

Inverclyde Council

The Audit of Best Value and Community Planning

Progress report

Prepared for the Accounts Commission

February 2007



Inverclyde
council

Welcome to

INVERCLYDE

The Accounts Commission

The Accounts Commission is a statutory, independent body which, through the audit process, assists local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:

- securing the external audit including the audit of Best Value and Community Planning
- following up issues of concern identified through the audit, to ensure satisfactory resolutions
- carrying out national performance studies to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Commission secures the audit of 32 councils and 35 joint boards (including police and fire services). Local authorities spend over £13 billion of public funds a year.

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Executive and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Commission findings

In June 2006 the Commission required the Controller of Audit to make a statutory report on the council's progress as at 31 October 2006 in addressing the issues raised in previous reports on the audit of Best Value and Community Planning and we accept this report as fulfilling that requirement. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.

The Commission accepts the conclusion of the report that Inverclyde Council is moving in the right direction and there is a clear commitment and enthusiasm to improve. In particular we acknowledge that the council has:

- appointed a new chief executive
- established a new management structure
- appointed a Corporate Management Team
- established some new political management arrangements
- seen an improvement in member/officer relations.

We recognise that much of the activity in the recovery period has necessarily focused on matters of governance, structures and management processes and has not yet flowed through to service improvement. The task for the council is now to embed its new structures and arrangements and concentrate on key priorities so that it can realise the benefits of improved performance in respect of its services. Improved outcomes for service users is the principal objective of the Best Value regime.

The Commission requires a further report by the Controller of Audit on progress as at 30 June 2008, in the expectation that the report will be based on the normal external audit work in the council supplemented by input from the Best Value audit team.

Introduction

The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The report on the Audit of Best Value and Community Planning undertaken at Inverclyde Council and the Accounts Commission's findings were published in **June 2005**.

The report described a council with some areas of good service performance, for instance education and social work services, but where the building blocks for best value were underdeveloped. Significant remedial action was necessary before the council could achieve further improvement. In particular the council needed to establish more effective leadership by elected members and officers, more consistent and robust decision making and scrutiny arrangements, and a corporate culture more conducive to achieving best value. In order to achieve this it was essential that the council's elected members and senior managers work together more effectively.

In its findings the Commission said that there was considerable scope for improvement and that a number of changes would be needed if the council was to deliver best value. In particular, it highlighted the need for:

- More effective leadership by senior managers and elected members.
- Greater consistency in decision-making and scrutiny by elected members, based on clear evidence and performance information.
- A more effective approach to corporate strategic management by the chief executive and the corporate management team (CMT).
- The development of a continuous improvement culture across all areas of the organisation.
- The development of a clear approach to demonstrating value for money and competitiveness, particularly in former CCT service activities.
- A focus on the good practice that exists, both inside and outside the organisation.

In concluding its findings the Commission said that it would continue to monitor the situation. A **follow-up report** on the progress made by the council was published in **November 2005**. The report recognised that progress had been made, but that there was still a long way to go. The council had responded to the Accounts Commission's findings by establishing a Recovery Group and seeking external support, but a hiatus developed during the summer of 2005. At the end of September 2005 the council's former chief

executive left the council. Over the following months the council established interim management arrangements and began to programme the various actions required to improve the leadership and management of the council.

The Accounts Commission was clear that the council's improvement agenda was challenging. It expressed concern about the continued pressure on front-line staff, and highlighted the need to sustain a focus on delivering high quality services to the people of Inverclyde. It accepted that circumstances during the initial six months of recovery might have limited the tangible progress that could have been made, but called for a significant increase in the pace of change during the next phase.

The Commission was concerned that the proposed part-time interim management arrangements would not provide sufficient direction and momentum for driving the council's challenging improvement plan. It urged the council to:

- *Immediately begin the process for the recruitment of a new chief executive and carry it to conclusion as quickly as possible consistent with sound recruitment practices.*
- *Immediately draw up a robust project plan with key milestones and timescales to cover the next 12-18 months, including specific measures highlighted in the Controller of Audit's report.*
- *Ensure that the interim management arrangements are strengthened to address all of the needs of the council at this time.*

In concluding its findings the Commission said that it would continue to monitor the situation and requested a further report on progress.

