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Press release

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Shetland Islands Council needs to improve on best value

The Accounts Commission has published its first Best Value report on Shetland Islands Council, today (Thursday 31st March 2005) providing information to local people for the first time about how well the council is organised to deliver improving services. The Commission found that while Shetland Islands Council has been able to maintain a high level of service delivery, this is unsustainable without drawing on its financial reserves. After a slow start in addressing Best Value, the council is beginning to recognise the areas that must improve and to understand the need to make some difficult choices with regard to how it spends public money.

The Best Value audit is part of a rolling programme covering all local authorities in Scotland. While it does not attempt a comprehensive review of all services, it aims to assess the extent to which the council is meeting its legal duty to improve service delivery, identify where this is in doubt and outline any remedial action that is required.

The Chairman of the Accounts Commission said:

“There is scope for improvement in the management and leadership of Shetland Islands Council and its internal arrangements for scrutiny. The council has a duty to spend public money efficiently and should balance its books without dipping into its reserves. We welcome Shetland’s honest self assessment of where it stands and how it needs to improve. However the council has much work to do if it is to ensure the sustainability of its resources for future generations. All of this will require strong leadership and co-operation from both officers and councillors.”

Shetlands Islands Council is one of the most affluent in Scotland with no loan debt and significant investments. It also has an enhanced role in the local community, through the provision of air services and ferries, and in economic development. The Commission recognises that these factors result in unique circumstances and that service delivery in Shetland can result in higher costs. However the lack of key management systems prevents the council from demonstrating whether Best Value is being achieved.

In particular, the Commission had the following concerns:

- There is insufficient strategic planning and target setting to translate the council’s vision into practical programmes of action for officers, elected members and the council’s community planning partners.
- Planned activity is not prioritised and matched to available resources.
- There is a lack of evidence to show how well the council is delivering services to the people of Shetland. As a result senior managers and councillors are not able to systematically monitor performance across all areas of activity, or identify areas of under-performance.
- Departments tend to make their own arrangements for buying goods and services. A more corporate approach could result in savings.
- The council has complex arrangements for delivering some services through local trusts. Where its own funds are involved, the council needs to better monitor that these are being spent effectively. There also needs to be some rationalisation of services that are funded by 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 strategic planning.

Audit Scotland provides services to the Auditor General for Scotland and the Accounts Commission

Alastair MacNish continued: "In view of the significance of our concerns we have asked the council to provide an improvement plan by 30th June 2005. This plan should contain specific targets and timescales addressing the issues raised in the report and findings. We are asking the Best Value Audit Team to revisit Shetland Islands Council with a view to reporting on progress against the plan within 12 months from the adoption of that plan. By that stage we expect the council to have laid some important foundations for Best Value."

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Notes to Editors:

1. The Accounts Commission for Scotland was set up in 1975 and is independent of both central and local government. The Commission checks whether local authorities, fire and police boards spend £9 billion of public money properly and effectively.
2. Audits of Best Value, were established as a result of the Local Government in Scotland Act 2003. A rolling programme of audits will affect each local authority in Scotland every three years. The audit assesses the extent to which each council is meeting its legal duty to improve service delivery, identifies where this is in doubt, and outlines any remedial action that is required.
3. The Audit of Best Value is undertaken by Audit Scotland on behalf of the Accounts Commission. It responds to the Local Government in Scotland Act 2003, which gave councils a new power to promote or improve the well-being of their area and the people living within it and new responsibilities including:
 - making arrangements which secure Best Value, defined as 'continuous improvement in the performance of the authority's functions, having regard to efficiency, effectiveness, economy and equal opportunities.
 - discharging their duties in a way which contributes to sustainable development
 - maintaining a community planning process
 - making arrangements for reporting to the public on their performance
4. The councils currently being audited in the rolling programme, which will ultimately affect every council in Scotland, are Inverclyde, West Lothian, Dundee and East Renfrewshire. Those which have already been audited are Angus, North Ayrshire and Stirling. These councils were selected to reflect a balanced mix of size, geography and socio-economic factors.
5. Key Features of the Audit are:
 - The focus is on each council's performance over time rather than comparisons between councils. It takes account of differences in local priorities, constraints and opportunities and therefore league tables and scores are inappropriate.
 - All councils in Scotland will be audited once every three years.
 - The council's local external auditor will monitor progress and report through an annual review. If the council has made insufficient progress, the Commission will be alerted and it may ask for further action to be taken.
 - Each audit results in a report to the Accounts Commission which will be published.
 - In most cases Key Findings from the Commission will be published at the same time as the Report. However, the Commission also has the power to do the following: Ask the Controller of Audit to carry out further investigations before reporting its findings; hold a hearing with council before reporting its findings; publish findings which include recommendations to the council and/or Scottish Ministers.