



# **Corporate Peer Challenge Isle of Wight Council**

On site 20-24 November 2017

Final Feedback Report Feb 5 2018



## 1. Executive Summary

The Council has made good progress since its 2014 Corporate Peer Challenge and is in a stronger position to meet the significant challenges of delivering public services on the Isle of Wight (the Island).

Improvement is being made on developing a different model and focus for local government working with other public service providers on the Island that could be of national significance. The Council has been bold in using and examining different methods of service delivery either through commissioning services, entering into partnerships or looking at being more commercially minded. Ambitious plans for regeneration and economic growth offer potential to grow the tax base and address housing need and deprivation. Recent LGA public opinion survey results show the impact of sustained hard work over recent years in improving outcomes.

Partners now view the Council as a more credible public sector partner and our sense was that they want to see it take a broader leadership role on the Island. This was a refrain heard from business, from other public services, the voluntary sector, and Parish and Town Councils. With a clear political mandate since May 2017 and a more stable and dynamic CMT it possesses greater capacity to achieve this. There is an important opportunity and appetite to bring partners and the community together to articulate a set of long term goals for the whole Island, in a way that plays to the Island's strengths and unique assets as well as to its challenges.

Improvement over at least two years demonstrates the impact on outcomes that the Council can achieve. And recently the new administration can point to results including the creation of up to 600 jobs in a business centre, the renewed future for Sandown School, the reduction in delayed transfers out of hospital, and the winning of a place on the south east Transport Board. A new and ambitious Corporate Plan signals the goals and targets of the Council. The Medium Term Financial Strategy (MTFS) is enabling space and capacity to transform services rather than simply cut them.

However, the overarching theme of this report is that for the Council to realise the goals and aspirations outlined within the Corporate Plan, to devise and secure a sustainable financial business model, and to bring partners and the public along that shared endeavour, then a shorter set of priorities and greater financial and senior leadership capacity will be required.

## **2. Key recommendations**

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the Council:

**R1 As an enabling Council, form an Island Partnership that brings together all of the partners who can help you deliver success.**

**R2 Consider sharing the leadership within your partnerships to secure support for your vision.**

**R3 Use that Partnership to create an agreed and owned vision and set of priorities for the Island to 2030.**

**R4 Use that Partnership to set and manage what you want to say about where the Island is going, and avoid raising expectations you may not be able to deliver.**

**R5 Use your Corporate Plan and MTFP to set and stick to deliverable priorities. Remain focused on these priorities and ensure they are delivered before adopting new projects.**

**R6 Maintain credibility by taking the tough decisions your MTFP requires,**

**R7 Urgently review the capacity you need to land the opportunities within One Public Service, regeneration, and to build a sustainable business model for the Council.**

**R8 Develop an open and honest relationship with health partners and test this by sharing financial and savings assumptions and plans.**

**R9 Ensure all councillors are trained and developed to fulfil their roles and make a positive contribution.**

**R10 As a new and dynamic Cabinet develop your collective strengths and your working relationships with CMT including clarity about respective roles**

**R11 Celebrate and shout out about the Island's strengths and the opportunities you offer and develop a more robust and strategic approach to corporate communications.**

### **3. Summary of the Peer Challenge approach**

#### **The peer team**

Peer challenges are delivered by experienced councillors and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Isle of Wight Council were:

- Ada Burns, Chief Executive Darlington Borough Council
- Councillor Roger Phillips, Herefordshire County Council
- Caroline Adlem, Head of Traded Development, Essex County Council
- Deborah Cohen, Director of Service Integration, Cambridge & Peterborough Foundation Trust
- Stephen Young, Director of Place, Bolton Council
- Alan Finch, LGA Principal Advisor
- Robert Hathaway, LGA peer challenge manager:

#### **Scope and focus**

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

The Council also asked for assistance in looking at four specific areas;

- Achieving best use of resources and the island's public assets through productivity and innovation; maintaining focus on current delivery while also delivering a longer term vision, and making best use of commercial opportunities.
- Stakeholder engagement and involvement; in particular engaging better with the island's well-developed voluntary and community sector and its town and parish councils.
- Developing a 'one public sector' approach to delivery, using the coterminous boundaries it enjoys with health commissioners and providers and also engaging with the emergency services.
- Recognising that, as a small authority, sharing capacity is important to future resilience and sustainability, reviewing the effectiveness of its leadership, capability and capacity to sustain and develop its complex strategic partnerships, which include arrangements with Hampshire County Council, Portsmouth City Council and Hampshire Fire and Rescue Service.

### **The peer challenge process**

It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent four days onsite at Isle of Wight, during which they:

- Spoke to more than 112 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 42 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 270 hours to determine their findings – the equivalent of one person spending more than six weeks on the Isle of Wight.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (20 -24 November 2017). We have included commentary on the additional areas you asked us to look at in the body of the feedback. In presenting feedback to you, they have done so

as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

## **4. Feedback**

### **4.1 Understanding of the local place and priority setting**

#### **Data and Intelligence**

The Council and its partners are improving the use of shared intelligence and data to develop a stronger understanding of the characteristics and challenges in delivering public services on the Isle of Wight (here after the Island). Examples include demographic data and economic data from the Office of National Statistics and commissioned reports such as the Island Infrastructure Report. Importantly, up to date evidence on housing demand and supply is helping shape a new Island Planning Strategy to guide development until 2034.