In **June 2006** the Accounts Commission considered an **update report** outlining the progress made and expressed continuing concerns about the pace of change and the lack of momentum in the council's approach at that time. The Commission indicated that it required a further formal statutory report from the Controller of Audit on the council's progress up to 31 October 2006.

This report provides an update on the progress that Inverclyde Council has made up to November 2006. It focuses on the progress that has been made by the council in implementing its 'Management of Change' programme. The report also provides an update on the progress the council has made in other priority areas such as housing stock transfer and service performance in order to provide a more rounded picture of the council's current position.

We gratefully acknowledge the cooperation and assistance provided to the audit team by Councillor Alan Blair - Leader of the Council, John Mundell - Chief Executive; Paul Wallace - Corporate Director of Improvement and Performance; and all other elected members and staff involved.

Progress at Inverclyde Council

The management of change programme

The council has made steady and encouraging progress in its management of change recovery programme, although there has been slippage in respect of some key areas such as performance management and the development of new political structures. It is making good use of external support and expertise to enhance its developing internal capacity. The council recognises that it still has much to do but has invested in developing a firmer base from which to make future improvements. It needs to build on this investment and increase the pace of improvement to deliver better outcomes for local communities.

1. In January 2006 the council approved the management of change plan which contained high level actions in response to the Accounts Commission's findings and the issues identified in the November 2005 progress report.
2. The programme has eight workstreams:
 - chief executive recruitment
 - management structure
 - political management systems and officer-member relations
 - review of member support
 - performance management plan
 - corporate plan with service plans
 - budget and operating plan 2006/07
 - review of trading activities.
3. By October 2006 the council had made progress on 18 of the 22 milestones that should have been achieved by that date. In terms of the eight workstreams the council has made progress in recruiting a chief executive, developing a new management structure and the appointment of a CMT, improving elected member and officer relationships, setting its 2006/07 budget and reviewing its trading activities. The council has not made the planned progress in identifying new political structures, improving its member support arrangements, and developing its performance management and business planning frameworks.
4. The council has been making good use of external support to enhance its capacity since our last review. It has engaged consultants to assist with the recruitment and selection of new senior

managers, to develop options for new political structures, to develop a Professional Development Programme for elected members, and in the 2006/07 budget setting process.

5. The council has made progress in establishing a broader improvement agenda. The 'Transformation Programme' sets the management of change programme alongside other strategic projects including the Riverside Inverclyde regeneration programme, the schools estate strategy, housing stock transfer and the establishment of a Community Health Partnership. The programme also captures other significant work streams including the preparation of the 2007/08 budget, the 2007 elections, asset management and the preparation for audits and inspections.
6. The programme identifies the activities required for these areas of work and the associated timescales, milestone dates and responsible officers. It provides a useful tool to support the council's improvement activity and has the potential to provide an effective mechanism to help members and officers prioritise activity, identify key interdependencies and monitor progress. It also gives a positive indication of the improved way in which the council is approaching the improvement agenda.

The chief executive

The new chief executive is providing strong leadership by providing a clear focus on priorities and by setting clear expectations of both members and officers. He is establishing good working relationships with members and officers and has built a significant level of respect over a relatively short time period. The key challenge is to continue to build confidence and capacity and focus on what needs to improve for the future.

7. The new chief executive was appointed in March 2006, having previously been the corporate director – environment, at East Dunbartonshire Council. Since taking up the post he has focused on a number of key priorities including the management of change programme and other strategic issues such as the planned housing stock transfer. He has invested time in establishing a clear understanding of the organisation and has been engaging with key stakeholders both within and outwith the council.
8. The chief executive has provided a clear focus on the council's key priorities including:
 - introducing a new management structure and the appointment of a CMT
 - improving the structure of committee agendas and the quality and timeliness of reports to members
 - developing an interim corporate plan for the council
 - developing a wider transformation programme which sets the management of change programme in the context of the council's other priorities, including strategic projects and service modernisation.
9. Within the council, members and officers have commented on the increased momentum. The new chief executive has made a significant contribution to this more positive approach and is already

gaining the respect of elected members and officers. There is a greater sense of optimism and enthusiasm for the change agenda that lies ahead and officers have described a clearer sense of direction and focus under the leadership of the new chief executive.

The new management structure

The council has implemented a new management structure which is focused on improving corporate working. It has established a new CMT and is currently completing the recruitment of its head of service management posts. It is in the process of introducing mechanisms for appraising its senior managers and has plans to roll this out to all staff.

