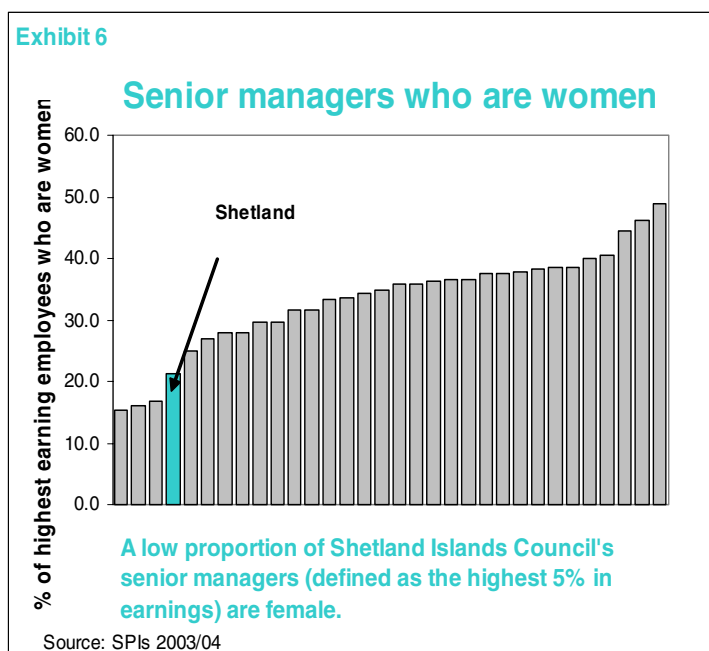
- 73. Informal 'away days' may provide a model for councillor scrutiny. Over the past year, these have been introduced within Environmental Services and are generally seen by councillors and managers as a useful model for wide-ranging and frank discussion.

Equal opportunities

The Council has expressed a commitment to equal opportunities. However, more action is required to mainstream equalities into the delivery of services and to monitor and report performance.

- 74. The Council has a commitment to delivering fair and equal services, demonstrated in its Equal Opportunities Policy and Race Equality Scheme.
- 75. Much of the Council's efforts are channelled through the community planning framework. All the partner organisations, including the Council, are undertaking an "Equalities Impact Assessment" (EQIA) to help managers assess how equalities issues relate to their services.
- 76. The Council has been slow in assessing its ability to meet the new requirements of the Disabilities Discrimination Act 1995 that came into force in October 2004. It has not been able to complete access assessments for all of its buildings. Moreover, it has still to address the wider aspects of improving the accessibility of services, such as considering different ways of making services available.
- 77. The Council for Race Equalities (CRE) has notified the Council that its arrangements for meeting statutory requirements on race equality are not adequate. The Council has developed a three-year action plan to address CRE's concerns.

- 78. At present, the Council is not monitoring its performance on equalities, either in terms of staffing or service delivery. National performance indicators show that a low proportion of its senior managers are women ([Exhibit 6](#)).





Openness

Despite local perceptions, the Council is reasonably open in its decision-making and in providing access to information.

79. The Council has a prominent position in the Shetland economy and community and there is a significant demand for information on its decisions and policies.
80. There are local perceptions that the Council is not fully open, but we believe that these concerns are exaggerated. It follows normal conventions in holding public Council and committee meetings, and in making their agendas, minutes and reports publicly available. Significant advances have recently been made, with a wide range of papers now available from its web-site. It is also meeting the key requirements of the Freedom of Information Act.
81. The Council holds some meetings in private, but no more frequently than most other local authorities. The examples identified by our audit show that their use is restricted to appropriate commercial or personnel issues, or where councillors are at an early stage in developing their thoughts and need less formal arenas to carry out their role effectively.



How are services performing?

It is not possible at present to provide a rounded picture of the standard of services being delivered by the Council. Given the underlying weaknesses in its performance management system, the Council is not in a position to meet its duty to report on its performance to the public. In broad terms, however, there is some evidence to show that it is delivering services to a high standard, but at a high cost.

