

Isle of Wight Council

Corporate Assessment

December 2002

Corporate Assessment team leader: Chris Westwood

**For more information please contact
Comprehensive Performance Assessment Project Team
33 Greycoat Street
London
SW1P 2QF
cpa@audit-commission.gov.uk
020 7463 3485**

Contents

Framework for Corporate Assessment.....	3
Summary and Scoping of Corporate Assessment Judgements.....	4
Corporate Assessment Score.....	5
Main recommendations.....	6
Context	7
The locality	7
The council	7
What is the council trying to achieve?	8
Ambition.....	8
Focus	9
Prioritisation.....	9
How has the council set about delivering its priorities?.....	11
Capacity.....	11
Performance management.....	13
What has the council achieved/not achieved to date?.....	14
Achievement.....	14
Investment.....	16
In the light of what the council has learned to date, what does it plan to do next?	18
Learning	18
Future plans.....	18
Summary of theme scores and strengths / weaknesses	20
Conduct of the corporate assessment	23

Framework for Corporate Assessment

The white paper '*Strong Local Leadership – Quality Public Services*' acknowledges the importance of strong leadership in local government:

'High quality council services rely on strong corporate governance from their political and administrative leaders. Where individual services fail the reason often lies in political or administrative shortcomings at the heart of the organisation.'

For this reason corporate assessment is an important component of the comprehensive performance assessment. It sits alongside service and audit assessments in providing key information to feed into the comprehensive assessment framework. Its aim is to assess your community leadership as well as corporate arrangements and capacity to support services in delivering improvements. The outcome of the corporate assessment is one judgement about a council's ability to improve services. The methodology for corporate assessment has been developed from the following tried and tested approaches:

- The framework for governance developed by CIPFA and SOLACE, which the Audit Commission has developed and used in its first year of corporate governance inspections.
- Code of audit practice used by the Audit Commission's appointed auditors for local government.
- The critical success factors for improvement set out in the Audit Commission's publication Changing Gear.

The corporate assessment seeks to answer four fundamental questions which are underpinned by specific themes:

- 1. What are you trying to achieve?**
 - Ambition
 - Focus
 - Prioritisation
- 2. How have you set about delivering your priorities?**
 - Capacity
 - Performance management
- 3. What have you achieved / not achieved to date?**
 - Achievement
 - Investment
- 4. In light of what has been learnt, what do you plan to do next?**
 - Learning
 - Future plans

The final section of this report sets out the work that has been done by the Audit Commission's Corporate Assessment Team to assess your performance against these themes. Each of the themes have been given a score between 1 and 4, based on the following scale:

1. Very weak: few or no identifiable strengths
2. Fairly weak: some strengths, but on balance these are outweighed by weaknesses
3. Fairly strong: some weaknesses, but on balance these are outweighed by strengths
4. Very strong: few or no identifiable weaknesses

The scores for the themes will be used to inform our overall judgment:

What is the council's ability to improve services?

Summary and Scoping of Corporate Assessment judgements

- 1 The council has until recently had a history of weak political leadership and corporate management which has been slow to modernise. There have also been some significant service deficiencies, most notably Social Services and Highways, and a corporate approach which has been insular in nature. This has led to a council which suffers from a lack of confidence. In the last 6 to 12 months there has been an improvement in political and managerial leadership and the council has correspondingly invested in a range of building blocks to secure future improvement. The council will need to plan and manage carefully through a coming period of change in directors to ensure that its reform programme maintains momentum.
- 2 There is a clear sense of purpose at the council. However prioritisation is broad and a vision of what success looks like underdeveloped. Focus has been improved by revised political and managerial structures. However these arrangements are fairly new and there is still the tendency to disproportionately concentrate on the minutiae of operation. Focus is also significantly hampered by the lack of a fully developed corporate performance management system. Priorities are based on consultation, although in the past have been driven by reaction to poor performance and external criticism. Local and national priorities do match in some areas but without a corporate plan, budgets have not been systematically reviewed against and driven by corporate priorities, although significant additional resources have been targeted on implicit priorities.
- 3 The council has built capacity through the past year but changes, although beginning to have an impact, are not all yet established enough to deliver their full potential. There are also a number of diversity issues still needing to be addressed.
- 4 There has been significant service improvement achieved in certain key areas, although two of the most notable, social services and highways, have been from a low base and in response to strong external criticism and identified service needs. This improvement is real however and sits alongside other significant service achievements such as advances in special education and early years provision together with very high levels of recycling and impressive coastal protection work. To secure future improvement the council has invested in building blocks which will need to be embedded to achieve their potential.
- 5 The council has more recently learnt from mistakes experienced although learning has tended to be slow. External challenge has been used and plans have been developed to secure improvement. The ability of the council to deliver on its future plans is at the foundation of sustained service improvement, but changes at a senior managerial level create an inevitable degree of uncertainty. The will to succeed is recognised but continued effective leadership will be essential to realise this.

