

Supporting councils to succeed

Independent evaluation of
the LGA's corporate peer
challenge programme

Contents

Executive summary	3
1. Introduction	5
2. Methods	6
3. Preparation	7
4. The process	9
5. The team	10
6. Reporting	12
7. Impacts	15
8. Conclusions and recommendations	22
LGA response	26

The LGA commissioned the Centre for Local and Regional Government Research at Cardiff Business School to undertake an independent evaluation of the effectiveness of the corporate peer challenge (CPC) programme. The Centre is internationally recognised as a leading site for local government research. The most recent independent assessment of research quality in UK universities rated the Centre's work as 'world leading' and praised its engagement with policy-makers and practitioners.

The Local Government Association would like to thank the report's authors Dr James Downe, Professor Steve Martin and Dr Heike Doring, Centre for Local & Regional Government Research, Cardiff Business School: <http://business.cf.ac.uk/research/groups/centre-local-and-regional-government-research>

Executive summary

Corporate peer challenge (CPC) is a core element of the Local Government Association's (LGA) sector-led improvement offer to local authorities. Managed and delivered by the sector on behalf of the sector, the process is designed to support councils to take responsibility for their own improvement.

Our independent evaluation assessed the effectiveness and impacts of the first forty CPCs based on evidence from:

- an analysis of CPC reports
- the results of the feedback survey that councils complete following a CPC
- discussions with LGA managers
- a survey of senior officers in each council
- interviews with leaders and senior officers from a sample of councils.

One of the great strengths of the offer is the way it is tailored to each council's needs. This means that it can be used in different ways by different authorities. However, all councils agree that preparation is key to its success. It is important to get the scope and timing right and to ensure ownership across the council.

The process stand or falls by the quality of CPC teams. Councils have been impressed with the knowledge and experience shown by teams and the professional manner in which they conduct themselves. They particularly value the fact that team members understand the complexity of working in a political environment. This helps to give councils confidence in the process.

Councils reported that the feedback and reports from CPC teams offer challenging, constructive and honest insight.

Reports have been widely communicated. Nearly all councils have published their findings and more than three-quarters of survey respondents said that their council had developed an action plan in response to the report. Where an action plan wasn't produced, the key recommendations have been integrated into existing improvement plans.

Councils report that CPC has had a positive impact on their capacity to take responsibility for their own improvement. It encourages open and honest self-assessment and provides councillors, officers, staff, partners and communities with an independent review of a council's strengths and weaknesses and the challenges it faces.

As well as promoting greater self-awareness, CPC has increased councils' self-confidence, often enhancing their reputation and encouraging them to become more outward looking and to engage with regional and national initiatives.

The focus on the core components (setting priorities, financial resilience, effective leadership, governance and organisational capacity) is working well. More than two-thirds of survey respondents reported that CPC had led to improvements in the way their council was run.

CPC has helped improve the way councillors and officers work together.

It has encouraged councils to agree clear priorities and to integrate strategic management with resource planning.

It has supported councils in improving their medium financial planning, efficiency programmes, partnership working, performance management, and engagement with partners and local communities.

It is unrealistic to expect a strong causal link between these impacts and directly improving outcomes for service users and citizens. But the process is undoubtedly encouraging councils to make changes that are likely to result in improvements in public confidence, corporate capacity, services and financial resilience.

Councils that have experienced the CPC process are strong advocates for it. Many have encouraged other authorities to participate.

By March 2014, councils have contributed more than 2,500 days of senior councillor and officer time to CPC teams. This represents a considerable investment by the sector in its own improvement which is equivalent to millions of pounds worth of consultancy.

It is important that councils that are at most risk of failure benefit from the expertise offered by CPC and that follow-up support is targeted on those councils in the greatest need of it.

The issue is not whether CPC should continue to be supported. The question is how to build on the success that it has already achieved to enable the sector to meet the growing demand for the offer without compromising on quality.

There are a number of actions which we recommend the LGA should take to further fine-tune the CPC process in order to ensure that the sector builds on the success it has already achieved.

1. Introduction

Corporate peer challenge is a core component of the Local Government Association's (LGA) sector-led improvement strategy. Managed and delivered by the sector for the sector, the process is designed to support councils to take responsibility for their own improvement.

The LGA commissioned the Centre for Local and Regional Government Research at Cardiff Business School to undertake an independent evaluation of the effectiveness of the corporate peer challenge (CPC) programme. The Centre is internationally recognised as a leading site for local government research. The most recent independent assessment of research quality in UK universities rated the Centre's work as 'world leading' and praised its engagement with policy-makers and practitioners.

The evaluation was designed to:

- analyse the effectiveness of the corporate peer challenge methodology
- assess its overall impact in helping the sector with self-monitoring and improvement.

The first phase of the research analysed early peer challenges to determine whether the methodology was fit for purpose and meeting councils' needs. A report published in Summer 2012 concluded that it was working well and made recommendations for building on this success, which the LGA responded positively to in a number of ways.

There has been a significant increase in the take-up of the programme since our first report - 73 challenges are due to be completed in 2013/14. More councils will have participated in the programme by providing peers. This report examines how the process has been working since our last round of fieldwork and focuses in particular on the impacts of CPC.

2. Methods

This report is based on evidence gathered from five key sources:

- an analysis of the first forty CPC reports and councils' documented responses (including action plans where these existed). This enabled us to identify the main areas in which CPC was likely to have had an effect
- analysis of evidence from the feedback survey that the LGA completes following each CPC
- a workshop with LGA managers which explored the impacts of CPC which they observe in their work with councils
- an on-line survey sent to three key individuals (usually the chief executive, Head of Policy/Performance, and the officer who had been the first point of contact with the challenge team) in each council that had completed a CPC. We received 64 complete responses from 47 (75 per cent) councils
- semi-structured interviews in a sample of 12 case study councils including three which we had visited in phase 1 (to assess longer-term impacts) and nine that had completed a CPC since our first report. Interviews were conducted by phone with the leader, chief executive and Head of Policy/Performance and enabled us to gain a more in-depth understanding of the types of impacts CPC achieved. Interviews followed a standard topic guide, were taped and the key points were recorded in contemporaneous notes.