Reporting back to local people

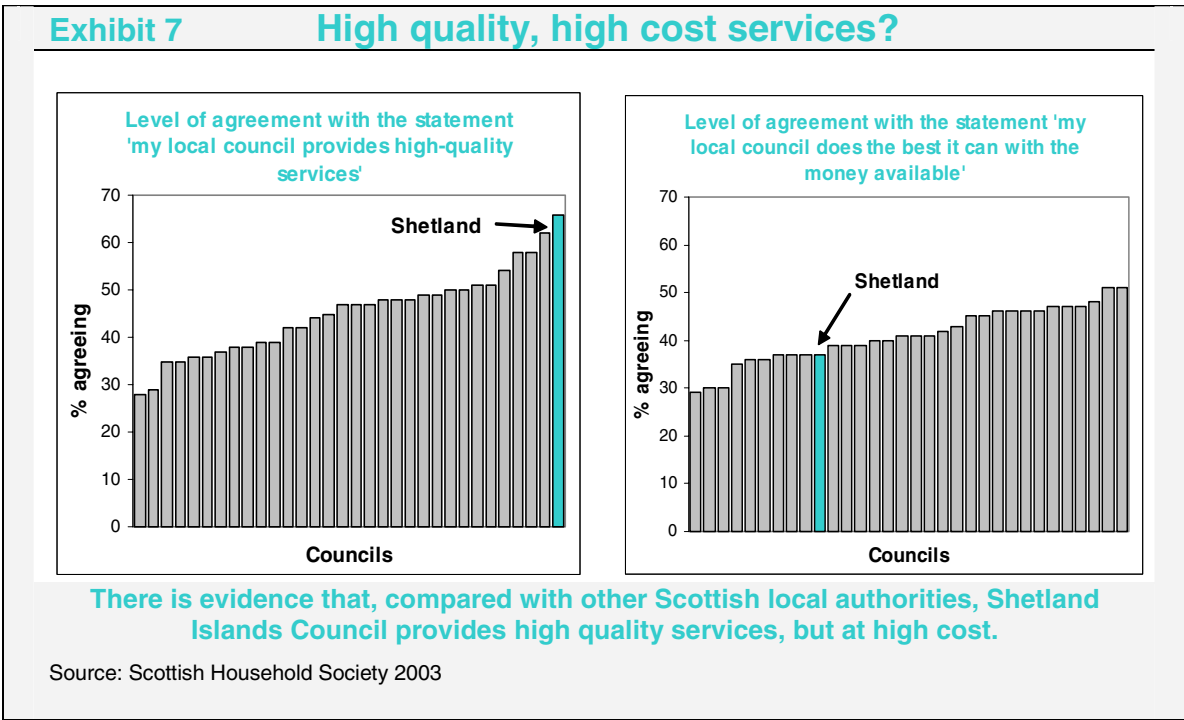
Underlying weaknesses in its performance management system mean that the Council is not yet meeting its duties on public performance reporting.

82. Shetland Islands Council currently provides a limited range of public performance reporting. Its “Performance Report for 2003-04” has recently been published and provides a readable overview of the Council’s departments and their work. It does not, however, provide performance measures or comparative information to allow the reader to assess service quality or cost. In addition, few of its departments produce public performance reports.
83. The need for a performance management system has been identified by the Council. Until this is fully established throughout all departments, it is not able to provide a range of performance reports tailored to the different needs of managers, councillors and the public.
84. As a result, it is difficult for our audit to provide a full picture of how well the Council is delivering services.

Views of local people

Local people see the Council as providing high quality services, but there are concerns that it doesn’t make best use of the money available.

85. The first ‘Your Voice’ survey, carried out in June 2004, indicates that the Council provides high quality services. Refuse collection, sports & leisure, and education are particularly well regarded, with more than 90% of respondents saying that these services were ‘quite good’ or ‘very good’.
86. A national survey carried out by the Scottish Household Society confirms this picture, with Shetland registering the highest satisfaction levels with the quality of council services ([Exhibit 7](#)). However, it also indicates some concerns that the Council is not making best use of the money available, with Shetland ranked below most other local authorities.