Corporate Assessment Score

Corporate Assessment Score			
Key Question	Theme	Un-Weighted Score	Weighted Score
What is the council trying to achieve ?	Ambition	2	2
	Focus	2	2
	Prioritisation	2	2
How has the council set about delivering its priorities ?	Capacity	3	3
	Performance Management	2	2
What has the council achieved/not achieved to date ?	Achievement	3	9
	Investment	3	6
In light of what has been learnt, what does the council plan to do next ?	Learning	3	3
	Future Plans	2	2
TOTAL THEME SCORE			31
OVERALL CORPORATE ASSESSMENT SCORE			2

Main recommendations

The key recommendations resulting from the corporate assessment are set out below. These should inform the council's action plan which results from the corporate assessment.

In order to improve on its ability to deliver its future agenda the council should:

- ◆ Develop a programme to ensure that momentum is maintained with the council's change agenda during the coming months as key directors leave or change responsibilities. Members from across the political divide have a key role to play in this.
- ◆ Communicate the Annual Action Statement to key stakeholders demonstrating prioritisation based on the corporate plan when finalised.
- ◆ Ensure that all revised service plans are linked explicitly to the corporate plan.
- ◆ Develop a view of what successful achievement of priorities would look like and from that set performance targets and key milestones.
- ◆ Undertake a consolidated review of the operation of new structures (executive and scrutiny) to identify good practice and points for improvement.
- ◆ Take forward current work aimed at better integrating corporate, service and financial planning.
- ◆ Review the approach taken by the council to ensuring appropriate representation in the workforce of groups currently under-represented by learning from best practice.
- ◆ Link staff and organisational development to the corporate plan when finalised.
- ◆ Finalise the Procurement Strategy.
- ◆ Ensure that the financial basis of plans to take forward e-govt is assessed.
- ◆ Develop an action plan to address deficiencies identified in the council's approach to racial equality.
- ◆ Ensure full implementation of a corporate performance management system which links service and financial monitoring.
- ◆ Expedite the development of risk management processes at the council.
- ◆ Ensure that a corporate approach to project management is developed.
- ◆ Review the success of building blocks being implemented at predetermined and agreed intervals.
- ◆ Consider ways in which the council could continue to open itself to external messages.

Corporate Assessment

Context

The locality

- 6 The Isle of Wight is the only island in the south east region and as such faces unique challenges and opportunities. The island covers 145 square miles and has a population of some 130,000. Much of the island is covered by UK or European landscape designations and the quality of the natural environment is held in high regard by the local population.
- 7 The island is generally more deprived than elsewhere in the south east. Out of the council's 48 wards, 15 are in the 20 per cent most deprived nationally and unemployment is running at 4.3 per cent compared with a regional level of 1.8 per cent. Low wages, driven by reliance on industries like tourism, also predominate with average pay levels 22 per cent below the average. There have been significant job losses recently and the island has long suffered the out-migration of young adults.

The council

- 8 The council was established in 1995 from the two former district councils and the county council and performs all functions previously undertaken by those three authorities. The council itself has 48 members of whom 19 are Liberal Democrat, 12 Conservative, 11 Independent, 4 Labour and 2 other. Following the elections in June 2001 a newly formed 'Island First' group of 30 Liberal Democrat and Independent councillors was created which now leads the council. Prior to the June 2001 elections the council was a hung authority with no overall political control. The council employs approximately 3000 people and has a gross revenue budget of £213m.

What is the council trying to achieve?