3. Preparation

Many councils requested a CPC because they wanted a robust, external 'health-check'. CPC is designed to be prospective rather than backward-looking and councils often wanted assurance, not just about current performance, but also future plans, including in particular their vision, priorities, transformation programmes and strategy for responding to budget reductions. As one interviewee explained:

“It was just the chance for that bit of external validation to give members assurance that we were on the right track. And also to have a bit of an action plan for where else we could look to improve”.

Some councils wanted the challenge to provide them with reassurance that they had made progress in tackling past problems. In the absence of other external checks on their performance, CPC is being used to fill what is perceived to be an important gap. However, some interviewees questioned whether it was actually fit for this purpose and, more importantly, whether this activity represented a good use of the expertise of CPC teams. Other processes are in place to provide reassurance about performance e.g. Ofsted, Care Quality Commission, annual audits.

The timing of the challenge was often crucial. Many councils wanted to feed advice from the CPC into their strategic/corporate planning process. It was also important to get the timing right in terms of the electoral cycle, though what worked varied between councils.

For example, one leader had asked for a CPC a few months into his new administration to check they had the capacity they needed to carry through their ambitious plans for change.

Councils also used the process in different ways according to their performance trajectory. For some which were 'on the way up', it was a chance to 'rehabilitate their reputation', while for others it was an opportunity to raise or maintain the already strong profile. A senior officer in one council explained to us:

“We've looked for every informal opportunity to validate our transformation journey. Corporate peer challenge was another instrument to do this”.

Councils reported that it is crucial to scope the challenge properly, and evidence from our case studies and survey suggests that the pre-meeting with the LGA helped to ensure that challenges had a clear focus which met councils' expectations. All respondents to our survey said that their council had a clear idea what it wanted to get out of the CPC and 88 per cent of officers who responded to the LGA's survey said that liaison with the LGA had been an important part of their preparations for CPC. One interviewee said that:

“You need to be really clear about the scope of what you’re doing and why you’re doing it, what the benefits are going to be. Otherwise there is a tendency that it can be quite scattergun”.

In most of the case studies, CPCs had been initiated by the chief executive or another member of the senior management team. More than three quarters (78 per cent) of survey respondents agreed that there was wide support for the CPC among senior officers. It is also vital that the process has political support. 71 per cent of survey respondents reported that there was wide support for CPC among executive members.

Councils took a number of actions to broaden the ownership of the process beyond the cabinet and senior management team. Several told us that it had been important to get all political parties signed-up to the process. A number of authorities have chosen a member peer from an opposition party to be on the team to ensure that the CPC would enjoy credibility across the council.

The way in which CPC is tailored to each council’s needs and priorities is seen as one of its great strengths. The vast majority (94 per cent) of respondents to the LGA’s survey reported that the process had been well tailored to the specific needs and focus of their council. A senior officer explained to us that,

“If you are going to bother with these things, they are quite time consuming, they take some senior management effort, some political time...so you want it to have the most value for the organisation. If you are then able to select, ‘at the moment this is the most important thing for us’, then I think that is the real benefit”.

4. The process

Officers and councillors saw the challenge team as ‘critical friends’ and staff were briefed to be honest, open and transparent so that they got the best out of the process. As one officer explained, ‘As you don’t get gold stars out of it, there is no point trying to game it’. Most had found it easy to get into this different mind-set.

It is vital for the success of the CPC process, that the challenge team are well prepared and that all background material has been fully digested and understood. We were told that it was important that the team came from councils that were facing similar challenges and could understand the context.

All CPC teams had done their homework and came armed with specific issues to explore. Councils appreciated the fact they neither used a standard template nor a tick box approach but they also didn’t start with a ‘blank sheet of paper’. As well as liaising with the LGA manager and the council in advance, team members read documents and in one case got informal feedback from inspectors and auditors.

This thorough preparation is reflected in the fact that 88 per cent of survey respondents thought that the CPC their council received was ‘good’ or ‘very good’ at identifying key issues for the authority. Respondents saw the process as rigorous and searching. The questioning was robust and in some cases ‘very close to the bone’. One interviewee reported that:

“Some of my colleagues were surprised by how sharp and incisive the questions were and that showed the knowledge and awareness they already had”.

and others made similar observations.

The flexibility which the process allows to cover core elements, such as leadership and corporate capacity, as well as a council’s priorities was universally welcomed. We heard that some teams requested information on the council’s risk register and other documents which was seen as harking back to the days of corporate inspection. But in other cases, once the team was convinced by the council’s written submission that its core capacity was satisfactory, they focused primarily on the specific issues which the council had asked to be considered.

Nearly all respondents to our survey (93 per cent) agreed that the challenge placed far less of a bureaucratic burden on their council than previous inspections (such as Comprehensive Area Assessment (CAA) and Comprehensive Performance Assessment (CPA)). Some, however, would have appreciated more of a steer from the LGA about the focus of the review and guidance about who the team should speak to. Some councils involved a wide range of partners and representatives from the business, voluntary, and health sector as well as members of the public in the challenge. But most challenges were entirely internally focused and did not engage local stakeholders.