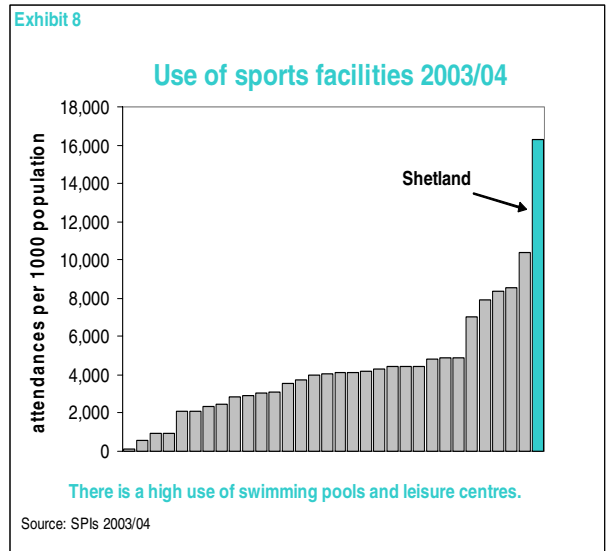
Statutory Performance Indicators

National performance indicators provide a limited picture of some aspects of the Council's performance.

87. Each year, Audit Scotland reports on the performance of each council using a range of 65 indicators. These provide some insight into the performance of Shetland Islands Council, but care is needed in making comparisons. As a small Council, unit costs are always likely to be above national averages; comparisons with similar councils, such as Orkney and the Western Isles, are more meaningful. In addition, some indicators, such as traffic light repairs, are not particularly relevant to Shetland.

88. Shetland Islands Council is ranked among the top five councils for 16 of these performance indicators for 2002/03. Highlights include:

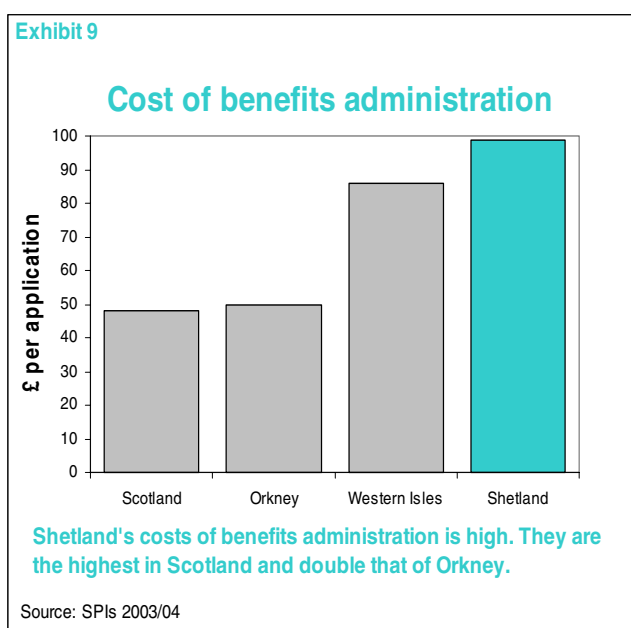
- **Home care** a high proportion of people over the age of 65 receive support at home, rather than in hospital or residential homes;
- **Criminal justice** social enquiry reports are processed quickly for the courts, and new probationers are quickly seen by supervising officers;





- **Leisure and recreation** Shetland is well ahead of the rest of Scotland in the proportion of its population using swimming pools and other indoor sports facilities ([Exhibit 8](#));
- **Benefits administration** the processing of claims for council tax or housing benefits is carried out quickly;
- **Council tax and rates collection** a high percentage of the income due to the Council is collected within the year.

89. The Council is amongst the bottom five councils for 13 indicators. These include:



- **Administration costs** while benefits administration and the collection of council tax and rates is effective, the unit costs are very high ([Exhibit 9](#));
- **Environmental health** relatively long times are taken to deal with food hygiene inspections, pest control, and noise complaints;
- **Council houses** the Council is relatively slow to re-let its houses to new tenants, resulting in a loss of income.