Ambition

- 9 The clear ambition for the council is to 'Improve Island Life'. There is a strong sense of political and managerial leadership and clear political direction. Despite this, there is a weakness in articulating key priorities and they are fairly all-embracing, leaving an impression that the council is trying to advance equally in all areas of operation. There is no explicit recognition that some things might not be priorities. Overall weaknesses outweigh strengths in this area.
- 10 The self-assessment identifies six key themes of:
 - ◆ Health housing and the quality of life - Improving health, housing and the quality of life for all.
 - ◆ Encouraging job creation and economic prosperity.
 - ◆ Education and learning - Raising education standards and promoting lifelong learning
 - ◆ Community Safety - Creating safe and crime free communities.
 - ◆ Transport and highways - Improving public transport and highways infrastructure.
 - ◆ Our environment - Protecting the Island's natural, built and historic infrastructure.
- 11 The draft corporate plan adds a seventh priority of:
 - ◆ Providing high quality council services.
- 12 Service plans have been established, but without all being linked to a corporate plan. There is no current action plan to identify the key operational priorities in the broad themes, although some are identified in the self-assessment. Some managers and executive members are clear about their operational priorities over the shorter term.
- 13 Since the formation of a stable political administration, following three years of an unstable hung council, there is strong recognition by staff of a clearer political direction and ambition. This is coupled with a tangible sense of managerial direction arising from changes in senior management; front line and operational staff particularly welcome it. There is however a legacy of low confidence in the council, which will take some time to overcome in public perception, with concerns of a return to past problems.
- 14 Targets have been set in the draft Public Service Agreement and in the Corporate Plan and service level agreements have been put in place with grant funded and partner agencies. However the council needs to develop a clearer view as to what success looks like.

- 15 The council has set out its priority areas but there is reluctance to explicitly state that some service areas may not be priorities. However, there is clarity that it is not a priority to deliver all services 'in-house', and also that it is not a priority to seek the establishment of a fixed transport link to the mainland.

Focus

- 16 The council was one of the first to introduce new political arrangements, well ahead of the statutory timetable. However, whilst the new political arrangements and senior managerial reforms have improved focus, the changes are still evolving. While some members have adapted well to new functions, there is still a tendency to concentrate on the minutiae of operation. Focus is significantly hampered by the lack of a well developed corporate performance management system. Overall, weaknesses outweigh strengths in this area.
- 17 Since the elections of June 2001, the council has undertaken a fundamental restructuring of senior management to four Strategic Directors and a Chief Fire Officer, with one Director taking the role of Head of Paid Service, and 17 Heads of Service with more strategic roles: replacing a Chief executive, 6 directors and 31 Chief Officers. This restructuring will be completed in 2003 and has significantly increased focus in areas where it has already taken place and it has developed a corporate strategic focus in the top tier.
- 18 The stable political administration has enabled the executive to focus on strategic matters and develop policies rather than trying to manage political problems experienced when the council was hung. There has been an effective response to criticism of scrutiny and robust processes have been put in place to support the select committees. Task groups have worked effectively. Some of the more recently elected members have taken to the role well and demonstrate challenge to the executive and officers. There is, however, a tendency for debate to be disproportionately focused on operational details. Building blocks for maintaining focus are not yet fully established and proven. In particular there is also the absence of a functioning corporate performance management system.
- 19 An example of failure of focus has occurred in the past year with the serious difficulties faced by the Isle of Wight Economic Partnership, a major council partnership. Once the scale of problems had been identified however, responses were swift and effective and showed renewed focus that has been maintained in the formation of the successor body, which has a service level agreement, and more focused processes and leadership.

Prioritisation

- 20 The developing priorities for the council are being informed by consultation but in the past seem to have been driven in part by reaction to poor performance and external criticism. Local and national priorities do match in some areas but, without a corporate plan, budgets have not been driven by corporate priorities. Overall weaknesses outweigh strengths in this area.
- 21 Extensive and innovative consultation has been used to inform the draft Community Strategy in partnership with the Local Strategic Partnership [LSP].

This has included stands and displays at public events, video interviews in the street and use of a Citizens' Panel as well as more conventional surveys and public meetings.

- 22 The draft Community Strategy has been used to inform the draft Corporate Plan and the priorities within it, but neither of these documents have been completed in time to inform the priorities at the time of setting the budget. Therefore the budget has not been driven by corporate prioritisation. The raised prioritisation of highways is also a reaction to a very critical best value review.
- 23 The local priorities have a strong link to those nationally, particularly in education, social services and recycling. Highways and planning have not matched so well.
- 24 There has been some shifting of resources to priority areas within departments, such as moving funding from middle and high schools to primary schools. However in the absence of a corporate plan the organisation has not strategically viewed priorities against objectives and driven the budget accordingly. The most significant recent example of allocating additional funds to a priority area relates to Social Services which given the scale of activities took the form of a sizeable increase in Council Tax levels.

How has the council set about delivering its priorities?