5. The team

As we found in phase 1 of the study, the quality of the team is crucial to making the process work. Survey respondents were very positive about this aspect of CPC. Nearly all (99 per cent) believed that teams had possessed the necessary expertise to undertake the challenge and 94 per cent reported that they conducted the challenge in a professional manner. Given that more than 350 peers have participated in a CPC from more than 180 different organisations since April 2011, such positive feedback on team members is a significant achievement.

The value lies not just in the team being external to the council but consisting of experienced and credible people so that their findings can be trusted. As one officer explained, 'Without the respect of the organisation, the peer challenge is undermined'. Officers reported to us that team members did not bring any baggage to the process, just their own expertise and knowledge. The style and approach of team members was also important and a more relaxed and open relationship was said to help the process. This gave councils confidence that CPC was an important mechanism for change. Many interviewees appreciated the fact that team members, both officers and councillors, understood the complexity of working in a political environment and the impact which local politics can have on a council's organisational culture and priorities. An interviewee explained that:

"CPC offered something that external consultants would not have been able to offer. They bring in an expertise and knowledge that external consultants often lack, even if they have worked a lot with the public sector, they don't know what it is like to be working in the public sector, some of the issues involved, the politics involved...It was an incredibly invaluable experience".

Another told us:

"I got more useful stuff from the three days of the corporate peer challenge than from three months of private consultants. I could have one every week, I'd love it".

A large number of interviewees believed that having some say in the selection process is important as you need a team you are able to work with. Three-quarters of survey respondents reported that the council had a clear idea of who it wanted to form the CPC team. Some councils were particularly active in shaping their team, suggesting names and targeting individuals who they believed could bring significant expertise. Other councils wanted their team to include people with experience of working at a senior level in the private sector. The LGA sometimes found the recruitment of particular individuals quite difficult (partly because of the pressure on their diaries) but one in five of the CPC's delivered to date have involved peers from beyond local government. We were told that these peers added significant value and CPC's would have been poorer without them. While this is a sector-led process, where additional expertise can be sought from outside the sector, it should be encouraged.

In the majority of cases, the selection of the team was an iterative process where names were provided by the LGA and councils offered their views on suitability. It is important that the LGA continue to tailor team members to the challenges and get the right mix of experiences and skills across each team. There is, of course, a balance to be struck between a team which is provided to a council with no discussion and one where the council has chosen all members. The LGA need to continue to ensure the volume and quality of peers and provide a choice of peers for councils.

Several case study councils had benefitted from continuing relationships with CPC team members after the challenge had been completed. In some cases this involved mentoring, in others, councils asked for specific input and advice (for example on its economic development strategy). Both officers and councillors across our case studies felt confident that they could pick up the phone and ask the team leader, in particular, for advice if they wanted to. This opportunity was appreciated by councils and had assisted some in making further improvements. An interviewee explained:

“Under the old regime [CPA and CAA] this was quite a non-inclusive relationship with the auditors that would be doing it. You would have the inspection and that would be it. Whereas we have had a continued dialogue with the LGA since the CPC, we have established a relationship. To be able to do a meaningful peer challenge you have to establish a relationship”.

The LGA offers additional advice or follow-up support to assist councils in addressing issues identified in a CPC. However, several councils commented that more could be done to encourage learning from within the sector. They wanted LGA managers to take a more pro-active role in highlighting lessons from elsewhere and some thought given to drawing together some of the common lessons and themes from the (quite large number of) CPCs that have now been undertaken. The LGA has responded to this challenge by publishing a series of case studies in 2012 and a report which collates the learning on local economic growth issues relating to a number of peer challenges in 2013.

Councils continue to see the benefit of releasing their senior officers and councillors to be peers. Many are motivated to participate in CPCs by the opportunity to gain ideas and good practice, make comparisons with their own authority, and to contribute to their wider responsibility to the sector. The process relies upon the participation of high-quality peers and it is important for councils to understand the benefits this can bring to their own organisation and the whole sector.

6. Reporting

The feedback and reports were found to be an honest appraisal. The conclusions reached were described as being ‘fair’, ‘reasonable’, ‘comprehensive’ and ‘credible’ with very few councils disagreeing with any feedback they received. The reports provided a platform for councils to address the challenges internally. An interviewee explained that:

“We crafted the corporate plan, reviewed all our partnerships, remodelled performance management regime entirely as response to the level of challenge we received. We also had a good look at organisational development”.

These were almost entirely issues which councils were aware of, but this wasn’t surprising given that councils posed the questions of where they wanted assistance. There was still significant value in receiving the views of external experts.

“The feedback wasn’t surprising but it was thought-provoking. When you’re close to something, then with the best will in the world, even at strategic level, it can be difficult to stand back to see the wood for the trees”.

The main area where expectations were not met was in the offering of new ideas in the feedback or report.

“We received no new ideas of doing things differently and I expected a bit more e.g. good practice from other councils”.

“We didn’t get much good practice, only on an ad-hoc basis. Quite a bit of it was motherhood and apple pie”.

The LGA is starting to take a more active role in sharing good practice both within the peer challenge process and afterwards in reports which bring the findings of challenges together. This is needed as only one of our case studies had examined other CPC reports to search for good practice.

One of our case study councils was explicit in stating that they took the report at face value and did not challenge any of the findings. The leader of this council felt that ‘it helps to strengthen the credibility of the public report to keep negative things in’. Most councils requested small changes to reports which corrected minor factual errors or rephrased conclusions to ensure that they have the most positive impact within the organisation. In some cases, councils asked the LGA to produce recommendations as officers felt that they would be helpful in guiding their improvement strategy.

85 per cent of survey respondents said that their councils accepted the corporate peer challenge findings in full and the reports have been helpful in many different ways. For one chief executive, ‘The process was useful as I knew what I wanted to do and I got external

confirmation for that alongside some deadlines'. Councillors have quoted the report in party group and council meetings to explain that external experts had highlighted these issues. The reports have also helped to get messages out to partners.