10. In June 2006 the council approved a new management structure, designed to break the historic pattern of departmental working and replace it with a more corporate approach. This stronger focus on corporate working is also evident in the corporate director job descriptions which focus on corporate activities and leadership in addition to service responsibilities.
11. The new structure is headed by four corporate directors for:
 - improvement and performance
 - environment and community protection
 - regeneration and resources
 - education and social care.
12. The council used external consultancy to support the recruitment and selection process, and elected members from both the administration and opposition groups were involved in the process to ensure their ownership and support for the appointments. The posts were all advertised externally.
13. The new CMT comprises the chief executive and four corporate directors. Following the chief executive's appointment in March 2006, two of the corporate directors took up post in October 2006, one in November and one in December. All but one of the CMT are new to the council. The corporate director for improvement and performance was previously head of performance, planning & management at Perth & Kinross Council; the corporate director for education and social care was previously head of education services (children and young people) at East Renfrewshire Council; the corporate director for regeneration and resources was previously head of regeneration at North Tyneside Council; and the corporate director for environment & community protection was previously the director of community services in Inverclyde Council.
14. Having appointed the CMT, the council then progressed, as planned, to the recruitment and appointment of heads of service. This process was well underway at the time of the audit in November 2006 with a timetable for completion by mid-December. The council's recruitment and selection process involved three main review phases:

- Posts which were broadly similar and where current post-holders were matched into the new structure.
- Posts with a degree of similarity but no automatic match, for which internal interviews would be held in the first instance, followed by external interviews if no appointment was made.
- New posts, which would go straight to external advertisement.

15. At the time of the audit, 11 internal appointments had been made and seven posts were being advertised externally. Once the recruitment and selection process has been completed it is important that the council uses the new capacity to increase the pace of improvement within the council.

16. In October 2006 the council approved proposals for an appraisal system to monitor and assess the performance of the chief executive. This is a significant new development and represents a clear commitment by the council to principles of individual accountability, performance management and improvement. The agreed framework is comprehensive, covering both objectives and core management competencies, and will be carried out by the council leader, depute leader, and leader of the opposition on an annual basis.

17. The development and implementation of an appraisal system for chief officers has already been identified as a key target for the chief executive. Once this is in place, the council plans to roll out a council wide appraisal system.

Political management systems and member officer relations

The council has made improvements to its committee reporting arrangements and is reviewing its key governance documentation. Limited progress has been made in reviewing political structures although plans are now in place. Elected member and officer relationships are improving.

18. The council is developing a more structured approach to the way that it does business. In June 2006 the chief executive reported his assessment of existing arrangements, and made proposals for improvement which focused on the pre-agenda process and the format, quality and timing of reports to committees.

19. The chief executive noted that 'It is apparent that the format of reports to committees of the council is not consistent with an unacceptable number being submitted late or in some cases tabled at committee. The timetable for submission of prepared reports on committee agendas is therefore largely ignored displaying a lack of professionalism and discourtesy to elected members and officers. In addition, failure to adhere to a timetable or leave sufficient time for the preparation of committee reports means that many reports have not been the subject of sufficient, timely consultation and the quality of reports, in some cases is not what it should be. Reports which are submitted to committee for consideration should form the foundation of the council's decision-making process. It is essential

that the council and its committees make decisions based on clear and informed choices within the reports submitted by officers. Wherever possible, it is also desirable that officers make clear recommendations within the reports to council committees.'