Capacity

- 25 Over the past year, the council has introduced changes to its political and management structures. These changes are beginning to yield positive benefits, but they are not yet firmly enough established to deliver their full potential. There are also a number of diversity issues still needing to be addressed. The council has developed some successful partnerships and outsourcing arrangements that enhance its capacity. Overall strengths outweigh weaknesses in this area.
- 26 In April 2001, following a one-year pilot exercise, the council formally adopted the political structure of a cabinet and leader. The formation of a unified administration, following the elections of June 2001, has given the political structure a greater focus and direction. There is now an Executive comprising a leader, a deputy leader without portfolio and eight portfolio holders. The council has also established six select committees to carry out the roles of scrutiny and policy development, together with three regulatory committees. All executive members, select committee chairs, and the majority of deputy chairs are drawn from the Island First group of members.
- 27 The new political arrangements have delivered a number of important improvements, particularly in relation to policy planning and organisation. A number of the members of the executive and some select committee chairs are performing well in their new roles, adopting an efficient and business-like approach. In contrast, other executive members and select committees are focussing too heavily on operational issues rather than strategic ones. Additionally, many opposition members feel alienated by the select committee arrangements. However, the select committees have established a number of task groups and these are providing a more significant channel of input for opposition members. Training has been provided for members, to help them in their new roles, and further training is being arranged.
- 28 The new administration has effected changes to the management structure of the council. From July 2001, following the departure of the chief executive, the Director of Education and Community Development has also become the head of paid service (HOPS). Since October 2001, following the departure of the director of environment services, the management team has comprised of four strategic directors and the Chief Fire Officer.
- 29 When the HOPS retires in October 2002, his role as HOPS will be taken over by the Director of Corporate and Environment Services and the current Deputy Director of Education and Community Development will take over as Director. These appointments have enabled officers from within the council to take over key roles without external advertisement.
- 30 In November 2001, the decision was made to restructure at chief officer level, replacing 31 chief officers with 17 heads of service. Eight Heads of Service positions involved no change in duties and existing post holders were therefore moved into post. Of the remaining nine positions one was filled by internal secondment as a development opportunity. Of the remaining eight posts, four

were filled internally, three externally, and one remains vacant subject to discussions with the Primary Care Trust. The restructuring to create larger service units has increased the strategic focus of the council, with most staff and external stakeholders recognising the benefits of the change. At the same time, the perception of many staff and stakeholders is that the last year has been a period of continual organisational change at director and service head level. A period of consolidation is needed to prevent any further distraction away from the council's key priorities.

- 31 The council has a low proportion of women in senior posts, although recent data show a small increase. The council also has a low proportion of staff with disabilities throughout its workforce. There has been little action to address either of these issues, for example through the comprehensive analysis of staff perceptions or data on recruitment and retention. Similarly no analysis has taken place on data collected about training and development. The council has been proactive in addressing the issue of sickness absence and encouraging a healthy lifestyle within its workforce.
- 32 The council has not yet adequately embraced the racial equalities agenda. In particular, it missed the June 2002 deadline for producing a race equalities scheme and race equalities are not specifically mentioned in the draft community strategy. The council's target of achieving level 5 of the equalities standard by 2009 appears unambitious at present. Failure to embrace race equality restricts the council's capacity to draw on the full talent available within the community.
- 33 Two other areas of weakness also restrict the council's internal capacity. First, in the absence of a corporate plan, there is as yet no direct link between staff development and corporate priorities. Second, the development of e-government is starting from a low base although demonstrable progress is being made in services such as e-payments, and future plans are aimed at improving capacity in this area.
- 34 The council has shown its willingness and ability to enhance its capacity by working with a wide range of partners. The early years development and childcare partnership has supported a high proportion of independent providers and has achieved national recognition for its quality assurance scheme. Other successful partnerships include social services partnerships with the health service, private care providers and the voluntary sector, the council's links with the Isle of Wight College and the local learning and skills council, and the partnerships developed to address the foot and mouth crisis.
- 35 The council has also shown itself to be open to the use of external providers, most notably in an imaginative Private Finance Initiative (PFI) project on waste management. The council has prepared a draft procurement strategy, which is due to be finalised over the next two months. In the absence of this corporate policy there is no mechanism to ensure that the council reaps the full potential of external provision.