Nearly eight in ten respondents (78 per cent) said that their council had developed an action plan in response to the report. In some, this was taken very seriously with actions being monitored on a quarterly basis and the follow-up visit used as a motivating force for change.

“The follow-up visit has given an extra impetus for our politicians to deliver”.

“The LGA came back and helped us with issues such as prioritisation. It was important to have a corporate view on which services to invest in and which to disinvest in to balance the books and this will drive our budget setting this year. It's generated two projects to do with growth; we've commissioned an asset management strategy and introduced a new project aimed at reducing the costs of customer access. So some really concrete stuff came out of it”.

In the majority of our case studies, a number of actions had been taken forward but the action plan was not driving the council's improvement agenda. Where an action plan wasn't produced, the key recommendations have been integrated into existing improvement plans. Councils appreciated the fact that they did not have to take all recommendations on-board. The report is for the council to help it improve and in some cases officers and members had different ideas of how to tackle an issue. Other councils saw this lack of follow-through as a weakness of the process and suggested that there should be more rigorous follow-up support.

“It is a robust challenge but then they don't have any sanctions. If you just say this is what I strongly advise you to do, unless there are sanctions attached to it, it is going to be toothless”.

As CPC is a voluntary process, it isn't feasible to include any sanctions or a compulsory follow-up visit, but it is important for all councils to take the recommendations from the visit seriously and consider how a follow-up visit could help them to improve.

A minority of officers suggested that the corporate element of CPC could be scored so that they could compare their performance with others as a way to further improve.

“I do wonder whether the overall corporate assessment could be presented slightly differently to enable public reassurance, maybe bring an element of judgement back in but tempered very strongly by a narrative assessment of the focus areas”.

Councils took different approaches to sharing the findings from the CPC. One council involved a large number of interested individuals, inviting:

“Everyone who had participated in the challenge to attend the last session where the team reported back their findings. There were about 50 people attending (on a Friday afternoon), mostly from outside of the council”.

In most cases, a fairly small number of senior councillors and officers were invited to the verbal feedback session at the end of the visit.

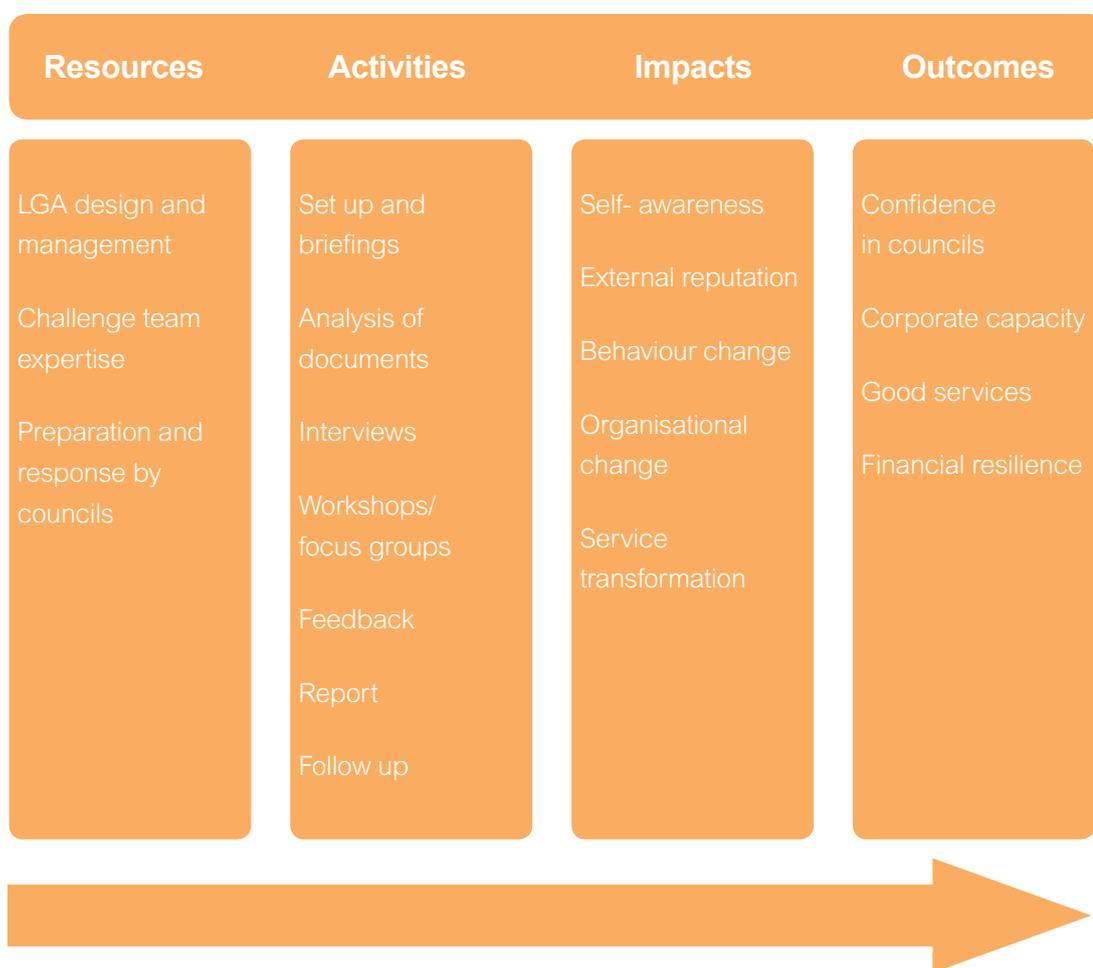
Peer challenge reports have been widely communicated within councils (81 per cent suggested that it was reported to cabinet and 89 per cent agreed that it has been communicated to staff). They have also been shared externally as the vast majority of councils have published the findings from their challenge. It is the council's responsibility to publish the report findings but the LGA actively encourages this in terms of transparency and accountability. Some councils also took pro-active steps to raise awareness of the findings externally - in addition to simply publishing the report - though most acknowledged that there had been very little public interest or response. While the public are unlikely to be interested in this report as it is mainly about the internal workings of the council, it is still important to publish it.