20. The council agreed to establish formal pre-agenda meetings, which are now programmed and form part of the normal committee cycle. The council also agreed to an improved format and style of committee reports. Since June, the quality and timeliness of committee reports has improved. Our survey and interviews with elected members suggest that these changes have been effective. All of the members who responded to the survey (18 out of 20) agreed that the format of reports had improved. The problem of reports being late or tabled at meetings has also been virtually eliminated and 17 of the members who responded to the survey agree that the timeliness of reports had improved.
21. There is still more to do to ensure that these new arrangements fully bed in and a consistent improvement in the quality of reports is achieved, but the early signs are encouraging. It is important that the council builds on this progress and the quality and timeliness of reports continues to improve.
22. The council is reviewing its governance documentation including its Standing Orders, Financial Regulations, and Scheme of Delegation. The review is planned to be completed by spring 2007 and aims to take into account the impact of multi member ward arrangements that will come into operation following the elections in May 2007. The key planned dates are:
 - February 2007 – Policy and Strategy Committee are to consider report on revised standing orders and contracts
 - April 2007 – the Policy and Strategy Committee are to consider reports on a revised scheme of delegation and a report on member/officer procedures and protocols.
23. By the time of our audit work in November 2006 the council had made limited progress on the development of new political structures for implementation by the new council post May 2007. In order to address this, the council agreed to commission external consultancy work to provide options for the new council. The report is schedule to go to the Policy and Strategy Committee in April 2007 and the intention is to recommend that the new council adopts the revised political structures by September 2007.
24. Elected member and officer relationships were not effective in the past. Roles and responsibilities were blurred and working relationships were strained in some areas. Much of the work on the management of change programme over recent months has involved members and officers working in partnership on a shared agenda. This has contributed to improved working relationships between

elected members and officers. Throughout the change process in 2006, the council has worked towards clarifying the respective roles of elected members and officers.

Member support and development

The council has agreed to establish a wide ranging programme to support member development. It is also reviewing its support arrangements for members.

25. In May 2006 the council agreed to implement a 'Professional Development Programme' for elected members, and to incorporate appropriate financial resources for the delivery of the programme into the 2007/08 budget proposals. The programme is scheduled to run between May 2007 and April 2009 and contains 31 seminars, a number of which are compulsory, including:
 - induction seminars for new members
 - the councillor' code of conduct and standards
 - data protection and freedom of information
 - audit functions
 - training for members who serve on committees that exercise quasi judicial functions
 - best value and scrutiny (including performance management)
 - corporate governance.
26. This work is now being developed into a structured and costed training programme. Training materials are scheduled to be available in draft form by the end of December 2006. There are also plans to identify appropriate external facilitators where these are required.
27. The council agreed that all members will be required to complete a minimum of ten hours professional development each year. These measures indicate a clear commitment to the professional development of elected members. The council intends to monitor members' attendance and evaluate the effectiveness of the programme to ensure that it is meeting members' needs.
28. The council has commissioned external consultants to examine the support arrangements for members and political groups and a report is due to be received in December 2006. Members have been surveyed to identify their support needs and to inform proposals for the development of support arrangements in the future. The review includes an assessment of the following areas: technical support (equipment, ICT), administrative assistance, background research, information and advice and accommodation.

29. The council expects that the review will result in proposals for new support arrangements which will bring together a range of activities providing members with a single point of access to support services.

Performance management

The council has made limited progress in developing a performance management framework. Since the appointment of the corporate director for improvement and performance in October, momentum has increased.

30. The development of a performance management framework is one of the workstreams that has been delayed as a result of the focus on the management restructuring. The council has shown its commitment to a corporate approach to improvement and performance by establishing the post of corporate director improvement at CMT level. The corporate director has been in post since the start of October 2006 and has not yet had time to demonstrate a significant impact. Some improvements have been made:
- the introduction of a performance management section on every committee agenda
 - increased reporting by services to committees on a wide range of performance information, including progress against service plan and business plan targets
 - the establishment of a Strategic Planning and Performance Management Group, chaired by the corporate director for improvement and performance, which met for the first time in November.
31. At the start of November 2006, the CMT approved a corporate format for reporting performance information to committees. This new approach provides a balance between performance information and analysis, and identifies necessary and planned improvement activity. At the same meeting the CMT also agreed a format for a monthly report which it will use to monitor key corporate performance indicators, major projects, corporate initiatives, key risks, service review programmes and key service indicators.
32. The council needs to make progress in developing its strategic planning and performance management framework. In January 2007, the council plans to submit a report to the Best Value and Corporate Services Committee providing members with an overview of the framework and seek approval for an implementation timetable.
33. It is important that the council ensures that the new framework gains the commitment and ownership of elected members and officers so that it becomes a core part of the way that the council does its business. The new framework should be used to inform policy decisions and identify priority areas for improvement in the future.

Business planning framework

The council has agreed a revised corporate plan which covers the period up to the election in May. The council acknowledges that it will need to set a longer term vision in a revised corporate plan following the elections. Service planning remains varied across council services and is not yet systematically linked to the financial planning process.

