



## **SHETLAND ISLANDS COUNCIL PUBLIC NOTICE**

Shetland Islands Council met on 21 May 2026 to consider the findings and recommendations, which the Accounts Commission made following consideration of a Best Value Assurance Report by the Controller of Audit.

In its findings, published on 5 March 2026, the Accounts Commission said:

- 1 “We welcome the council’s clear vision for Shetland, shared with partners, and its recognition of the area’s key challenges, including attracting people to live and work on the islands. Engagement on its corporate plan and budget is positive, but given significant projected budget gaps, it is essential that this engagement is sustained to build ownership of future priorities and support members in taking the difficult decisions that undoubtedly lie ahead.
- 2 Shetland Islands Council is unique in its geography, income sources and strong reserves position relative to other councils. Communities have benefitted from strong and improving performance across a range of services, with satisfaction levels among the highest in Scotland. This focus on maintaining service levels and keeping council tax increases relatively low will be welcomed by Shetland’s current residents but has been achieved by drawing on the council’s reserves unsustainably over recent years, which will impact future generations if not addressed.
- 3 The latest Medium-Term Financial Plan (MTFP) forecasts a cumulative budget gap of £134.3 million by 2029/30, underscoring the need for the ‘step change’ highlighted in the Controller’s report. The council must urgently prioritise delivery of the ten actions identified to address even the most optimistic scenario in its MTFP, in particular developing its medium- to longer-term plan for income and for sustainable reserves management. These actions should then form the basis of a more strategic approach to achieving financial sustainability, aligned with its Corporate Plan, Change Programme and Workforce Plan. Critically, members and officers must commit to taking this more strategic approach into the next electoral period and beyond.
- 4 Since the council’s 2022 Best Value Assurance Report, we welcome improvements in performance management arrangements. However, auditors continue to highlight both the continued reliance on reserves and a lack of pace in transforming services. We recognise that workforce capacity affects delivery of its 21 Change Programme projects, but without detailed project plans, the council cannot effectively prioritise its limited resources. We will seek confirmation from auditors of more robust and realistic project planning and prioritisation in the next annual audit report, given that it will then be four years since we highlighted concerns around the pace of its Change Programme.

- 5 While connectivity challenges may have slowed digital developments, it is concerning that auditors find the council 'at an early stage of digital adoption' compared to others. Digital technology is critical to supporting the workforce and delivering sustainable services. We urge the council to take a more strategic and coherent approach to the adoption of digital technology across its own services and pursue collaboration with partners locally and across local government.
- 6 Finally, we recognise the impact of Shetland's population challenges on both day-to-day service delivery and the council's capacity to transform and innovate. While attracting people to the islands remains a priority, the council must deploy the staff it does have now as effectively as possible so updating its overall Workforce Plan and service-level plans should remain a priority. We also expect the council to ensure it has sufficient staff capacity to meet statutory requirements. Completing its information governance review and updating key governance documents in 2026 will provide stronger foundations for the future."

At its meeting on 21 May 2026, the Council accepted the recommendations of the Controller of Audit's Best Value Assurance Report, accepted the findings of the Commission, and approved the actions to take in response, as set out in a new Best Value Improvement Plan.

The Best Value Report states that the Council had completed the majority of the actions on performance management, community engagement, and equality impact assessments arising from the previous Best Value Assurance Report 2022 (BVAR). However, challenges remain around unsustainable use of reserves to balance the budget and progressing service transformation at pace. The expectation of the Accounts Commission is that Shetland Islands Council will be able to demonstrate Sustained engagement with partners and communities in relation to its Vision (in particular attracting people to Shetland). The Chief Executive will ensure that the activity to respond to the Accounts Commission findings and recommendations from this Best Value, previous Annual Audit Reports and Thematic Reports will be reported to the Council's Audit Committee on at least a 6 monthly basis to provide assurance that action is being taken by officers to ensure the Account Commission expectations are being met.

Members of the public can read the report on the Council website <https://coins.shetland.gov.uk/submissiondocuments.asp?submissionid=32472> and view a recording of the Council meeting and discussion of 21 May 2026 [https://shetland.public-i.tv/core/portal/webcast\\_interactive/1092742](https://shetland.public-i.tv/core/portal/webcast_interactive/1092742)

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