

## News release on behalf of the Accounts Commission

Embargoed until 00:01 hours, Thursday, 25 August 2022

### Uncertainty over whether Shetland Islands Council can deliver urgent change

**Shetland Islands' leaders need to increase their pace and focus to deliver urgent change. The Accounts Commission is not confident the council is able to show it is financially sustainable.**

The Accounts Commission, the independent body that holds councils to account, raises serious concerns about whether the council is delivering on its duty to provide best value for local people. Best value is about ensuring good governance and effective management of resources, with a focus on improvement.

There are concerns too around:

- The absence of clear plans to address a funding gap over the next five years of between £61 and £142 million
- The council's ongoing reliance on using reserves to balance its budget. Reserves are forecast to be depleted by 2030/31 on current spending levels. This is a very short-term approach and cannot be sustained
- Slow progress in making vital improvements to the way it manages and reports on performance
- A lack of urgency in putting plans in place to transform how services are provided - the approach so far has been too slow
- Not consistently involving local communities in determining how the council spends money on delivering services

The Commission recognises that services delivered by Shetland Islands Council perform well, with some of the highest satisfaction scores in Scotland. Failing to address the issues highlighted in this report, however, risks the council's ability to sustain this. The council works well with its local partners, including responding well to the multiple challenges of Covid-19. There are distinct challenges around geography, population decline and an ageing population, which the council and its partners are working to address.

William Moyes, Chair of the Accounts Commission said: "Councillors must provide the strong leadership needed and have greater involvement in developing robust and viable plans to address the significant issues in our report. Clear links must be made between plans to save money and plans to change how services are delivered. The council needs to make much faster progress with its Change Programme and ensure it is resourced effectively.

The Accounts Commission remains deeply concerned about the council's capacity and ability to make the changes needed. A further report will be needed within 18 months."

**For further information contact Joanna Mansell:** T: 07970331858 [jmansell@audit-scotland.gov.uk](mailto:jmansell@audit-scotland.gov.uk) or [media@audit-scotland.gov.uk](mailto:media@audit-scotland.gov.uk)

#### Notes to editors

1. Audit Scotland has prepared this report for the Accounts Commission. All Audit Scotland reports published since 2000 are available at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk):

- The Accounts Commission holds councils and other local government bodies in Scotland to account and helps them improve by reporting to the public on their performance. We operate impartially and independently of councils and of the Scottish Government
- 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 for Scotland.

2. The work for this audit was done during the current Covid-19 emergency. The Commission recognises the significant pressures under which local government finds itself in this current situation. Equally the Commission is of the firm view that the principles of sound financial management, good governance, public accountability and transparency remain vital.

3. Best Value Assurance reports, prepared for the Accounts Commission, offer a rounded and comprehensive analysis of a council's performance. These reports cover how effectively councils are managing changes in services; involving the public in decisions; ensuring enough skills and time to deliver clear priorities; and providing clear information so the public can gauge improvement.