34. The corporate plan for 2006/07 was approved in June 2006 and sets out five strategic priorities and how the council plans to achieve them. The priorities are:
 - promoting economic development
 - promoting lifelong learning
 - promoting health, well-being and active citizenship
 - promoting a safe and sustainable environment
 - developing the organisation.
35. The structure and format of the corporate plan 2006/07 improves on the council's previous plan but is short term. It identifies outcomes for each of the aims which support the achievement of its planned priorities. The council needs to establish a clear longer term vision for the council, following the May 2007 elections and the election of a new council administration.
36. The council needs to improve its service planning and budgeting process. The council plans to produce new service planning guidance by March 2007 as part of the development of its strategic planning and performance management framework and have new service plans in place for all directorates by June 2007.
37. The delivery of the 2006/07 budget formed one of the eight workstreams in the management of change programme. It was a priority area not only because of its central importance to the council's core business, but also in recognition of the lack of senior capacity to manage this process following the departure of the director of corporate services in the summer of 2005. The council has since secured external assistance and set its 2006/07 budget.

Trading activities

Progress has been made in reviewing the council's trading activities. The initial focus has been on the housing repairs service which shows significantly improved performance over the last year. The council needs to build on this investment and focus on demonstrating the effectiveness and competitiveness of its activities more consistently across all of its activities.

38. The first Best Value Audit report identified significant concerns about the operation of the council's statutory trading operations. The Accounts Commission findings highlighted the need for the development of a clear approach to demonstrating value for money and competitiveness, particularly in the council's former CCT service activities.

39. The Local Government in Scotland Act 2003 requires councils to maintain and disclose trading accounts for significant trading operations, and these are required to break-even over a three-year rolling period. Inverclyde Council has three statutory trading accounts and all trading operations made aggregate surpluses for the three years to 31 March 2006.
40. This overall aggregated position, however, can mask deterioration in the annual financial performance of individual activities. In 2005/06 one statutory trading account, vehicle management, incurred a deficit of £53,000 for the year. As the deficit is less than the aggregate of the surpluses made in the preceding two financial years, the trading account achieved its statutory financial target. The council needs to keep this area under review and is developing plans to mitigate the risk of failing to meet the statutory financial objective in future years.
41. Progress is being made in reviewing and analysing the council's trading operations. New policies have been put in place for trading and former trading activities, and revised business plans have been finalised and approved for all areas except grounds services where the business plan will be submitted to committee in January 2007. The council has also agreed the positioning of the services within the new management structure.
42. The council has focused its investment on improving the performance of its housing repairs service in preparation for housing stock transfer. It introduced a pilot scheme, initially covering ten per cent of housing stock, which involved closer and more integrated working between housing and building services and which aimed to provide a better focus on improving the services for tenants.
43. At the start of October 2006, the pilot was extended to cover 25 per cent of the housing stock and the service team was expanded. As a result of the changes introduced, the average cost of repairs has been reduced, productivity levels have improved and tenant and employee satisfaction with the service have improved.
44. The most recent monitoring information on the progress of this pilot continues to show improved performance with 92 per cent of jobs completed within target in August and 97 per cent in September. This compares very favourably with the average performance in 2005 when 37 per cent of routine jobs were completed on time.
45. The success of this new approach has been reflected in the decision by the Board of River Clyde Homes, the established Registered Social Landlord for stock transfer, that they would accept and retain transferred staff as the in-house service provider. The council intends to use the pilot scheme as a blueprint for a wider restructuring of building services.
46. The council has demonstrated that improvements can be made to its trading activities when it commits time and resources to them. It now needs to consider how the principles and learning

obtained from this pilot in building services may be introduced to other areas as a means of securing improvement.

Progress on strategic priorities

The council has made progress on its broader strategic priorities in addition to the management of change programme.

47. The management of change programme has been a major priority for the council over the last 18 months. The council has, however, also made progress on a number of other strategic priorities:

- **Riverside Inverclyde** – The First Minister gave approval for the establishment of an urban regeneration company in February 2006, and in May 2006 the council approved a ten year framework for investment. The council has been working in partnership with Scottish Enterprise Renfrewshire and others, to identify set up costs, implement a management structure and make key appointments, including that of chief executive. The chief executive was subsequently appointed in October 2006.
- **Schools Estate Strategy** – the council approved a policy and integrated funding model for the schools estate in May 2006 and the council is currently receiving and evaluating tender returns.
- **Housing stock transfer** – at the end of November 2006 tenants voted in support of housing stock transfer with 71 per cent of the 65 per cent of tenants who participated voting in favour of transfer.