Performance management

- 36 The council has been slow to introduce a corporate system for performance management and its current corporate arrangements are rudimentary and incomplete. On the basis of those systems currently in place, corporate performance management is weak. In recent months, corporate planning and performance monitoring have been addressed with much greater urgency and the necessary corporate systems are starting to be implemented. Weaknesses outweigh strengths in this area.
- 37 The main elements of performance management, which are currently in place at the council, are service plans, personal development plans (PDPs) and best value arrangements. The council has also achieved Investors in People recognition for 67% of its staff and aims to have recognition for the remainder by the end of 2003/04. The council also has a record of sound financial management.
- 38 Arrangements for PDPs and service plans vary between departments. There are some good examples of personal objectives being linked to service plan targets, but in other cases the linkage is minimal. This is not helped by the lack of specific or measurable targets. The absence of a finalised corporate plan prevents there being any explicit linkage between service plans and corporate objectives although service plans themselves have been in place for two years. Performance monitoring also varies between directorates, with the annual best value performance plan (BVPP) being the only corporate mechanism for bringing performance information to the attention of members or the directors group. Financial monitoring is currently not linked to performance information and service performance is not consistently used to inform budget setting. Significantly the District Auditor has also drawn attention to weaknesses in the council's performance management arrangements.
- 39 In recent months, the council has recognised the weaknesses in its performance management systems and has taken bold steps to address them. The deputy leader has taken responsibility for corporate planning and performance management. A draft corporate plan has been prepared. It is intended that the plan will go to full council in October, following current consultation. The plan is to be supplemented by an annual action statement. A refined format for service plans is being introduced in 2002/03.
- 40 A task group has looked at the performance information that select committees should receive. In addition to service plans, this will include quarterly financial and performance monitoring information, including a "traffic light" system to highlight the performance information requiring the greatest attention. This information, which will include comparisons with 10 other unitary councils and other appropriate authorities, is planned to be available to the directors group, the executive and select committees from autumn 2002.

- 41 The council has a strong record of financial discipline, but there are three related areas of weakness that the council is addressing - financial and resource management, risk management and project management. A three year medium-term budget management process has been introduced and the council is refining the budget planning process to better ensure that resources follow corporate priorities. A consultant has been commissioned to carry out a corporate risk profile and an action plan is being developed to manage the corporate aspects of risk management. Project management skills have been developed in key areas such as Information Communications Technology (ICT) and property, but at the moment there is no corporate system for project management.

What has the council achieved/not achieved to date?

Achievement

- 42 The council has achieved improvement in some key areas including Social Services, albeit that two areas of significant improvement have been from a low base and occurred only after strong external criticism. There are specific service areas where notable development and improvement has occurred. Overall, strengths outweigh weaknesses in this area.
- 43 Performance indicators for the council record levels of performance which are generally above the average for comparable councils, with the number in the upper quartile well above the number in the lower quartile in 2001. However, out of a basket of key performance indicators there was a net deterioration in performance between 2000/01 and 2001/02. Customer satisfaction with specific services, as recorded by survey data, is generally above average, but satisfaction with the council as a whole is below average.
- 44 Social Services have significantly improved since a very critical Joint Review in 1999, to the extent that the social services assessment is two stars (on a scale of zero to three). Performance data shows improvements in stability in placements for looked after children and the timeliness of child protection reviews but educational attainments of looked after children fell from 59% to 39% between 2000/01 and 2001/02.
- 45 Joint commissioning with the Primary Care Trust is in place for mental health and learning disability services, and significant improvements are evident in the latter service. A number of services for older people have been commended including short-stay rehabilitation, intermediate care and a rapid response team, which have contributed to a significant reduction in the incidence of bed blocking. The council has also allocated major additional resources to residential and nursing care and fostering through increases in council tax to help service quality improve further.
- 46 Education performance shows key stage 1 results were above average in all three subjects for boys and girls in 2001 and had been improving at or above the national rate. The results have stabilised in 2002, but there has been a very substantial improvement in spelling which had previously been weaker. Key

stage 2 results were on an improving trend up to 2000 but dipped in 2001, markedly so in English. Maths and English improved in 2002 but English has not recovered to its 2000 level. Science results have stabilised at a level above the national average. Key stage 3 results have declined relative to the national trend, with English showing a consistent decline in absolute terms also. Key stage 4 results have also marginally declined.