Working with the University of Portsmouth has enabled the Council to use academic rigour to arrive at a robust figure for an 'Island Premium'. The University considers that additional costs of £6.5m per year are involved in the provision of Council services due to limited economies of scale, size of the market and restricted competition. Related challenges of delivering services on the Island relate to self-sufficiency such as the lack of spillover to/from neighbours, and physical and perceived separation from the mainland. The Council uses this information to continue to press its case for a share of fair funding from Government. It is less obvious how it is being used to drive innovation that might counter some of the challenges (for example in exploring the scope for modular or system-built housing).

A far better understanding of the demography and adult social care market on the Island is driving up significant improvement in areas such as Delayed Transfers of Care (DTC) measured against both the health and social care metrics. We were impressed with the grasp that the Director of Adult Social Care (ASC) and her Portfolio Holder had on the improvement challenges to deliver more effective and efficient services. For example, recognition of below average quality of provision in care homes has prompted the need to use Improved Better Care Fund (IBCF) money to fund a free to Care Homes Learning and Development offer. With continued demand pressure on the care system, continued focus on data and performance management is vital.

Public Health information and influence has been relatively slow to develop compared with many other areas in the south east region. The Council and its partners are addressing capacity issues and there are some green shoots to indicate that Public Health data has a growing profile across Council services. The recently completed Joint Strategic Needs Assessment (JSNA) is helping support the move of some of the prevention services such as Fire and Rescue into the three Integrated Locality Hubs across the Island. We found the level of joint working between Fire and Rescue and other areas of Council service such as ASC and Children's impressive. As a result of the last Public Health Annual Report on Childhood and Obesity, officers are also supporting built environment and leisure professionals in creating suitable walk ways and cycle routes on the Island.

This partnership working supports better community outcomes such as promoting adult independence in later life, self-esteem and confidence among vulnerable children and higher levels of personal fitness. To ensure a greater depth of Public Health influence on plans and targets, the Council should review its performance targets against the JSNA to ensure that there is a read across to the public health outcomes framework. Further strength in priority setting and policy development could be secured from a more joined up approach to data and intelligence management and sharing, particularly within the One Public Service ethos.

## **Corporate Plan**

The Council has made good use of available information and data in relation to the formulation of its 2017-2020 Corporate Plan. This draws on the Medium Term Financial Strategy (MTFS) and a variety of statistics from the Office of National Statistics, Public Health and Adult Social Care (ASC) and Children's Services Frameworks and data sets. While the Council did not undertake explicit stakeholder engagement on the Corporate Plan, the Plan relates well to key partnership plans including Care Closer to Home, Achieving Educational Excellence and the Island Infrastructure Task Group.

The Corporate Plan sets clear ambitions and performance measures over the short, medium and longer term across 12 key outcomes to be delivered through 51 key activities. Performance measures support these key activities and will be used by the Council to judge success. The high number of key activities places significant responsibility on Cabinet and Corporate Management Team to retain focus, especially on the objectives of a financially balanced council, business investment and support for vulnerable children and adults. This is especially the case in that the Medium Term Financial Strategy (MTFS) requires significant cost savings of £19 million over 3 years.

## **Economy and Digital**

We agree with the Council that it needs to update and refresh the Island's Economic Development Strategy which it last comprehensively assessed in 2008. We consider that the Council builds on the growing optimism and support from the economic and business community for its more 'open for growth' approach. Plans and strategies have the opportunity to build on the Island's world class aeronautical specialisms and advanced engineering companies, its significant adult care market (we were told that 28-30 per cent of the Island's Gross Domestic Product is based on adult care services) and its 2.5 million tourists. The recent completion of the Solent Local Economic Partnership (LEP) Island Infrastructure Report and intelligence from the existing Island economic/business reference groups can help lay a solid evidence base to a revised Strategy.

The Council clearly recognises the value of the digital market to the Island's more peripheral location. It led and co-ordinated a recent Digital Conference involving key stakeholders on the Island with the Conference Report informing the development of a brief for the preparation of a digital road map with the aim of adopting a strategy by April 2018. In the meantime, the Council is working on a potential bid for 5G test bed and local full fibre optics networks programme.

Strong focus is required given the imperatives of tackling some of the stubborn economic indicators on the Island such as relatively low wages, high levels of deprivation in some

communities and child poverty. A further stimulus to the need for an up to date Economic Strategy is the aim of the Council for growth in council tax, new homes bonus and business rate retention to help deliver a sustainable financial budget.

One potential area of concern which was mentioned repeatedly is the cost of crossing the Solent in high season, particularly with a car. It is absolutely accepted that the companies operating the routes are private interest and the Council is not able, nor is it appropriate to provide subsidies. However, it is felt that if this remains a barrier to economic progress it is important that potential options are explored via the Council and its economic partners. Options could include an agreement around a pegged crossing rate in the summer.