Individual departments

90. The following pages summarise the performance of four of the departments within the Council: Education, Social Work, Environmental, and Ferries. They account for around two-thirds of total expenditure, cover both Infrastructure and Community services and, particularly in the case of Ferries, provide an insight into local Shetland services. These summaries provide additional evidence to support a general picture of high quality and high cost services. They also illustrate some of the general Best Value issues highlighted earlier in this report.



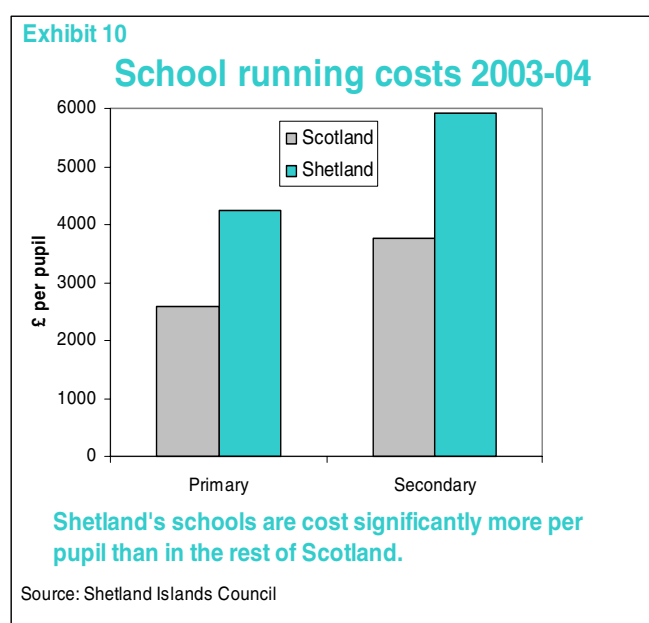
Education

Education is a good example of a high quality and high cost service provided by the Council. National test and examination results are excellent, but costs are well above the Scottish average. A major review of the service has not led to significant savings.

91. The Education Service is the largest department within the Council, employing 930 staff and spending around £41 million each year (30% of the overall budget).

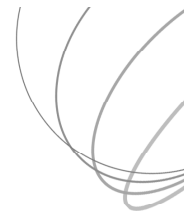
92. It is one of the few departments within the Council that has produced a good quality public performance report. Its 'National Priorities Progress Report and Standards and Quality Report 2003' provides a wealth of material in an accessible format. This shows that Shetland compares well with the rest of Scotland in terms of almost every aspect of national test and examination results.

93. However, it also clearly shows that running costs, for both primary and secondary schools, are significantly higher than in the rest of the country (Exhibit 10).



94. A full inspection of Shetland's Education Service was carried out by Her Majesty's Inspectorate of Education (HMIE) in 2001. The initial report indicates that the attainment levels of Shetland pupils were consistently above Scottish averages but significant concerns were raised about the management of the department.

95. A recent follow-up inspection has been completed by HMIE and resulted in a much more positive report. It confirms that the Council has made good progress in addressing most of the earlier criticisms. HMIE's follow-up report does, however, comment on the slow pace in addressing its concerns about achieving better value for money. A copy of both reports can be found on HMIE's website: www.hmie.gov.uk.



Ferries

The Ferries Service highlights the difference between Shetland and most other Scottish council areas. Without this service, few outlying communities would be sustainable. While the council has worked hard to be strategic in its thinking about this service and responsive in dealing with the public, it is another example of a high quality, high cost service. Little effort has been made in recent years to determine whether a similar level of service could be provided at a lower cost.