- 47 Significant improvements in special education have been made. Achievements to date include the establishment of tuition centres covering all key stages, a middle school support unit for pupils with autistic spectrum disorder in partnership with the local independent special school, a multi-agency assessment centre for young children and behaviour therapy teams to provide advice and assistance to primary and middle schools concerning challenging behaviour.
- 48 Early year's provision is being developed through an effective partnership which includes Isle of Wight College, the voluntary sector and local business, chaired by an independent person. Early years units have been established on all but one primary school site, and all apart from three of these are run by a range of independent providers. Early years' services have been cited by the National Children's Bureau as a good example of integrating care and education and a locally developed quality assurance scheme has been identified nationally as good practice. One of the LEA units has been designated as an early excellence centre. There has also been success in securing a Sure Start Project and a neighbourhood nursery. Overall there are improvements in educational provision on the island that people recognise. Similarly the standard of leisure services on the island was rated by the ACIS in October 2002 as good with promising prospects for improvement.
- 49 Recycling is at a high level as a result of a very long-standing commitment. This led to a pioneering PFI for waste disposal in 1998 which has produced an integrated collection, disposal, recycling and composting facility. Survey data indicates recognition of this service by local residents through higher levels of satisfaction than elsewhere.
- 50 Improvements are beginning to come through in highways following a level of criticism in a Best Value Inspection in 2001 that shocked the council. Consultants were engaged to assist with producing a new action plan. The beginning of improvements have been put in hand to contracting arrangements and control of contractors, timing of work and access and responsiveness for the public. Improvements to this service are widely recognised in the community. The ACIS re-inspection of highways and transportation in October 2002 ranked the service as fair with promising prospects.
- 51 Initiatives on environmental issues such as coast protection have a high priority. Some of these have recognition at national and European level as highly innovative in relation to a substantial part of the southern coastal area of the Island which is very vulnerable to landslip. This service improves the physical environment for local people above the standard it would otherwise be.
- 52 Homelessness has been a major and growing problem for some years with relatively high numbers accommodated in bed and breakfast and having to stay there for longer. Only recently have significant steps been taken to respond

effectively to the shortage of affordable housing. The number of decisions on homelessness applications made within 33 days has declined over the last year from 89% to 76% in 2001/2. Planning targets for provision of affordable housing are being reviewed with a view to increasing them. A more strategic approach to the council's housing responsibilities is now being taken, in conjunction with social landlords. The ACIS inspection of homelessness and housing advice in August 2002 rated the service as fair with promising prospects.

- 53 The council's speed of response to planning applications has been poor. The organisation of the planning service was cumbersome but this has recently been rationalised.

Investment

- 54 The council has put in place a number of significant building blocks, mainly within the past 12 months. Overall, strengths outweigh weaknesses in this area.
- 55 Following elections in June 2001, a new political administration has been established by the Liberal Democrat and most Independent councillors. This replaced the previous situation in which four political groups were represented on the executive and there was no collective agreement in place. The new administration operates as a single political group with the capacity to provide clearer political leadership and this significant change is widely recognised within and beyond the council.
- 56 The council has been reorganised to create a streamlined and clearer senior management structure. A number of new senior managers with drive have been appointed from within and outside the council and are beginning to have an impact. There are some Heads of Service who have yet to arrive. In addition to the changes at Director level previously described, the Director of Social Services & Housing, appointed in 2000, has recently announced his departure to a larger council. Much of the credit for the turnaround in the directorate's performance has been widely attributed to him and his management team. The small size of the top management team and the change in its membership is a source of uncertainty in relation to the need to ensure full implementation and embedding of the recent changes, although the new heads of service will actively support the Strategic Directors in this.
- 57 The council has worked successfully with its partners to produce a draft community strategy which has just been given the formal support of the council. This, together with a draft corporate plan, provides for the first time a basis for moving forward on the Island's key priorities in a systematic fashion.
- 58 A new service planning and performance management process is being introduced and the Deputy Leader designated to oversee these developments. The council is well on the way to achieving IIP accreditation, incorporating longer established personal development planning, across the council. Information Technology is being utilised through e-mail and the council's intranet and website. These provide the potential basis for ensuring that the council's activities at all levels are consistent with its priorities and that progress against them is systematically monitored, and when necessary, adjustments are made.

- 59 The council has adopted a radically improved best value review process, following severe criticism by inspectors of its earlier reviews, incorporating more robust challenge, a greater degree of involvement by Directors and external input to the process. As yet, most reviews following the new process are about one third of the way to completion.
- 60 The council has established enhanced development opportunities for members and senior managers. An extensive and well-received training programme for members was provided following the 2001 elections and several members are participating in the IDeA's Leadership Academy. A programme of three residential seminars, with external input, has been arranged for Directors and Heads of Service, starting in the autumn.
- 61 In the past the council has not had a track record of being systematic in its approach to management, planning and decision making. It has not been open to external challenge. It had not responded effectively to calls by the District Auditor in the Management Letter to take forward performance management. It had not arranged to participate in the IDeA peer review programme prior to the announcement of the corporate performance assessment programme, although it has now arranged this for September 2003, which should help maintain the momentum of change. It had not incorporated a robust external challenge in its approach to best value until recently.
- 62 The changes over the past 12 months are real and have the potential to secure continuing improvement. It is essential that they are all pursued to fully effective implementation.