We detected some confusion among economic and business leaders in relation to existing and future plans for engagement with the Council. And at least some business leaders wanted to be consulted on economic policy and development early enough to shape policy. The Council hosts an Economic Development Board (under a memorandum of understanding with the Chamber of Commerce) and a Business Reference Group with good private sector representation and links between them. It will therefore be important for the Council to clarify with the business community the mechanisms for engagement with the Council, but also consider with the business community what is best to support long term economic strategy.

## **Communications**

Despite strengthening performance and public confidence, reflected for example in improved customer satisfaction, the Council faces a communications challenge somewhat different and arguably more difficult than in many other authorities. This is primarily due to the area's distinct governance and geography and we described the level of press and public scrutiny and interest as characteristic of an 'Island hothouse'.

We found the communications team to be credible and well-respected but spending too much time fire-fighting media enquiries. In order to optimise available time, the team should engage proactively with the media to minimise enquiries. This will get their messaging to market quicker, and help stifle some of the damaging discontent, which grows while enquiries are being handled. Opportunities that we think the Council should consider include:

- attempt to minimise enquiries by engagement with the media to better understand up front what they need;
- a social media strategy that will complement the printed press as such an approach can be a much more agile way of communicating in real time;
- the use of a media house to help take key messages off the Island into different publications. Such an approach could be helpful around economic development when the message is aimed at a much wider audience;
- provide soundbites with every release;
- provide media training to all councillors;
- involve the media in the conversation earlier – give them a heads up;
- use the regulated media to help counter the unofficial messages spreading through unregulated sites and social media; and
- in addition, there is a potentially powerful opportunity to draw upon the One Public Service ethos to produce a magazine delivered to every resident as a mechanism to



produce a more coherent narrative on Council and other public service priorities, advice and achievements.

## **4.2 Leadership of Place**

### **Political Leadership**

The Council benefits from significantly more stable political leadership as a result of the 2017 local elections that led to the formation of a majority Conservative administration. The Leader is supported in the delivery of the Corporate Plan and MTFs by nine other Cabinet members with clear portfolio holder responsibilities. The vision of the Council to create an Island that is:

‘An inspiring place in which to grow up, work, live and visit’

The Council’s Leader and Deputy displayed a clear passion and commitment for the Island. They clearly work well together with the energy and verve of the Leader complemented by the steadying hand of the Deputy. Demonstrating good leadership and accountability, the Leader holds the important portfolio of Strategic Partnerships while the Deputy leads on Corporate Resources. Portfolio holders were committed and determined to make the most of a clear mandate to continue to improve opportunities on the Island. From our conversations with key public service partners, business leaders and voluntary sector partners we generally found good levels of trust and confidence and support for the general direction of the Council and its partnership work. The Council does however recognise that it needs to do more to engage with stakeholders on the recently adopted Corporate Plan and has plans to deliver on this especially through its strategic partnerships.

### **Managerial Leadership**

The strength and stability of the CMT provides the Council with significant permanent experience and expertise to continue to deliver improving services. The Chief Executive was universally appreciated by the councillors, managers, staff, and partners the peer team spoke to for his collaborative leadership style, drive and energy. The Chief Executive works well with the Leader and Cabinet. We talk later in the report about the need to enhance the corporate centre of the Council, especially around the Chief Executive, if the Council is going to be able to deliver on its ambitious agenda for delivery of wider shared public services on the Island.

Since 2016, when the Council entered a strategic partnering arrangement with Portsmouth City Council, financial leadership has improved significantly. This enhanced expertise has allowed the Council to develop more effective short-term strategies to stabilise its position and improve its performance in key areas. Reviewing capital financing and accounting policies and reordering the MTFs (see later for detail) has enabled the Council to manage the financial impact of further funding reductions invest and grow its senior management team to provide greater managerial leadership for the Council to take better control of its future.

## **Significant Achievements**

Significant achievements have been made in service performance, especially in relation to improving historically poor performance in the high-profile people-centred services of Children's and ASC.

The Council has successfully retained all its children's centres despite large numbers of closures throughout England. In relation to Children's social care, focused improvement has resulted in the Ofsted performance category moving out of 'inadequate' and into 'requiring improvement'. Ofsted recently found that in relation to the Council's arrangements for child in need and child in protection, areas of strength included that children and families receive the right help at the right time and management oversight of children's individual cases is strong.

The Council and its partners recognise it has more to do in relation to relative performance on 'looked after children' and child poverty but citizens can be more confident in the robustness of leadership and management to drive improvement. Schools performance in terms of educational attainment also shows good progress and the Council has demonstrated excellent community leadership in the utilisation of Sandown School following it falling into special measures and in emerging aspirations for a high performing stand-alone Island Sixth Form College

Focused and strong leadership in ASC has turned in some rapid improvement in DTOC. In December 2016 the Council's DTOC figures on the Island were the worst in England. A 'deep dive' in early 2017 revealed that at least 81 per cent were inappropriately attributed to ASC which has resulted in a much more appropriate target for DTOC. During November 2017, DTOCs were essentially zero as a result of tightly performance managed processes at a very senior level in ASC and health, including also putting in better systems for raising section 2 and 5 notices. Stronger leadership has involved robust discussions with residential care homes, remodelling in house services, and enabling more independent living. Partners told us that the 'My Life' joint strategy and the Local Care Board involving improved working relationships between the Council, Health Trust and partners were essential ingredients in the recent success.