96. The Inter Island Ferry Service provides lifeline services to islands. The Council owns, operates and maintains the ferries and most of the ferry terminals. The service is significant in size and has the second largest revenue budget (£16 million in 2003/04) in the Council after Education. It operates 16 ferries and serves 9 islands carrying almost 700,000 passengers and over 300,000 vehicles a year. The service provided is high frequency with long operating hours. Council subsidies cover 90% of its operating costs.
97. The Inter-Island Ferries Board (the Board) was established after the last local elections. This comprises the transport spokesperson and all members whose constituencies include ferries. The Board considers itself well supported by ferries officers and the Capital Projects Unit.
98. In terms of scrutiny, the Board's focus is on policy-setting and long-term capital investment. There is little scrutiny of the revenue budget by the Board and the Ferries Service management has only limited input into the budget setting process. Aspects such as fare levels, recharges and insurance premiums are set centrally. Within the Ferries Service, the main financial pressure is the management of overtime where there is scope for improved control. The Ferries Service Plan was introduced in January 2004 as part of the Council's corporate service planning initiative but, to date, there has been no reporting on progress against the actions outlined in the service plan.
99. The Board recognises the need for a more strategic view of the Islands' transport needs including ferries, buses, and fixed links such as the Bressay Bridge proposal. However, there is little evidence of this being carried through to Council long-term planning for capital projects or financial sustainability. In recent years, there has been no options appraisal for the delivery of the Ferries Service, either in terms of an internal operational review or of external delivery options.
100. The service is adopting a stronger customer focus as opposed to a more traditional operational focus. A greater emphasis is given to public consultation, typically through Community Councils and public meetings, to develop a "listening rather than telling" approach to running the service. This approach has been evident in the way the Board tackles issues such as the operation of remote community ferries. Website and Voicebank technology is used to provide timetable and up to date information on ferry services. The service has also introduced a customer feedback system.



101. In common with other parts of the Council, performance management information is limited, particularly at individual ferry service level. Management information is collated on service days lost through vessel repair and service. However, information is not gathered on ferry performance, such as the percentage of sailings that meet timetables or the net cost of specific services. There is no formal benchmarking of the performance and cost of services against similar ferry services provided elsewhere. This makes it difficult to identify where costs could be reduced while still maintaining a sufficient level of service to the island communities.

Social Work

Expenditure on Social Work is high. There is evidence to show that there is a high level of service, but target setting and performance monitoring are not well developed. A recent review, carried out jointly by the Council and the Shetland Charitable Trust, has identified the scope for significant savings to be made in the administration of some services.

102. Social Work is the third largest department within the Council, with the equivalent of 340 full-time staff, and spending around £14 million each year (11% of the overall budget). This is the equivalent of £437 per person, well above the national level of £267.
103. The Head of Social Work post has been vacant for the past two years, while consideration was given to restructuring the department in order to strengthen links with related Services, such as Education. Following a decision not to make any major changes, the post has recently been filled.

Joint working

104. There is a significant emphasis on joint working in the provision of Social Work services. Other departments within the Council, such as Housing and Education, are important partners. In common with the rest of Scotland, other organisations, such as the NHS and the Police, are also closely involved. Social Work is continuing to develop these partnerships, as shown by the recent review of Day Care Services. A new computer system is also being introduced to help share information between the various partner organisations.
105. The Shetland Welfare Trust is also a key partner in delivering services, particularly residential care and care at home for older people. The Welfare Trust's main source of funding is from the Shetland Charitable Trust, with services bought by the Council at a heavily subsidised rate. The independent status of the Trust adds a layer of complexity in the delivery of services. There are no formal service agreements setting out the roles and responsibilities of providers. Following a report by a joint Council and Trust working group, a decision has recently been taken to rationalise some of these joint arrangements, saving an estimated £250,000 on management costs.