In the light of what the council has learned to date, what does it plan to do next?

Learning

- 63 The council has demonstrated learning by enhancements to corporate arrangements as a result of external challenge. The council has used external challenge to raise its awareness of areas of poor performance and weaknesses and has taken steps to address these issues. The council is capable of learning from its mistakes, but it has been slow to respond to intelligence about poor services in the past. The council has yet to focus its training and development strategies on its future requirements. However, overall strengths outweigh weaknesses in this area.
- 64 The council has performed well across a number of services, including Social Services and Fire. It engages with the community and has a history of sound financial management. The council is aware of services that are failing to meet its priorities for example in planning. The council has also demonstrated an awareness of the issues that have acted against improvement such as weak corporate performance management, a lack of management and staff capacity, difficulties in recruiting staff in key areas like Children's Services and weak political and community leadership. The council has set an agenda to overcome these barriers and has identified the necessary building blocks to improve corporate arrangements.
- 65 There are examples where the council has learnt from mistakes. For example, following an inspection of a best value review last year, the council received a 'poor service poor prospects for improvement' rating from the Audit Commission's Inspection Service for the highways service. In response to this, the council has introduced external challenge for all best value reviews. Also, the council showed its ability to learn from mistakes when a Social Services Inspectorate Joint Review report in 1999 gave the Social Services department a very poor assessment and concluded that the Directorate was not yet serving the people of the Island well. The council rose to the challenge by addressing many of the concerns and achieved a 'two star ranking' in May of this year.
- 66 The highways inspection came two years after the SSI report, but revealed again a weakness in corporate management. In relation to highways, failure to disburse available funds and poor service standards had not been connected and acted on corporately. The council is tackling this directly with the introduction of a corporate performance management system.
- 67 The council also has a lack of focus on organisational development and learning as distinct from training.

Future plans

- 68 The council has taken action to secure effective leadership and corporate governance, sustain community and partner engagement and to build organisational capacity. However, changes at a senior level increase uncertainty about the council's ability to deliver on its future plans. Also, the council has been

slow to develop key plans such as a Corporate Plan and to develop a corporate response to human resources and tourism. Overall weaknesses outweigh strengths in this area.

- 69 The council is responding to known problems by developing strategies, enhancing its corporate arrangements and changing its political and managerial structures. For example, the council has developed a draft Community Strategy through a Local Strategic Partnership, comprising of various stakeholders from the local community, and is developing a Public Service Agreement. The Educational Development Plan has been scored two on a scale from one (best) to seven (worst) by the Department for Education & Skills (DfES). The council is also developing a Corporate Plan, implementing new service planning procedures and introducing a medium-term budget strategy to better integrate strategic and financial planning. However, the Community Strategy targets are not prioritised, and a number are not specific or measurable, which will make it difficult to determine when and whether they are being delivered. Also, the council has been slow to develop a Corporate Plan.
- 70 The council has undergone a number of changes at a senior management level and this increases uncertainty about its ability to consolidate recent changes and to implement future plans even though there is considerable strength at that level in the organisation. Also, although the application of information and communication technologies is improving, this is from a relatively low base and substantial additional funding is required in this area although this is currently being addressed. The council's ten-year investment strategy for e-government does not identify the sources of finance. There is also a lack of progress on the development of a co-ordinated Human Resources Strategy, which casts further doubts on the council's ability to resource and achieve its priorities for the future. With tourism being a priority, it is surprising that the council has yet to develop a strategic approach.