## **An Island Wide Community Plan**

The Island currently lacks a jointly owned community plan to enable public, private and voluntary partners to agree area wide objectives and targets that meet its key challenges, from job creation to improving health. We recognise that the emerging revised Health and Wellbeing Plan fulfils many elements of this but lacks the coverage of most area wide Community Plans that can bring together complementary goals. The development of the Local Plan and the public consultation required to deliver this (detailed below) could support a wider consultation that fulfils the public dimension of capturing long term aspirations for the sort of place people want the Island to be.

The appetite for supporting the Council in its place leadership role that was articulated from business, the voluntary sector, Parish Councils as well as public services, could enable the creation of an Island Strategic Partnership to drive the development of a Community Plan and ensure effective coordination of the delivery of its goals.

## **Housing and Planning**

Housing delivery both in terms of numbers and tenure does not match community needs and affordable housing provision is low. Annual housing supply figures are in the region of 380 units when demand as assessed by 'objectively assessed needs' is in the area of 640. This is clearly an issue not unique to the Island but its geography and the travel costs of moving on/off the Island make housing supply more acute.

The Council has recently agreed its Local Development Scheme that aims to have its revised Island Planning Strategy (that is a Local Plan) adopted in 2019/20. We recognise the delays that often accompany the preparation of Local Plans due to the need for substantial bodies of evidence and public consultation.

It is vital that corporate and service leadership focuses on high quality performance management along with adequate capacity to avoid delays in the process. In the light of community concerns around housing delivery we consider that as part of the consultation on the Local plan, the Council should lead a 'big conversation' on housing. The Local Plan process would also be a pivotal part in developing a One Island vision for what the area would look like up to 2034.

The Council has only recently developed robust supplementary planning guidance to support delivery of higher numbers of affordable housing and it will be important for the Planning Committee to ensure that policy guidance is followed.

## **One Public Service**

An opportunity exists to build on many recent existing partnership arrangements that demonstrate a good partnership ethos on joined up delivery. Examples include the integrated 111, 999, first responders, and integrated hub at the St Mary's' hospital site at Newport. Similarly, the work already completed to establish a Local Care Board to better coordinate health and social care and work on closer blue light collaboration under the Government's One Public Estate Programme.

The Council and partners recognise that the current governance of public service delivery on the Island offer possibly a unique opportunity for the One Public Service Concept. While the Peer Team recognise the newness of some of the improved relations with health, nevertheless we would want to support the direction of travel. Not least due to the confidence in the potential of such a joint service delivery model stemming from the organic nature of growing staff joint working arrangements which are bottom up rather than governance down.

As possibly the most significant transformational project over the administration's term it will be vital for the Council to assess and manage risk in terms of its own political, CMT capacity and financial envelopes. We would however encourage the Council and its partners to develop key proposals to Government to bid for appropriate seed corn or enabling funds to promote the concept further.

The level of ambition in ASC and in the work with its NHS partners was such that a number of people to whom we spoke felt that the Island should seek recognition nationally to be a first wave Accountable Care Organisation with the attendant additional resources and capacity to make this happen. This would link in well with the One Public Service Concept. We were told that NHS England and NHS Improvement were planning a joint visit to the Island to meet not just with the local NHS but also with the Leader and Chief Executive of

the Council and this seemed to be the opportunity to seek support for this direction of travel.

A clear understanding of the financial realities of delivering public services on the Island drives the Leader's vision of The One Island: One Public Service concept. Now that the Council has a clear political direction with stable and valued corporate management team we had a strong sense that partners were happy to allow the Council to lead a big conversation on the future direction of public services on the Island. In speaking to key partners such as Police and Crime Commissioner, Chief Fire Officer, NHS chief officers, we found positive support for the concept. We are sure that in no small part this confidence comes from good community leadership and partnership working in the Sustainability and Transformation Programme, underpinned by the Local Care Board

The One Public Service Concept initiative has clear potential to deliver much greater sharing of resources and cooperation across the public sector through including shared senior posts, joint commissioning, joint assets and back office functions. But it is vital that the Council provides adequate resources and capacity – especially around the Chief Executive and his office – to further develop and work together with partners on this front.

### **4.3 Financial Planning and Viability**

#### **Strategic Direction**

The Council displays good organisational and political understanding of the scale of the budget challenge. It shows good self-awareness in recognising that despite improving financial planning and viability, sustainable budgets remain the biggest risk to secure sustainable public services for the Island.

We were impressed with the strong grip that in particular the Deputy Leader, Portfolio holders and CMT had on budgets and expenditure. Examples of stronger financial rigour in reducing overspends come from ASC. In 2017/18 budgets are on track whereas for the last three years there had been significant overspends.