Performance management

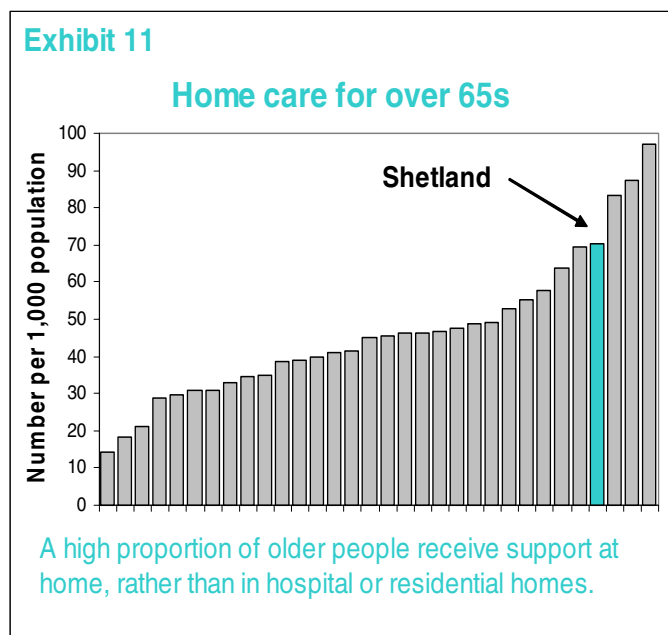
106. Target setting and performance monitoring are not well developed. As a result, it is difficult for the Council to know how well Social Care services are performing. A Social Care Service Plan has been prepared, but this is clearly a draft document. It contains few specific and measurable targets which could be used to assess performance. A series of 'customer pledges' have been introduced, but many of these are broad aspirations (such as maintaining 'a victim perspective in all criminal justice work') which are not translated into specific targets and actions. Others are specific ('we will complete all fostering and adoption applications within 5 months') but are not routinely monitored.
107. Social Work carries out some monitoring of its performance. There are, for example, targets for the time taken to complete community care assessments. But there is no systematic approach, with targets covering all key areas of activity and performance regularly reported to managers and councillors. The Council has questioned the sustainability of its high cost Social Care services but, in the absence of sound performance management, it is difficult to identify priority areas.

Performance Overview

Community care

108. The Council has been successful in shifting the balance of care for older people from hospitals and care homes to care at home and within the community. The national SPIs for 2003/04, show Shetland as having the fourth highest proportion of older people supported at home ([Exhibit 11](#)).

109. However, performance monitoring reports show that Social Work is not meeting its targets in the time taken between referrals, assessments, and providing home care services.
110. There is also evidence of significant waiting lists for home care and for care home places. A census carried out by Audit Scotland in March 2003 showed that Shetland has the highest waiting lists in Scotland (Audit Scotland, 'Commissioning Community Care Services for Older People'). The report



recommended that councils should monitor waiting lists as part of their performance management framework. Shetland Islands Council does not know how long people wait for these services.



Children and families

111. It is difficult to comment on the performance of Social Work in supporting children and families. The numbers of children on the Child Protection Register or being looked after is very low. Therefore, the national SPIs on issues such as the proportion being looked after in community placements, rather than in residential care, are not particularly meaningful.
112. The Social Work Services Inspectorate's (SWSI) report for 2003 is generally positive about the support given to children and families. Services for children with disabilities and their families are at a high level. The number of children referred for child protection more than doubled in 2002, and Shetland has the highest rate of child protection referrals in Scotland, attributed to close multi-agency working and awareness. However, the SWSI does highlight two areas where urgent action is needed:
- there are significant delays in submitting reports for children's hearings, attributed to staff shortages and poor communication with the Scottish Children's Reporter's Administration;
 - there is a lack of a coordinated strategy to support young people in need of housing after they move from care.

Criminal justice service

113. SPIs provide some information on the performance of the Council's criminal justice service. It performs extremely well in terms of providing social enquiry reports to the courts, consistently providing all of these by the due dates. However, the proportion of people breaching probation orders is high at 42%, double the Scottish average.

Environmental Services

The key aspects of a performance management system have been established within Environmental Services. While it still needs to be developed, it does provide evidence of a generally sound performance.

114. The two largest sections within Environmental Services are: Cleansing (refuse collection, street cleansing, and public toilets); and Waste (including landfill, energy recovery and recycling). Environmental Services also includes Trading Standards; Environmental Health; and Burial Grounds.

Performance management

115. Environmental Services has a relatively well-developed performance management system compared with other departments within the Council:
- It has produced annual service plans for several years, which are used to set out priorities and targets. Each plan contains a small number of 'service pledges', most of which are specific and



measurable (such as, emptying overflowing litter bins within 24 hours, and removing graffiti within 5 days).

- In addition to the national SPIs, local performance indicators have been developed for most of Environmental Service's activities.
- The Waste Service has already achieved ISO 9001 accreditation, demonstrating the quality of its approach, and it is planned to extend this across the rest of the department.
- It has experimented with the EFQM Excellence Model to help assess its performance, in preparation for our audit.

