

Item: 6.4

Monitoring and Audit Committee: 10 June 2021.

Internal Audit Report: Flights Analysis.

Report by Chief Internal Auditor.

1. Purpose of Report

To present the internal audit report on a review of a report published in June 2018 by the Taxpayers' Alliance regarding Local Authority flights.

2. Recommendations

The Committee is invited to note:

2.1.

That internal audit has undertaken a review of a report published in June 2018 by the Taxpayers' Alliance into Local Authority flights.

2.2.

The findings contained in the internal audit report, attached as Appendix 1 to this report, relating to the review of the report published by the Taxpayers' Alliance into Local Authority flights.

3. Background

3.1.

In June 2018, the Taxpayers' Alliance published a report entitled "Local Authority Flights". The report is based on responses to Freedom of Information (FOI) requests sent to all English, Scottish and Welsh local authorities to provide data relating to flights purchased between 1 January 2015 and February 2018.

3.2.

A review of this report was requested by a member of the Monitoring and Audit Committee. The objectives of this review were to carry out a statistical analysis of the report and investigate the findings of the report in relation to flight usage in the Council.

4. Audit Findings

The audit provides a statistical analysis of flight costs by period for the councils in Orkney and Shetland and suggests reasons for disparities between the two councils.

5. Corporate Governance

This report relates to the Council complying with governance and scrutiny and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

6. Financial Implications

There are no financial implications associated directly with the recommendations in this report.

7. Legal Aspects

Complying with recommendations made by the internal auditors helps the Council meet its statutory obligations to secure best value.

8. Contact Officers

Andrew Paterson, Chief Internal Auditor, email andrew.paterson@orkney.gov.uk.

Peter Thomas, Internal Auditor, email peter.thomas@orkney.gov.uk.

9. Appendix

Appendix 1: Internal Audit Report: Flights Analysis.



Internal Audit

Audit report

Flights Analysis

Draft issue date: 13 May 2021

Final issue date: 27 May 2021

Distribution list:

Head of Executive Support

Contents

Executive Summary	1
Introduction	1
Review Findings.....	2

Executive Summary

This report details the findings of a review, requested by a member of the Monitoring and Audit Committee, into a report entitled “Local Authority Flights” written by Duncan Simpson and published by the Taxpayers’ Alliance, June 2018.

Duncan Simpson’s report identifies that the local authority that spent most on flights in Great Britain, during the period between January 2015 to February 2018 was Orkney Islands Council, with a total of £899,552.

Our review included further analysis, based on the source data available, and compares expenditure incurred on flights by Orkney Islands Council (Orkney) to Comhairle nan Eilean Siar (Western Isles) and Shetland Islands Council (Shetland).

The Council’s Internal Audit Plan for 2021/22 includes audits which will review compliance with the Council’s governance arrangements, in particular its travel policy, relating to member’s expenses and staff travel and expenses. These audits have been deferred during the period of COVID-19 travel restrictions.

Introduction

In June 2018, the Taxpayers’ Alliance published a report entitled “Local Authority Flights” written by Duncan Simpson.

The report refers to Orkney, Shetland and Western Isles as examples of “a small minority of councils [that] require the regular use of aircraft for council business”.

The report is based on responses to Freedom of Information (FOI) requests sent to all English, Scottish and Welsh local authorities to provide data relating to flights purchased between 1 January 2015 to February 2018.

The local authority reported to have spent the most on flights, in Great Britain over the above period, was Orkney Islands Council (Orkney) with a total spend of £899,552. This was followed by Comhairle nan Eilean Siar (Western Isles) at £848,882 and Shetland Islands Council (Shetland) at £716,064. The differences, over the period of three years were £50,670 and £183,488 respectively.

The findings of our review are detailed in the following section.

Review Findings

1.0 Comparison of expenditure on flights between Orkney and Shetland

1.1. An analysis of the cost of flights, by period, is shown below, at figure 1.

<u>Period</u>	<u>Cost</u>		<u>Difference</u>
	<u>Orkney</u>	<u>Shetland</u>	
	<u>£'s</u>	<u>£'s</u>	<u>£'s</u>
Jan 15 to June 15	164,082	17,954	146,128
July 15 to Dec 15	138,330	136,792	1,538
Jan 16 to June 16	169,910	181,783	(11,873)
July 16 to Dec 16	126,155	155,442	(29,287)
Jan 17 to June 17	154,463	97,309	57,154
July 17 to Dec 17	114,626	98,818	15,808
2018 (part period)	31,986	27,968	4,019
Total	<u>899,552</u>	<u>716,065</u>	<u>183,487</u>