#### **Medium Term Financial Strategy**

The Council has used a change in approach and direction in terms of setting a four-year MTFS starting in 2017/18 to support a change in organisational direction. Through the leadership of the Director of Finance in partnership with Portsmouth City Council, the 2017/18 – 2020/21 MTFS has been very important in allowing the Council to move away from the blunt instrument of annual cost reduction to support the sustainable delivery of priorities and maintain statutory functions. We agree with the auditor and Council assessment that the MTFS was a credible and realistic financial strategy that identified funding gaps over the next three years.

It has also bought 'time' by smoothing the pattern of savings over future years with a far greater focus on commercialisation, income and growth. The MTFS guides the direction for savings of £19 million over the next three years on its current £160m controlling budget. Cabinet members, CMT and especially staff told us that allowing some time for the organisation to better work through how its medium and longer-term plans could develop was a welcome 'breathing space'.

However, while the Council has made good early progress in identifying approximately £6 million of the estimated £7.5 million to be identified to balance the budgets, at the time of this review very tough decisions still needed to be made in relation to 2018/19 and to find and to realise the full £19 million savings between 2018-21. Examples of emerging areas for savings in 2018/19 include ASC, withdrawal of elements of Council Tax support, and reductions in the Fire and Rescue Service which are likely to be controversial. The Council's new administration will need to show that it can take tough decisions to maintain financial discipline while balancing its community leadership role.

Looking forward, the current size of the budget gap is not the end of the problem and the Council recognises the hard work required with partners to build a long term sustainable financial solution. We consider that an important element of future budgetary planning is to share emerging proposals with back bench members and the wider management team and staff in the Council to trawl for any other better ideas to meet the £19million savings required. In terms of not damaging partner confidence of shared public outcomes we would also recommend sharing early financial proposals with key partners such as Health, Police and representative business groups. Early sharing of ideas with partners both builds trust and confidence and can also prevent the wrong budgets being cut.

### **Benchmarking**

One specific area that the Council needs to undertake more work on is benchmarking its costs and income against comparator rural councils and show how these contribute to delivering Corporate Plan objectives. In this way it can not only better understand its costs but can demonstrate to partners and the public its own comparative performance and can show to citizens that Councils in the same family group are similarly having to take tough decisions.

### **Scale of Ambition**

Looking ahead our view is that the Council's existing financial capacity does not currently match the scale of its ambition especially in areas such as the economy and regeneration. We feel there is a clear need and opportunity to align the MTFs to the key themes and objectives of the new Corporate Plan. Our view is that to deliver on the new strategic direction for longer term financial turnaround will require an increase in the capacity of the finance function to support change and develop the financial strategy.

The Council's change in longer term funding relies on generating additional income whether that is from commercialisation or growth to build the Island economy. These areas of income generation are not yet factored into the plans and will take significant cost and time to realise. It will be important for the Council to manage expectations and risk in this new strategic direction.

### **Invest To Save and Commercial Acquisition**

While the Council has set aside £1million in a transformation Invest to Save fund, we are concerned that the extent of its ambition and need will potentially drown that fund. It will be important for the Council to properly fund the development costs of proposals and therefore to review the adequacy of this fund and show strong prioritisation to meet anticipated demand. Part of the Council's approach to increasing its income is a new Commercial Acquisition Strategy which aims to invest £100million in safe yield property acquisition to return revenue of approximately £5million per annum. While this approach has become more traditional in recent years, care needs to be exercised. The Government

is currently consulting on the issue of local authority commercial property acquisition. It will be important for the Council to assess the impact of possible changes in this area.

## **Commercial Strategy**

The Leader and CMT recognise that the Council is on a journey in relation to being fully business focused and there remain challenges in getting a strong commercial focus. Foremost among the needs is for the Council to develop a Commercial Strategy to lead and direct its focus and priorities that are right for the Island.

We recognise the early stages of the commercial journey but also consider that there are many positive signs for the future.

An existing commercial services division has demonstrated achievements in leisure, and displayed ambition and capability. We found many positive features including:

- good data to enable identification of opportunities (but needs benchmarking as mentioned earlier in our report);
- good examples of commercial businesses cases and capability demonstrated;
- transformation fund available to develop business cases; and
- a sound income policy.

We also saw positive business cases for Building Control, In-house Enforcement Team and ASC Wightcare. These were solid, well-considered assessments, which would, however, benefit from additional commercial support and challenge in order to maximise financial return, ensure clarity around profit vs income, recognise opportunity costs, include benchmarking and full allocation of overheads.

In the development of a Commercial Strategy it will be important for the Council to set a comprehensive, targeted approach to maximising commercial opportunity based on a series of critical factors. The Council needs to identify opportunity, ambition and risk appetite in assessing options that would include commercialising existing services, identifying areas other authorities have successfully developed and looking at new ventures for the Island (for example school's residential visits).

As part of a Commercial Strategy it will also be necessary to revisit fees and charges to maximise income, advise staff and partners of the different characteristics of income verses profit and clarify the opportunities under Local Government trading powers. We also see a clear need for the Council to prioritise commercial opportunities for development and we are aware that other authorities have assessed this under themes such as:

- sales and marketing;
- systems and processes;
- people and change; and
- financial performance.