Progress on other areas requiring improvement

The council has made progress on a number of other improvement areas highlighted in previous Best Value audit reports. Further improvement is still required in some areas.

48. The council's position statement highlights progress in a number of other areas which were raised as matters of concern in earlier Controller of Audit reports:

- The Local Plan was formally adopted in January 2006.
- The council's financial management system has been developed and an assessment of training needs carried out.
- An independent Housing Stock Dwellings Register has been established.
- Significant improvements have been made to the council's ICT service through the reorganisation of the functions and staffing within the department to reflect the council's needs. A new ICT service desk has been introduced and the council has entered into strategic partnership agreements for the desktop refresh and network upgrade projects.

49. The position statement also identifies a number of areas where work is in progress:

- A Corporate Efficiency Framework is being developed. A report outlining how the council would develop its approach to Efficient Government was approved by the Policy and Strategy Committee in September 2006.
- The council have held discussions with Inverclyde Leisure to improve accountability and scrutiny arrangements and the council plans to carry out a review of funding.
- A business case has been developed to modernise the planning service and to support a more corporate approach to land and property management.
- Action has been taken to enable transportation and roads service to focus on monitoring the quality of outcomes delivered, value for money and customer satisfaction. Weekly meetings are held to review performance and projects are now put out to tender to ensure value for money.
- A household survey was carried out in August 2005 and consideration is being given to the establishment of a Citizen's Panel. A further customer survey is planned for Summer 2007.
- The council has reviewed its customer complaints procedure and developed a new leaflet for customers on how they can contact the council. Work has started to develop a computerised complaints system to record and monitor corporate complaints.
- All services have updated their risk registers and produced Business Continuity Plans. The council has set up a Corporate Risk Management Group.
- The council has analysed its high spend creditors to identify tender opportunities and to ensure spending on goods and services can be monitored more systematically. A consultancy led procurement review is planned to be completed in January 2007.
- The Policy and Strategy Committee approved an options appraisal framework on 19 September 2006. The council plans to establish a process for scrutinising options and embed this into the budget process.

50. The council has identified that there are a number of other areas where limited progress has been made and needs to ensure that these are incorporated consistently into their transformation programme, they include:

- community planning
- asset management arrangements
- the development of a comprehensive corporate human resources strategy and corporate workforce planning
- the development of a corporate best value and improvement agenda and the establishment of arrangements to ensure that best practice is shared across the organisation

- the mainstreaming of equalities across the council
- improving the accessibility of information to members of the public for example on committee meetings and committee reports.

Service performance

Service performance remains broadly in line with that reported in June 2005. The better performing services such as education and social work continue to perform well. The Statutory Performance Indicators (SPIs) show that other services, in particular housing and revenue collection, continue to perform poorly. The council needs to continue to focus on improving its systems and processes to provide better foundations for service improvement in future.

51. This assessment of service performance is largely based on published information in the form of SPIs and the reports published by other external scrutiny bodies. It provides a useful basis from which to establish the trends in the council's performance between April 2004 and March 2006.
52. Service performance remains a mixed picture. Over the past year, service performance has remained broadly in line with our previous assessments and there does not appear to have been a significant improvement or deterioration in the council's performance, despite the major changes being made to the organisation. The council is yet to realise the benefits of its improving capacity and focus. Many of the improvements which have been made are relatively recent and have had little time to embed or demonstrate a positive impact in terms of improved service delivery.
53. Audit Scotland publishes a set of SPIs for each Scottish local authority. These do not give a comprehensive picture of performance across all services, but they do allow some comparisons to be made between councils and over time ([Exhibit 1](#)).