7. Impacts

7.1 Defining impact

Phase 1 of study gave some initial insights about the kinds of impacts which the first twenty CPCs were having. Building on this knowledge, we developed an impact assessment framework for CPC which identified four components of the CPC process: resources, activities, impacts and outcomes (Figure 1).

Figure 1 Impact assessment framework



Resources – The LGA, challenge teams and participating councils all contribute important resources to the CPCs. The LGA designed the CPC process with councils and now promotes the offer to the sector. LGA managers liaise with councils to schedule visits and provide a CPC which addresses their needs. The members of the CPC team are a vital resource, offering a blend of experience and expertise tailored to a council’s needs. Councils themselves invest time and staff resources in preparing for a CPC, hosting the visits and learning from and responding to the team’s recommendations.

Activities – CPCs involve a range of activities including set up and preparation, analysis of documents, visits involving interviews and verbal feedback, and a written report to councils.

Impacts – We analysed the first forty CPC reports and councils' documented responses (including action plans where these existed) and discussed potential areas of impact in a workshop with managers from the LGA. This enabled us to develop a typology of the main impacts which CPC was likely to have which in turn informed the questions asked in our survey and interviews with council leaders and senior officers. The evidence we gathered from survey findings and case study interviews showed that CPC has five key impacts which are:

- Greater self-awareness
- Improved external reputation
- Behaviour change
- Organisational change, and
- Service transformation.

Outcomes - Some interviewees suggested that the ultimate test of the value of CPC is its impact on outcomes.

“We need to give more examples about how peer challenge has improved outcomes. That’s what people want to hear. ...What they want to hear is, well has that improved the outcomes for local people?”

However, it is difficult to establish a direct causal link between the impacts of CPC and better outcomes for service users and citizens – for two main reasons. First, it often takes time for better outcomes to become apparent. Second, there are so many other factors which influence outcomes that it would be misleading to give CPC all of the credit for improvements. Indeed, since the CPC process is designed to work with the grain of what councils are trying to achieve, it would be odd to treat it in isolation.

Nevertheless, the evidence we have gathered suggests that it is entirely reasonable to infer that the changes in organisational culture, structures and processes that CPC supports will have a positive effect on confidence, council performance and financial resilience. For example, behaviour change such as improvements in the ways in which senior councillors and officers work together increases a council's corporate capacity. Improving performance management systems helps councils to deliver better services and means that the public is able to hold them to account more effectively. Transforming approaches to service delivery should help councils become more financially resilient. As one interviewee put it:

“It has helped develop our infrastructure and through the approach to performance management will help improve services. I don't think I could make a direct link between CPC and direct service improvements. It's helped us to set ourselves up to succeed”.

7.2 Self-awareness and external reputation

CPC is designed to be forward-looking and a vehicle for sector-led improvement, rather than a means of monitoring council performance. However, many of our case studies also valued the independent check on their performance which CPC provided them with. In a number of cases,

the CPC team's views had reshaped how the council thought of itself and was something which they still came back to a year or more on from the CPC visit. One interview described it as having given the council a different 'narrative'; a new language for thinking and talking about the organisation's strengths and the challenges it faced.

Several councils had wanted CPCs in part to make sure that they had in fact dealt with past problems. They saw it as an important part of what one interviewee described as a 'wider process of rehabilitation'.

A very large majority (91 per cent) of our survey respondents reported that CPCs had provided valuable reassurance about the council's overall direction of travel. Some councillors told us that it was really important for them to be sure that their council was on the right track. Some new administrations in particular wanted to check that their strategy and priorities were appropriate and achievable.

For some of the case studies, external validation by respected peers signalled a decisive break with the problems of the past, demonstrating to politicians, staff and the wider community alike that long standing problems were now being tackled. This often had a positive impact on staff morale as well as improving the confidence of senior councillors and officers.

"The report had a positive effect on partners. It also gave staff a boost as it affirmed what they have been doing".

Several CPCs had highlighted the need for councils to be clearer about what their priorities were and to communicate these more clearly. A number of the case studies said that the process had led them to develop a clearer identity and improve their 'branding'. Many had also improved their communications strategies. Sometimes these were linked to economic regeneration and the need to get messages about the opportunities in an area across to potential investors.

Self-awareness and external reputation were closely linked. Councils mired in internal difficulties tend to become very inward looking. The reassurance given by CPC teams to councils which were improving after experiencing recent difficulties gave them confidence to be more outward focused and this in turn helped to improve their reputation. There were a number of case studies where the CPC process had increased councillors' appetite for learning from other authorities. Some reported that by reassuring residents and partner organisations that the council was moving in the right direction, CPC had a positive effect on engagement. Councils became more confident about working with partners and local communities, and they saw the council as worth engaging with. Some councils also gained confidence to participate in regional or national initiatives – for example in their Local Enterprise Partnership and/or with the LGA.

"It made us more confident about the council's role in the region".

Some of the case studies had been encouraged by the CPC process to put their approaches forward for inclusion on the LGA Knowledge Hub website and participate in LGA conferences, which in turn had increased their self-confidence.

Impressed by their own positive experience of the process, many interviewees had become advocates for CPC within their regions. They had encouraged other authorities to participate and most wanted to contribute senior councillors and/or officers to CPC teams, seeing this as not only 'giving something back to the sector', but also as a valuable opportunity for learning from the councils they visited.