Summary of theme scores and strengths / weaknesses

Theme	Grade	Strengths	Weaknesses
Ambition	2	<ul style="list-style-type: none"> Clear ambition to improve 'Island Life', with operational priorities of some managers and executive members being apparent New political direction arising out of 'Island First' group is clear and evident. Good sense of managerial and political leadership for front line staff. 	<ul style="list-style-type: none"> Uncertain view of what success looks like. Priorities in corporate plan are fairly all-embracing and action plan to identify corporate operational priorities is not yet produced. Legacy of low confidence in council.
Focus	2	<ul style="list-style-type: none"> New political and managerial arrangements improve focus. Newer members have adapted to scrutiny role well. 	<ul style="list-style-type: none"> New political arrangements still to be fully embedded Political discussion and debate focus is disproportionately operational. Building blocks for maintaining focus are not yet fully established and proven eg no comprehensive corporate performance management system.
Prioritisation	2	<ul style="list-style-type: none"> Used recent consultation to inform priorities in draft Community Strategy. Strong links to national priorities in education, recycling and social services (attracting increased resources). 	<ul style="list-style-type: none"> Budget not driven by corporate planning and priority setting. Priorities seem reactive to poor past performance in critical areas.
Capacity	3	<ul style="list-style-type: none"> Restructuring to create larger service units has increased strategic focus. Formation of Island First administration and the new political arrangements have improved focus and direction. Capacity has been enhanced through a number of successful partnerships. Successful use of outsourcing to enhance capacity. 	<ul style="list-style-type: none"> Variable execution of executive role and select committees. Low representation of women in senior posts, and low proportion of disabled people in the workforce. Failure to adequately embrace racial equality agenda. Staff development yet to be linked to corporate priorities. No corporate procurement strategy yet in place and development of e-govt is starting from a low base.

Theme	Grade	Strengths	Weaknesses
Performance Management	2	<ul style="list-style-type: none"> Some elements of performance management activity are in place. Staff supervision and appraisal enshrines performance management - achieved IIP for a significant proportion of staff with aim for remainder by 2003/4. Strong record of financial discipline. 	<ul style="list-style-type: none"> Financial monitoring not linked to service monitoring. Comprehensive corporate performance management system not yet in place. Formal risk management system is not yet in place. No corporate approach to project management is yet in place.
Achievement	3	<ul style="list-style-type: none"> Customer satisfaction above average for most services. Social Services significantly improved to achieve a two star assessment. Education improved attainments at KS1 and improvements in special education and early years services. Recycling at very high levels. Improvements beginning to come through in highways. Initiatives on environmental issues such as coast protection. 	<ul style="list-style-type: none"> Attainment has declined marginally at KS4 and has been well below national trends at KS3. Growing homelessness. Planning performance below national target On balance deterioration in key PIs in the past year. A number of the most significant improvements have been from a low level and in response to severe external criticism.
Investment	3	<p>A number of significant changes have been put in place in the past year :</p> <ul style="list-style-type: none"> a new political administration with the capacity to provide clearer political leadership a streamlined and clearer senior management structure new senior managers with drive a draft community plan a draft corporate plan a new service planning process a radically improved BV review process enhanced development opportunities for members and senior managers 	<ul style="list-style-type: none"> Changes are embryonic and/or untested. There will continue to be change and uncertainty at top management in the council Track record of a lack of openness to external challenge.

Theme	Grade	Strengths	Weaknesses
Learning	3	<ul style="list-style-type: none"> Improving awareness of problems still faced. Improving awareness of the barriers to overcome. Recent evidence of using external challenge to learn from mistakes. 	<ul style="list-style-type: none"> Slow to learn from mistakes in the past. Lack of a corporate focus on organisational development and learning.
Future Plans	2	<ul style="list-style-type: none"> Developing strategies with partners. Developing plans to enhance corporate arrangements and performance management. 	<ul style="list-style-type: none"> Changes in senior management increase uncertainty about the ability to consolidate recent changes. Council has been slow to develop key strategies. Some future plans do not contain specific, measurable targets with clearly identified financial resources.

Conduct of the corporate assessment

- 71 The corporate assessment of the council's ability to improve services was carried out under the Local Government Act 1999. Local councils have a general duty under Section 3 of this act to secure continuous improvement in the exercise of their functions. Section 10 gives the Audit Commission the power to inspect councils' performance of the general duty of improvement.
- 72 The assessment took place on the Isle of Wight over the period from 15 July 2002 to 26 July 2002. The assessment team was lead by the Audit Commission and comprised an inspector, a representative from external audit, a peer chief officer and a peer elected councillor from other authorities.
- 73 The council's own self-assessment provided the focus for the main part of the inspection. The assessment team discussed and challenged the self-assessment statement with the council alongside existing performance data on the council. This determined the scope of on-site fieldwork which included:
- Interviews with council officers and members.
 - Meetings with external partners and other stakeholders including the Government office.
 - Focus groups with citizens, users, council staff and members.
 - Review of key documentation.
 - Observation of officer and member meetings.
 - Case studies on local priorities.
- 74 The report has been discussed with the local authority, which has been given the opportunity to examine the Audit Commission's assessment. This in turn will contribute to the Comprehensive Performance Assessment for the local authority to be published in late autumn.