Exhibit 1

SPIs 2004/05 and 2005/06: Number in each quartile

	Upper quartile		Middle quartiles		Lower quartile	
	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06
Adult Social Work	4	6	7	11	2	2
Benefits Administration	0	0	1	3	1	0
Education and Children's Services	2	2	5	5	2	3
Corporate Management	1	1	3	4	7	6
Cultural and Community Services	1	1	5	4	3	3
Development Services	2	2	3	0	1	0
Housing	0	0	1	0	6	8
Protective Services	2	0	3	5	3	1
Roads and Lighting	0	0	3	2	2	2
Waste Management	2	1	3	3	1	0
Total	14	13	34	37	28	25

Source: Audit Scotland

54. In 2004/05 the council had eight indicators in the top quartile and seven of these remained in the top quartile in 2005/06. The indicator which has deteriorated is in respect of the cost of refuse collection. This increase in the cost of collection is likely to be explained by the council's recent investment in implementing a three bin kerbside collection service.
55. Of the 22 SPIs which can be compared between 2004/05 and 2005/06, and are among the worst performing councils, 16 have not significantly improved. Six of these indicators relate to corporate management and include; sickness absence, council tax and non domestic rates collection. All eight of the housing indicators remain amongst the poorest performing councils and half of these have deteriorated by over 15 per cent since 2003/04. These areas require the sustained focus and investment of the council in order that they can improve.
56. The six SPIs which have improved relate to; the accessibility of public buildings for disabled people, food hygiene inspections, dealing with noise complaints and business advice requests, the condition of the roads and recycling.

57. There is a slight improvement in the council's rate of improvement over the last year. The council's performance worsened by five per cent or more on 17 SPI measures, it improved by five per cent or more on 23. This gives the council an improvement to decline ratio of 1.35 which is slightly higher than for the period 2003/04 to 2005/06 where the ratio is 1.33 (Exhibit 2).

Exhibit 2

SPI Profiles: Performance change between 2002/03 – 2005/06 and 2004/05 – 2005/06

	Measures that worsened by			Measures that improved by		
	>15%	10-14%	5-9%	5-9%	10-14%	>15%
Inverclyde 03/04 – 05/06	12	1	2	5	0	15
Inverclyde 04/05 – 05/06	7	4	6	2	7	14
Scotland 04/05 – 05/06	2	2	4	2	4	12

Source: Audit Scotland

58. Her Majesty's Inspectorate of Education (HMIE) carried out a follow up inspection of their 2001 INEA report in 2004. This report found that despite the levels of deprivation in some areas of Inverclyde, the education service was performing well. In the 2005/06 SQA examination results, academic attainment has generally been sustained at levels which compare well with the other council areas in their family group.

59. The 2004 INEA follow up report also highlighted some improvement areas which included school capacity and the condition of the schools estate. In 2005/06 Inverclyde continued to have the lowest proportion of its secondary schools within the optimal occupancy parameters (occupied at between 61 and 100 per cent) in Scotland. The occupancy levels and the quality of the schools estate is recognised as a priority and is high on the council's current agenda.

60. Community Learning and Development (CLD) needs to improve its performance. In 2005 HMIE reported on CLD in the East and Central Greenock area. The report indicated that of the 32 quality indicators assessed, three were judged as 'very good', twelve as 'good', nine as 'fair' and eight as unsatisfactory. The indicators classified as unsatisfactory related largely to management issues, such as leadership and resourcing. The council has agreed an action plan with HMIE and progress is being made.

61. The Social Work Inspection Agency (SWIA) published a Performance Inspection report on Inverclyde Council in September 2006 which indicated that overall the council has maintained a good level of service (Exhibit 3).

Exhibit 3:

SWIA Inspection Report

Inverclyde social work services deliver good outcomes for many people who use their services. There are some services where their performance is amongst the best in Scotland. For example, the number of people with learning disabilities who get community short breaks and the reduction in the number of persistent young offenders.

There has been good leadership from the management team who have been running the social work service without a director for eighteen months. Thus, social work services have functioned effectively in the absence of corporate leadership. Social work services have a dedicated, loyal, and skilled workforce, which is committed to delivering high quality social work services to vulnerable people in Inverclyde.

We found evidence of effective joint working between social work services and the NHS. The Inverclyde Council and NHS Greater Glasgow and Clyde partnership has made good progress in this area. For example, it has exceeded the target the Scottish Executive set for reducing delayed discharges from hospital.

Some of the buildings used by social work services were in a very poor state. They were not good enough for people who use the services or the staff who work in them. Buildings that are not fit for purpose need to be replaced or refurbished. Social work services had significant underspends in the last three financial years. These underspends mainly related to earmarked reserves which were in addition to the allocated social work budget. They need to put financial systems in place to deal with this problem.

Improvement is also required in the following areas:

- managing and monitoring the performance of services
- quality assurance to evaluate the effectiveness of services
- collecting and using information to manage services more effectively
- carers' assessments
- the educational attainment of looked after children.