7.3 Behaviour change

Overall councils demonstrated good self-awareness of the challenges facing them. However, almost a third (31 per cent) of survey respondents told us that it had highlighted issues that their council had not previously been aware of.

More than half (55 per cent) of survey respondents reported that CPC had led to an improvement in working relationships between councillors and senior officers.

Two-thirds reported that CPC teams had emphasised the importance of issues that officers and/or councillors had known about but not acted on. Sometimes they endorsed messages that officers felt they had been trying to convey to councillors (for example about the severity of the financial challenges) without success.

“Like many councils we are going to struggle to meet our budget gap. We have been telling our councillors about that problem but...having an independent body reviewing and hopefully validating that and helping with having yet another but probably different conversation”.

In other cases, the CPC reinforced issues which politicians felt they had been struggling to persuade officers to address:

“It gave the leader the evidence base and the confidence he needed to change the way in which the senior management team worked with him and his colleagues”.

In some case studies, CPC teams recommended that councillors needed to exercise more leadership in setting the council's priorities and strategic direction and in response several councils had introduced new support for councillors including appraisals, development plans and other training.

In other cases, councils had strengthened senior management teams and/or other priority areas by recruiting new staff as a direct result of a CPC.

“The review did not ask them to look at economic development (but) ... I was really pleased that they did address this, because I had been saying that we need to put more energy into economic development and growth...After that I managed to secure more posts, there was an acknowledgement that we needed to put more capacity in”.

Some CPCs told councils that their communities or partners didn't believe that they listened sufficiently to them.

“We got very helpful feedback from their meeting with senior business leaders”.

This led to a renewed emphasis on engagement and, in some cases, the development of new engagement strategies. In one case, the CPC team modelled ways of engaging in focus groups with stakeholders and the council found this particular helpful in helping them to see how to be more outward looking.

Some of the case studies also reported that they have changed the ways in which council meetings are run and have made moves to strengthen the scrutiny process, as a direct result of CPCs.

7.4 Organisational change

More than two-thirds (67 per cent) of survey respondents reported that CPC had led to improvements in the way the council was run.

“It has changed the way the way the council works...We might have got there in the end but without the review team there would have been a longer period of muddle. We wouldn't have got there as quickly and the emphasis on change wouldn't have been as clear as it is now”.

The focus on the core components (setting priorities, financial resilience, effective leadership, governance and organisational capacity) is seen as working well. Survey respondents particularly welcomed the attention CPC gives to the importance of effective working between officers and councillors.

Areas of improvement highlighted by survey respondents included:

- Organisational and workforce development (cited by 61 per cent of survey respondents)
- Priority setting (60 per cent)
- Partnership working (58 per cent)
- Councillor development (58 per cent)
- Performance management (47 per cent)

Examples from the case studies included:

- Changes in councils' strategies and priorities
- Improvements in financial planning systems and approaches to service transformation
- Reallocation of resources to priority areas
- The development of asset management plans
- Changes to the constitution
- Improvements in partnership working
- A new approach to branding.

In several case studies, CPC teams had suggested that councils remodel their strategies and internal structures to meet the challenge of budget reductions:

“The informal feedback was that the council was too siloed...This directly influenced our next budget and led to reorganisation of SMT portfolios so we're less directorate focused than in the past”.

“The CPC raised the profile of the forward challenge...That it's not just about efficiency, we now need to reconfigure services. This made it easier to sell the messages that we need to change internally”.

Some CPC teams suggested that councils were not realistic and needed to focus on a smaller set of priorities that were achievable. This had often led them to reassess existing strategies.

“One of the important things that came out and that really helps us as a Council was to take a good, hard look at our priorities...it was very helpful to have independent analysis saying to all the other councillors, “You really have to take a long, hard look at your priorities because you have great aspirations but you don’t have the resources to back it up”.

“Priority setting can be found to be quite difficult. We have got better at that, our new approaches will help that. This stems from the peer challenge”.

“It’s led to improvements in the process of our priority setting. There is a more corporate approach to it, less silo-based. This was particularly important to us. Historically we were very departmentalised and had a very weak corporate centre”.

In some cases, councils developed new service based strategies as a direct result of the CPC. For example, several had developed economic development strategies in order to give this much greater prominence and focus.

“Some of the things that we are now doing you can trace back to the challenges in the peer challenge, for example around marketing the place and its economy. They came out with quite a strong criticism that we weren’t making enough of some of the unique selling points from a market perspective”.

Several of the case studies had improved their approaches to medium term financial planning as a result of the challenges highlighted by their CPC, and many of them had strengthened the links between their corporate strategy and resource planning. Often this had led to a more integrated approach across services, what one interviewee called ‘a stronger corporate drive’.

“We developed a new framework which integrates our performance management, strategic planning, budgeting and commissioning processes and that’s a direct result of the peer challenge”.

“The most important impact was helping us focus on priority areas and finalise the business plan and MTFFS [Medium Term Financial Strategy]. The report of the CPC still lives in the organisation now. It is still talked of positively”.

As noted above, several CPC teams had highlighted a need to improve communications and engagement with partners and communities. In response some case studies had recruited additional communications staff and made changes to promote a council wide approach to communications. Some had improved the way in which they engage with partners, including changes to the membership and/or terms of reference of LSPs. Some had introduced area or neighbourhood structures to enable to engage to with communities.

They also encouraged a number of councils to improve their approaches to performance management:

“It told me where the major weaknesses were in terms of performance. It gave us quite a shot across the bows and told us that we weren’t managing performance strongly enough and we needed to put a lot more rigour into it”.

Practical improvements included giving service managers greater responsibility for performance management, changes in what data were reported and in lines of reporting (for example, one council introduced a new system of reporting performance direct to the cabinet for the first time).