The focus should be on developing a few opportunities well, with appropriate supporting capacity.

## **4.4 Organisational Leadership and Governance**

### **Cabinet, Councillors and Training**

We have already commented on the greater stability that majority political control has brought to the Council. With a working majority of ten councillors the public should expect the new Conservative-led Council to show strong and consistent leadership over its term, based on the objectives set by the Corporate Plan and MTFS. The Leader and Cabinet model of governance with a Cabinet of ten members, each holding a discrete portfolio, provides for key accountabilities. With a large Cabinet this also means that the Leader can benefit from a wider than normal range of skills and expertise which is important given the stretching ambitions of the new Council.

Nearly half of the councillors on the Cabinet are new councillors and face clear budgetary and delivery challenges along with resetting the strategic direction of the Council under the new administration. The Council has sensibly prioritised initial learning needs analysis to its Cabinet and some new Cabinet members are to take part in the Local Government Association (LGA) leadership academy programme along with mentoring opportunities. The Cabinet should assess its own needs as a new team and may want to consider support to develop its own strengths, particularly given some of the very tough and contentious decisions it will need to make in the coming years.

We received slightly mixed messages concerning new member induction following the 2017 elections. While all 14 new councillors were offered a comprehensive induction programme, officer mentors and opportunities to request learning, some members told us that the offer could be improved. It may be useful for the Council to better understand any concerns among councillors to check back on this.

In terms of improving team work we were told a number of times that the efficiency and effectiveness of the monthly Cabinet/CMT could be improved. This is understandable given the newness of the Cabinet and the new direction of the Council. Again, we believe the joint Cabinet/CMT meeting would benefit from support to enable it to develop the combined strengths of the team. Support could include opportunities for Cabinet members and CMT to define and agree expectations of roles and responsibilities. In terms of meeting structure, there may be the opportunity for a tighter agenda for the majority of meetings with perhaps a limited number of meetings being more open in nature.

We were also made aware of the concerns of some councillors about limited training in relation to their roles on the Planning Committee. Some Planning Committee members felt that more specialised training could be given. We did not have time to explore the opportunities that were provided but given the vital importance of making sound and defensible planning decisions in line with national and local planning policy, it is important for training needs to be regularly reviewed.

### **Roles and Priorities**

Role clarity is important to avoid a blurring of roles between councillors and officers and allow for a clear focus by members on setting strategic direction. This leaves managers and officers, space and more time to be responsible for operational delivery. In the enthusiasm of especially new councillors to drive change this is clearly understandable, but care needs to be taken to respect the characteristics and boundaries of each other's roles.

Another area that Cabinet/CMT will have to keep a close eye on is to relentlessly focus on its key Corporate Plan priorities. Many members told us that the election of a new majority administration had ‘turned on the taps’ for business, economic and regeneration projects with requests to the Council to enter commercial partnerships or to set up joint ventures to develop land. As a Peer Team this became a theme that we came back to time and time again – that is the need for the Council to ruthlessly focus on a number of key priorities backed with adequate human and financial resources to get them to deliver.

## **Constitution**

In May 2017 the new administration acted decisively to revise the Constitution. This built on some recommendations from a cross party group of members leading up to the May election. The administration also made a number of procedural changes including reintroducing delegated member decisions, removing Cabinet member reports and questions to the Leader at Full Council and reducing the number of Full Council meetings from ten to six.

The reintroduction of member delegated decisions offers better potential for efficient and effective decision making and relates well to the Leader’s vision of a more business like model of decision making. At a time when the Council is seeking to become more commercialised and needs to be fleet of foot in its dealings with partners, this appears to be a sensible shift in decision making. Given the executive function of Cabinet the revised frequency of meetings of Council appears appropriate and is consistent with many other authorities.

On speaking to opposition members, we quickly picked up on their discontent in relation to changes to the Full Council arrangements. This appeared to us to boil down to their frustration in not being able to question the Leader at Full Council and general concerns about the apparent lack of openness of the Council. We recognise the other opportunities opposition members have to question the Leader but the Leader may want to review this situation. Giving a report at Council meetings would allow an opportunity to expound the growing achievements of the Council and its partners and allow members to raise questions.

## **Scrutiny**

The Monitoring Officer, CMT, and most members recognise that the scrutiny function in the Council is generally underdeveloped with its effectiveness patchy. We agree with the Council that the main Scrutiny Committee and three Policy/Scrutiny Committees are still finding their feet and have some way to go to be effective. We would for example have expected to see the Overview and Scrutiny Committee having agreed a work plan, regularly scrutinising overall service performance or the budget and of regular planning meetings between Chairs of the thematic Committees to ensure that critical issues are not falling between them. Given the unhappiness with changes to the Constitution we were also surprised that ‘call in’ was not being used to press Cabinet to review its decisions.

Our sense was that members generally had a limited understanding of the role and added value of Scrutiny in holding Cabinet to account and advising of service improvement. We understand that the Monitoring Officer and Chair of Scrutiny are seeking support from the Centre for Public Scrutiny and this is to be welcomed.