Figure 1

- 1.2. Of the £183,487 difference in the reported total cost of flights over the three-year period, between Orkney and Shetland, £146,128 (80%) relates to the first half of 2015.
- 1.3. In terms of statistical analysis, the value of travel costs for Shetland during the first period is abnormally low, being 13.1% of the value for the second half of that year and just under 10% of the first half of for the following year.
- 1.4. It therefore seems probable that complete data relating to Shetland was not available for the initial part of the Taxpayer alliance review.
- 1.5. Based on the data provided, our analysis identified that Orkney, compared to Shetland, incurred more flights to Edinburgh and Aberdeen, but fewer flights to the rest of Scotland (primarily Glasgow), and outwith Scotland.
- 1.6. It is important to bear in mind that the report published by the Taxpayers' Alliance identifies only the cost of flights, it does not include the cost of journeys, or part journeys taken by ferry or other methods of transport within mainland Scotland or the cost of subsistence and accommodation, mileage allowances, or officers' and members' time. For Shetland approximately 12% of journeys are taken by ferry which accounts for approximately 10% of the combined cost of flight and ferry. For Orkney, approximately 4% of journeys are made by ferry, which accounts for approximately 3% of the overall combined expenditure incurred on flights and travel. Travel by ferry may also incur costs of other modes of transportation or possibly mileage that will not be included in the comparative cost of only air flights.
- 1.7. Orkney's travel policy recognises air travel as "*the standard method of travel to and from Orkney*". Approval for travelling by methods other than by air must be obtained by inclusion of a completed cost comparison which forms part of the electronic booking request. Reimbursement is restricted to the amount the trip would have cost using air travel. The travel policy allows for sole use of a twin outer cabin, except during the peak

period when the cost of the cabin exceeds the maximum daily allowance for accommodation.

- 1.8. Shetland’s travel policy also allows for the cost of exclusive use of an outer two-berth cabin. When deciding on the cheapest method of transport, the cost of the ferry is compared to an economy (lowest price) air fare.
- 1.9. There are several reasons why travelling by ferry, rather than flight, may be a more favourably option from and to Shetland rather than Orkney.
- 1.10. There is a scheduled daily ferry journey between Shetland and mainland Scotland. A ferry journey from Orkney to Aberdeen is only available either two or three working days per week. Departure times from Shetland may also be more convenient than for Orkney.
- 1.11. The difference in the cost of travel by ferry to mainland Scotland, from either Orkney or Shetland, relative to distance, seems quite small. A comparison of the current cost of a ferry travel from either Lerwick or Kirkwall, to Aberdeen is shown below at figure 2.

Fare (one way)	Season		
	Low	Mid	Peak
Adult Passenger - Kirkwall Aberdeen	£14.70	£18.55	£22.40
Adult Passenger - Lerwick Aberdeen	£15.51	£19.60	£23.80
Outer twin birth - Kirkwall Aberdeen	£60.80	£84.80	£93.60
Outer twin birth - Lerwick Aberdeen	£76.00	£106.00	£117.00
Kirkwall - Aberdeen Total	£75.50	£103.35	£116.00
Lerwick - Aberdeen Total	£91.51	£125.60	£140.80
<i>NB values shown are 2021 islander fares</i>			
<i>Figure 2</i>			

- 1.12. The cost of flights from and to either Orkney and Shetland are more variable, depending on the availability of seats, which in turn is influenced by the season, how far in advance the travel is booked, or the scheduled time of day of the flight itself. However, our review findings are that the difference in cost of travel by air, compared to ferry is more prominent for Shetland than for Orkney.
- 1.13. During part of the period of analysis of January 2015 to March 2018, travel by air from Shetland had periods of lower punctuality and reliability performance. In 2015, 21.4% of flights from Shetland were delayed by a period in excess of 15 minutes. The Flybe service, towards the end of the period of review was short lived, due partly to reputational damaged caused by concerns over reliability.

2.0 Comparison of expenditure on flights between Orkney and Western Isles

- 2.1. Just over half of the external air flights from the Western Isles over the period of review, were to Glasgow, whereas for Orkney just over half of external air flights were to Edinburgh.
- 2.2. Anecdotal information is that officers and members at Western Isles, travelling to Edinburgh are encouraged to travel to Glasgow airport and then use alternative means of ongoing travel to Edinburgh.

- 2.3. Although the practice at 2.2 may be suitable for the Western Isles, the cost of other modes of travel for part of the journey would not be included with the flight cost of analysis.

3.0 Orkney data

- 3.1. During the review of data provided to the Taxpayers' Alliance as staff travel, we have noticed that the total includes travel booked by officers but for non-staff. We are not able to identify whether other councils also included these costs.
- 3.2. Orkney's data, in the latter part of the period of analysis also includes travel for members being included in the total of staff travel. Similar to 3.1 we do not know if other Councils included Member Costs within the analysis of Staff costs.

4.0 Efficiency Savings financial year 2021/22

- 4.1. Efficiency Savings to the Council's Travel and Subsistence budget, totalling £67,700 were approved at the General Meeting of the Council held on 8 December 2020 and subsequently removed from service baseline budget.