Source: Social Work Inspection Agency Performance Inspection Summary Inverclyde Council 2006, September 2006

62. The SWIA evaluation rated the key outcomes for people who use services and the impact on adults, carers, children and families who use the service as good. None of the areas evaluated were rated as weak or unsatisfactory.

63. The Benefits Fraud Inspectorate (BFI) published an inspection report in September 2005 assessing the council's performance in dealing with claims administration. The report indicates the council was

not 'at standard' for the processing of claims against the Department of Work and Pensions 2005 performance standards ([Exhibit 4](#)).

Exhibit 4

Benefits Fraud Inspectorate Report

The scope of the focused inspection covered performance against the six performance measures for claims administration and accuracy and ten enablers drawn from the claims administration and security themes of performance standards. We found the council were at Standard in three of the performance measures and met seven of the enablers.

The council failed to meet three performance measures:

- processing claims in 36 days
- ensuring 90 per cent of rent allowance claims were paid on time or within seven days of a decision being made
- accuracy performance was less than 98 per cent.

Our main concern was the failure of the Benefits service to plan sufficiently to improve performance in its strategic and operational activities. The absence of correct management information, key performance targets and objectives, performance monitoring and evaluation of performance to inform strategic and operational planning meant the Benefits service was not effectively and securely managed.

The management assurance activities meant members and senior officers had only limited assurance that the Benefits service was providing a level of service that was modern, customer-focused, efficient, effective and secure.

Source: Benefits Fraud Inspectorate Report September 2006

64. Since the 2005 BFI report, the council has been working in partnership with the Performance and Development Team from the Department of Work and Pensions (DWP) to improve the service's performance. The service has subsequently improved. For the period up to 30 September 2006, five of the DWP's six performance standards achieved the highest classification (Grade 4).

Conclusions

65. The council is moving in the right direction and has made steady and encouraging progress on its management of change programme. Through this programme the council is demonstrating its commitment to improvement. Since the last Controller of Audit report, the council has:

- appointed a new chief executive
- established a new management structure
- appointed a CMT and is in the process of populating the management structure at head of service level
- established new political management arrangements in the form of formal pre-agenda meetings and improved the quality and timeliness of reports to committee
- seen an improvement in member officer relations.

66. The council has also engaged with outside agencies to provide support for its improvement agenda and through its recruitment process is starting to build its own capacity. It has developed a wider transformation programme which sets the management of change programme in the wider context of other strategic projects and service modernisation. The council has also agreed a professional development programme for members and is in the process of reviewing their support arrangements. The pace at which improvements have been made is steady and the council is developing a firmer base from which to make improvements in the future. The council now needs to increase the pace of improvement in line with its improving capacity.

67. The progress made in some areas of the management of change programme has been more limited and represents 'work in progress'. The council must now use the developing capacity that it has to increase the pace of improvement in a number of areas including:

- the development of a performance management framework
- improving the competitiveness of its trading operations
- corporate planning and budgeting.

68. The implementation of a major change programme carries with it a risk that focus and resources are diverted from delivering other priorities and core services. The council has been successful in progressing a number of other significant policy objectives against the backdrop of the management of change programme. These have included:

- the establishment of an Urban Regeneration Company to support economic regeneration
- the development of the schools estate strategy
- housing stock transfer.

The council has also been making progress on a wide range of other improvement areas, such as the formal adoption of a Local Plan, the establishment of an independent housing stock dwellings register and improvements to ICT services which were raised in previous Controller of Audit reports. Core services have generally maintained their levels of performance, with continued good performance in education and social work and poor performance in housing and council tax and non domestic rates collection.

69. The council is moving in the right direction and there is a clear commitment and enthusiasm to improve. The council's awareness has improved and it understands that it must clearly identify and focus on priorities and what needs to improve for the future. The council still has much to do and it has a challenging improvement agenda. It needs to increase the pace and momentum of change now that it is making progress in improving its internal capacity. It also needs to focus on embedding its new structures and arrangements in order that it can realise the benefits of improved performance in respect of its services.

Inverclyde Council

The Audit of Best Value and Community Planning

Progress report



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Audit Scotland
110 George Street
Edinburgh EH2 4LH

Telephone
0845 146 1010
Fax
0845 146 1009