## **Chief Executive and CMT**

The Chief Executive and CMT work well together and in strategic leadership of the Council's operational delivery. We were told that a regular cycle of performance reporting is beginning to bed down. Given the need to monitor and manage service performance against the key outcomes and performance metrics in the recently adopted Corporate Plan, it is vital that appropriate challenge and accountability is shown when Director's monthly Highlight Reports are shared at CMT.

We found it very encouraging that in ASC, one of the hardest service areas to demonstrate decisive performance and budgetary change, that robust leadership and excellent attention to evidence and performance management had yielded high quality results. Given that the portfolio holder and Director have culled 47 ASC priorities to 6 and still delivered against the partner strategies, we consider that there must be key opportunities for shared learning across the Directorates and with councillors on prioritisation, performance management and delivering partnership outcomes.

## **Parish and Town Councils**

Parish and Town councils play a growing role in the provision of discretionary services on the Island. The Council recognises that it needs to work harder on the relationship and has already introduced quarterly meetings between the Leader, Chief Executive and representatives of the Isle of Wight Association of Local Councils.

We found the extent of civic pride and capacity among Parish and Town councils to be quite exceptional. In the age of austerity, it is to their and the Council's credit that many non-statutory services are delivered locally and that there is a willingness to accept more.. Remodelled service delivery where both the Council and town and parish councils share costs include:

- beach cleaning services;
- grounds maintenance services;
- environmental wardens; and
- some youth services.

We commend the Leader's commitment to continue to further strengthen and deepen the Council's relationship and joint working with town and parish councils through a new annual conference. This model follows successful day conferences held in other heavily parished authorities on the mainland. It will be important for the Town and Parish councils to help shape the nature and content of these annual conference and we would encourage consultation on specific matters of local interest such as section 106 contributions. We are aware of other mechanisms that Councils use such as meeting collectives of town and parish councils and given locality working in health and social care this might be an area to further explore.

## **4.5 Capacity**

### **Permanence and Partnerships**

The Council's willingness to embrace different models to provide senior management capacity is to be applauded. We have little hesitation in believing that a more permanent, stable and experienced CMT has started to turn around the fortunes of the Council.

We cannot overestimate the importance and value to the Council of significantly enhanced leadership and management support in the high profile and demand led services of ASC and Children's Services. For example, the current Director of Adult Social Care (ASC) was the first permanent appointment in 5 years and many partners commented on the positive impact her arrival had made on ASC and also on relationships with partners. To support the Director two new Associate Director Posts had been created as joint appointments with the Clinical Commissioning Group (Commissioning) and the NHS Trust (Provider).

In relation to Children's Services the Island benefits from two Area Directors (education and social care) supported by the entire Hampshire Children's Services management structure that provides expertise, resilience and support. The Council has recently agreed to extend the Children's Service's partnership with Hampshire which supports on going stable leadership and management. Both these statutory service areas have actively sought and learnt from external peer reviews to provide challenge and recommendations to both assure good practice and to drive improvement.

Other highlights in terms of improved capacity include the additional strategic partnerships with Hampshire Fire and Rescue Service for the leadership and management of the Island's Fire and Rescue Service and Portsmouth City Council for a Director of Finance to afford additional capacity while reducing staffing and service related costs.

Capacity to deliver high quality roads and highways is provided by a 25-year PFI with 'Island Roads'. The quality of the repair of the Island's roads is such that the Peer Team commented that for the first time on such a Challenge that the words 'pot holes' were never mentioned! Similarly, a PFI with the company Amey provides waste and recycling services. We make no comment on the value for money of these schemes as our work was not in the nature of a VFM audit. We simply note that these strategic and long-term partnerships provide additional capacity, investment and innovation on the Island. Opportunities with health partners have captured the imagination and joint working on the 'My Life' project, Care Closer to Home and the Local Care Board demonstrated significantly improved and integrated working, albeit from a historically low base. The use of 'disruptive innovation' has supported additional capacity including:

- in the absence of a strong market for home care, have grown own home care in house;
- investment in reablement from the Better Care fund monies;
- abandonment of the brokerage fee that used to be charged to self-funders to speed the exit of self-funders from hospital thereby enabling the Council's Brokerage Service to work with self-funders to move them on from hospital more quickly; and
- reframed two residential that were respite as step up and step down to increase rehab capacity.

In terms of assisted living the Council and its partners aim to provide 700 extra care units to increase independent living in old age. A peer review by ADASS of the Council's Learning Disability Services described a programme for change which had been fully embraced by the new Director as a key driver of costs within ASC.

We were very impressed with the way the Council had worked with tourism operators on the Island to ensure continued delivery of Visit Isle of Wight (VIOW) as the Destination Management Organisation for the Island's tourism sector. In 2016 faced with withdrawing

direct support, the Council and VIOW worked together to establish the first county wide Destination Business Improvement District. Providing loan funding of £80k the Council also supported the ballot of businesses and collects the business levy. The D-BID now manages a budget of £1.5million with the Island attracting 2.5million visitors per year who make a significant contribution to the economy of the Island.