7.5 Service transformation

CPC had often provided councils with new ways of thinking about familiar problems and suggested new approaches to tackling them.

“It’s always good to have someone from outside the box come in with an appraisal. We knew where we had major improvements to make, where weaknesses were. What I wanted was the external validation of this and some more ideas other than our own”.

Some case studies reported that their CPC had increased awareness within the council of the scale of financial challenges they faced. Sometimes councillors and staff had not fully appreciated the extent to which services will need to change and the CPC team had played an important role in getting this message across. This had led to transformation programmes being stepped up, reshaped and being understood more widely within the council.

A large majority (69 per cent) of respondents said that CPC led to improvements in their council’s overall approach to efficiency (or transformation) programmes. A quarter reported that it had led to improvements in income generation and 28 per cent that it had led to better use of resources.

“It opened our minds around better use of reserves (and) stimulated a fresh look at our internal communications system”.

Independent endorsement by the CPC team had made it easier for councils to drive through difficult decisions which were needed in response to budget cuts. It often focused minds on the need to make changes.

Several of the case studies had introduced asset management plans for the first time as a direct result of recommendations made by CPC teams.

More than a third (40 per cent) of survey respondents reported that CPC had led directly to decisions to integrate services, though only 8 per cent mentioned integration of health and social care (one of the national priority areas identified by the LGA).

Almost a third (31 per cent) said that CPC led to improvements in the way their council commissioned services and a 26 per cent reported that it had encouraged them to develop shared services.

8. Conclusions and Recommendations

8.1 Conclusions

It is clear that councils which participate in CPC value the experience and derive significant benefits from it. The vast majority of respondents to our survey reported that CPC is:

- helping to maintain the reputation of local government (89 per cent)
- is an effective way of ensuring continued improvement of the sector (84 per cent)
- providing a robust challenge to councils (83 per cent)

Responses to the LGA's feedback survey show that every council which has received a peer challenge recommend it to other authorities and almost all of the councils we studied said that they would value a second CPC within the next three years.

This very high level of satisfaction among those who have experienced a CPC is reflected in an increasing demand. The current level of take up suggests that by the end of 2014, at least 184 councils (just over half of the sector) will have received a CPC.

Through CPCs, the LGA is facilitating a huge investment in sector-led support for improvement. By March 2014, more than 2,500 peer days have been donated by councils to the CPC programme, with more than 1,000 of these provided by councils in the 12 months from November 2012 to October 2013. This equates to millions of pounds worth of consultancy and it is delivered by respected and highly experienced councillors, officers and experts from beyond local government. There is considerable added value generated by the learning which peers take back to their own authorities.

CPC works particularly well where councils are open to constructive criticism and want external ideas and input to help them improve. But councils that have received CPCs believe that it is so adaptable that it could be beneficial to all authorities. They believe that it is important for all councils to benefit from the offer of a CPC, but especially important that those which are at most risk of failure take it up in order to reduce the probability that their problems will tarnish the reputation of the sector as a whole.

Nearly all respondents to our survey (94 per cent) thought that the benefits of CPC outweighed its costs. This is partly because it is a free offering which requires relatively little preparation by the participating council. But it also reflects the fact that CPC has significant, tangible benefits.

It is promoting greater self-awareness among councils, providing councillors, officers, staff, partners and communities with valuable, independent assessments of councils' strengths and weaknesses and the medium term challenges they face. This is encouraging councils to be more self-confident and outward looking. This leads to greater sharing of their own good practice, a willingness to learn from elsewhere, and more engagement in regional and national programmes and initiatives.

CPCs often help to improve the way in which councillors and officers work together. There is a strong focus on enabling councils to make difficult decisions in response to what is a period of unprecedented budget reductions. They encourage councils to have a clear overall strategy, which sets out realistic priorities, and to make sure that this is integrated with a robust approach to resource planning.

CPC is credited with having improved councils' medium financial planning, efficiency/transformation programmes, partnership working and performance management.

Many CPCs have highlighted a need for councils to give more emphasis to economic growth. There has been a strong emphasis on improving engagement with partners and the public. CPCs have led directly to improvements in councillor development and performance management.

Impacts on outcomes are difficult to assess because these are influenced by an array of other factors. Some councils argue that this is the ultimate test of CPC, but it is important to keep in mind that it is only a relatively small part of a much bigger picture. It would be naïve to expect CPC on its own to ensure that no service fails and that every authority is financially viable. However, the evidence we have gathered suggests that the process is playing an important role in assisting councils to strengthen their own organisational culture, structures and processes in ways which make them more likely to succeed.

Councils especially like the fact that:

- CPCs are tailored to local needs and priorities
- Challenge teams are very high calibre and they conduct themselves professionally. As a result, their recommendations are taken seriously by both officers and councillors
- CPCs provide robust challenge and a valuable external 'health check', particularly on corporate capacity
- CPCs can give a council reassurance that it is on the right track but also highlight issues which need to be given more attention and provide practical advice on issues that councils say they want help with

Councils compare CPC favourably with previous external assessments of corporate capacity (such as CAA and CPA). More than two-thirds of respondents (68 per cent) agreed that its impact has been more positive than that of CPA. Interviewees told us that inspections often provoked defensive behaviour and attempts to cover up failure. CPC promotes a more open and honest process of self-assessment because it is focused on facilitating improvement in the future, rather than monitoring past performance.

“CPC is a genuine attempt to look at how we do things rather than making us look good”.

Importantly, as a result councils say that they learnt a lot from CPCs:

“If I compare it with CPA and other inspections, those used to be very defensive. There was almost a culture of keeping people away from things that were difficult because the outcome might be a report that compares you with other authorities. What peer challenge has done is turning this on its head. You now actually share the things you are not really good at to get ideas on how to improve”.