116. The department itself is well aware that it still needs to improve its performance management system. For example, it has identified the need to develop local performance indicators which better reflect the needs of its customers. More benchmarking needs to be carried out with similar councils. The monitoring and reporting of performance against service pledges and targets need to become more systematic.

117. There is also some evidence of effective scrutiny of performance by councillors. The department has recently introduced a series of quarterly 'away days'. These are based around the service plans, initially to agree the main priorities and targets for the year and then to monitor performance during subsequent meetings. Councillors and managers feel that these have provided a good forum, away from the inhibitions of public meetings, to discuss performance frankly and identify areas which need to improve.

Performance overview

Cleansing services

118. The current Service Plan reviews performance for the previous year. The information is patchy – there is nothing, for example, on the recently introduced 'service pledges' – but it suggests that performance has been generally sound. The key issues identified are the high costs of refuse collection and disposal (almost double the target set) and a very high sickness absence rate (10.2% compared with a target of 4.25%).

Waste service

119. The Waste Service provides an interesting example of joint working with Orkney Islands Council. Together, the two councils share an Area Waste Plan and, since August 2000, have operated an Energy Recovery Plant. This recovers energy from household and commercial waste, helping to reduce the amount of waste used for landfill and providing a source of hot water for the local District Heating Scheme. Only around 30% of Shetland's waste is used for landfill, compared with a Scottish average of 88%. About 51% of waste is used for heat recovery, just above the target.



120. The emphasis on heat recovery means that Shetland recycles a relatively small amount of waste. The Scottish Executive has set a national target of 25% by 2006, but the Council has set a local target of 8% which is being met.



What needs to improve?

Shetland Islands Council has some significant catching up to do to fully establish some of the core elements of Best Value. As part of a searching self-assessment, it has identified the key issues which need to be addressed. However, clear leadership will be needed to see through the changes already started.

121. The Council has produced a searching self-assessment as part of this audit, which has identified most of the key issues which need to be addressed. Many of these areas in need of improvement are shared with other councils in Scotland.
122. However, the Council has some significant catching-up to do. Best Value was introduced nationally in 1997 but key aspects, such as performance monitoring and reporting, are only now being established within the Council. Its high level of resources has protected it from making the difficult choices that other, less affluent, local authorities have had to make in earlier years.
123. There are signs that Best Value is now being taken more seriously by the Council. Not only does it now have statutory duties to meet, but the Best Value agenda is seen as increasingly relevant to the Council's drive for financial sustainability. There has been a flurry of activity over the past year or so, with many proposals being developed and introduced. A key challenge for the Council will be to maintain this momentum and see through the changes it has started.
124. As part of the audit, the Council has developed an Improvement Plan, which addresses the key issues. A summary is provided below. At this stage, it is largely concerned with establishing key management processes. Once established, these will allow the Council to move on to address service delivery issues which are of more direct concern to the Shetland community.



Central theme of the Improvement Plan

Shetland Islands Council defining challenge is to achieve sustainable levels of public services. To do this it needs to clearly identify its priorities and shift resources to these areas, within a balanced budget. In turn, clear targets need to be set and performance monitored at corporate and departmental levels, and for individual members of staff. Its overall performance then needs to be clearly reported back to the public.

Planning & prioritising

- Define key priorities & the level of services to be sustained.
- Agree and achieve a balanced budget to meet these priorities.

Target setting

- Establish Community & Corporate Plans, with clear measurable targets.
- Establish service plans with clear links to corporate plan, with measurable targets.

Monitoring

- Develop scrutiny role of councillors.
- Establish systematic system of performance monitoring at Community Planning, corporate, and departmental levels.
- Extend staff appraisal system to all staff, with links to service targets.

Review & option appraisal

- Identify priority areas to be reviewed.
- Implement a programme of challenging reviews.

Accountability

- Develop approach to reporting performance to the public.

Shetland Islands Council

The Audit of Best Value and Community Planning



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