## **Staff and Unions**

Despite significant reductions in staff by around 25 per cent since 2015, staff believed that the Council had turned a corner and was on an upward trajectory. The vast majority of staff we spoke to were passionate about working for the Council and were determined to deliver of their best for public services on the Island. They valued the Chief Executive's highly amenable and personable style as exemplified in his leadership of the organisational development plan 'Believe in Great'. This vision for cultural change in the organisation is based on extensive staff engagement with a strong emphasis on leadership development to grow aspiring leaders with appropriate skills knowledge and expertise to operate in a changing and more commercialised local government. Industrial relations with Trade Unions remain good.

A recent staff survey generally bears this out in relation to themes such pride in working for the Council and trust in corporate communications. Particularly strong were results in team working. There are clearly some areas of challenge that the Council needs to focus on from the staff survey such as completion and use of Personal Development Reviews, clear direction from line managers and saying 'thank you' for a job well done.

## **Regeneration and Growth**

We commend the Council for its vision to regenerate five major strategic areas including Newport Harbour in its aim of enhancing the Island's economy and increasing its tax base. We recognise that the Council's capacity and expertise in regeneration has been recently bolstered through the appointment of a new Director and Assistant Director. We also recognise the long-term nature of regeneration despite a view from at least some people we spoke to that major regeneration could be a quick win on the Island. However, we consider that several key challenges around the deliverability of these plans remain including;

- capacity to deliver what are challenging and complex projects (particularly professional support). It may be appropriate that the required specialist resources are obtained on an interim basis at different times in the programme. The Council may also consider general capacity through making better use of graduates with the NGDP (National Graduate Development Programme) or through partnering with local universities which has proved to be popular and fruitful in other areas.
- pump priming funds are essential in bringing regeneration forward and while the Council is facing a difficult financial climate if it is to achieve the size and scale of physical change it aspires to it does need to identify funds to make this happen.
- robust performance management processes and systems are essential in delivering what are complex and long-term plans. If the Council is to deliver these projects it is a key requisite that performance management systems and process are adopted that set out the key milestones in granular detail from conception to

completion. These details should also form part of the general scrutiny processes for the Council and be underpinned by a working group structure.

- number of projects/ pipeline; if the Council is to remain focused on its regeneration aspirations it needs to more carefully manage its pipeline processes to ensure that only a manageable number of projects come forward at any one time and that they are broadly complementary. We recognise that the Regeneration Masterplan due for adoption in April 2018 could assist with this. In the meantime, it is vital that the large number of employment and regeneration schemes being discussed by the business community, Cabinet members and CMT do not distract from stated priorities.

### **Local Enterprise Partnership**

Financially the Island has benefitted more than any other authority in the Solent Local Enterprise Partnership (LEP) from the local growth deal, receiving £20m out of an allocated £75m. The Island is therefore punching above its weight in comparison with other mainland authorities. However, most people we spoke to on the Island do not appreciate the importance and value to the Island of engagement and investment with the LEP and therefore it is going to be important for the Island to continue to maintain as high a profile as possible.

In speaking to the LEP Chief Executive, it was very clear to us that subject to well evidenced and strategic investment business cases, the Island would continue to be able to advance a strong case for financial support. The Council needs to examine the emerging LEP commissioned Island Infrastructure Investment Plan and link this to the development of its Island Planning, Economic and Regeneration Strategies. Important in this will be strengthening the pipeline of infrastructure projects in support of economic growth on the Island. Other major strategic opportunities on the Island that we were told about were a large scale joint public sector hub as part of the One Island: One Public Sector project and a possible new sixth form college. As with regeneration and indeed housing delivery it is going to be crucially important that the Council determines a small number of areas or propositions that can offer the greatest return and prospect of delivery and directs its focus on these.

### **Voluntary Sector**

The Island benefits from partnering between the Council and voluntary sector but more can be done to improve joint working. The Islehelp Partnership which delivers information, advice and guidance services are an example of joint working along with the Better Care Fund for commissioning and provision of health and social care services.

While additional capacity through alternative delivery models was improving, some voluntary partners told us that the Council needed to communicate more consistently and strongly. Examples include , delays of some months connected with payments to the voluntary sector and over engineered and bureaucratic processes in relation to contract discussions.

We believe that working better with the voluntary sector is not the voluntary sector's problem to solve and demands stronger and more consistent joint working with the Council. Even if this means ceding some power in the interests of better outcomes. In order to understand the sense of place and better partner the voluntary sector we feel that

the Council needs to fully assess how it be a better buyer and a better commissioner to enable enthusiastic local people to deliver the best possible outcomes they can.

## **5. Next steps**

### **Immediate next steps**

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Kate Herbert, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). Her contact details are [Kate.Herbert@local.gov.uk](mailto:Kate.Herbert@local.gov.uk) and telephone number 07867 632404.

In the meantime, we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of good practice and further information and guidance about the issues we have raised in this report, to help inform ongoing consideration.

### **Follow up visit**

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next two years.

### **Next Corporate Peer Challenge**

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the Council will commission their next Peer Challenge before December 2022.