8.2 Recommendations

Our evidence suggests that CPC is welcomed by councils and has had a positive impact on their capacity to take responsibility for their own improvement.

The issue is not, therefore, whether CPC should continue to be supported. The question is how to build on the support and success that CPC has already achieved. In particular, how to resource CPC in a way that responds to the growing demand from within the sector without compromising on quality.

In our view, CPC needs to continue to be funded centrally. In return the LGA needs to continue to orchestrate the process and councils must be willing to release their best and brightest politicians and officers to participate as members of CPC teams. At a time of huge financial pressure, allowing experienced senior managers to spend up to a week out of the office can represent a considerable sacrifice by a council. But it is important that the sector continues to show this commitment.

We believe there are a number of ways to enhance the existing value of the CPC process. These are issues where councils and the LGA need to continue to pay close attention to maximise the impact of the programme. For councils:

- Preparation is important so councils should invest time preparing a thorough position statement. This provides an opportunity for councils to reflect upon their own experiences, to self-evaluate and is the backbone for the challenge.
- Attempts should be made to achieve council-wide ownership of the process by getting all parties signed-up to it.
- The findings from the challenge should be shared as widely as possible – internally with staff and councillors and externally with partners, the public and the press.
- The LGA should continue to:
- Work closely with councils in prioritising the focus for the challenge and selecting the most appropriate time for the visit.
- Target teams to the particular circumstances of the council.
- Promote the benefits of CPC and encourage councils to participate.
- Ensure that CPC works with other tools within the ‘LGA offer’ to councils so that the approach to improvement is comprehensive and provides assurance to the public.
- There are also a number of ways in which the LGA could consider to further improve the process. These include:
- Widening the recruitment of team members to include those from outside the local government sector where this is most likely to add value.
- Introducing more standardisation into the process to allow comparability. The reports do not have a set structure as they reflect the bespoke nature of the process. This makes it difficult for other councils to understand the commonalities coming out of the peer challenges and reduces the opportunity for wider impact of the process.
- Using LGA managers to take the lead in providing more examples of good practice as part of the feedback/report and act as a conduit in bringing together examples from across challenges.

- Make the key lessons emerging from CPCs more accessible to the sector by publishing reports on key themes such as community engagement, shared services etc.
- Targeting follow-up support on councils in the greatest need. Some councils may have no need for a follow-up visit or any further engagement, while other councils may request annual follow-up visits to keep them on-track and review progress. They may also require additional support from the LGA and others.
- Providing a menu of options of different types of peer challenge to councils. Would they like a light-touch visit focused on a particular service area or is a more detailed corporate-type inspection required? These questions could be covered when the challenge is scoped and the composition of the team tailored accordingly.
- Formalising the links between councils and the challenge team after the visit. Councils appreciated the chance to have a dialogue with members of the team after the challenge was completed but this is only currently done on an informal, ad-hoc basis.
- Marketing CPCs as a way of helping councils to respond to the budgetary cuts and remain financially viable.

LGA response

We would like to thank the Centre for Local and Regional Government Research at Cardiff Business School for their report. We recognise the importance of an authoritative and independent external evaluation of the LGA peer challenge programme and welcome the positive conclusions they have reached that our approach continues to work well and is having a real impact for local authorities.

Throughout the development of the sector-led approach the LGA have worked with colleagues from local government, including chief executives and senior politicians, to test our thinking and to make sure peer challenge continues to meet the sector's needs. Many of the conclusions in the report reflect our own findings from feedback from those councils which have participated so far.

There has been a significant increase in the take-up of corporate peer challenges since Cardiff's first report in 2012. A total of 73 corporate peers are due to be completed in the current financial year (making a total of 116 peer challenges of all type undertaken in the same period). By the end of 2014, more than 180 councils will have received an LGA corporate peer challenge. More will have participated in the programme by providing peers. In total, over the first three years of the programme, the LGA will have delivered over 400 peer challenges. This continued increase reflects the substantial demand for constructive challenge and the value of peers' insight for authorities in challenging times.

We have continued to work hard since the first phase of Cardiff's evaluation in late 2012 to continue to refine and improve peer challenge. In early 2013 we took a report to the LGA Improvement and Innovation Board on the many positive features of the approach, as reported by councils, and identified a number of areas for further improvement.

As a result, many of the recommendations in this second phase report are ones that we have implemented already, or are in the process of doing so, including: promoting the benefits of the offer, improved preparation, the on-going targeting of peers to focus on particular issues and sharing the learning arising from peer challenges.

We are also pleased to see authorities using the peer challenge approach in increasingly diverse ways. This has included, focusing on; local growth, large-scale transformation programmes and health and social care integration.

The programme has also brought wider benefits. Peers emphasise the value of the process for their own personal learning and development. Some have described the peer experience as 'action learning' and one that helps to 're-energise and reinvigorate' their thinking and practice. As a result, by Spring 2014 over 200 authorities will have benefited from the process, either by having a peer challenge or providing peers who have gained useful learning for their own council.

We are committed to on-going evaluation and dialogue with the sector which will continue throughout the peer challenge programme. To find out more about what councils have to say about their experience of peer challenge please contact:

Andy Bates
Principal Adviser
Email: andy.bates@local.gov.uk
Tel: 07919 562849

Paul Clarke
Programme Manager
Tel: 07887 706960
Email: paul.clarke2@local.gov.uk
www.local.gov.uk/peer-challenge



Local Government Association

Local Government House
Smith Square
London SW1P 3HZ

Telephone 020 7664 3000

Fax 020 7664 3030

Email info@local.gov.uk

www.local.gov.uk

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please contact us on 020 7664 3000.
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