RISING TO THE CHALLENGE: 
AN INDEPENDENT EVALUATION OF THE 
LGA’S CORPORATE PEER CHALLENGE 
PROGRAMME

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EXECUTIVE SUMMARY

Introduction

- **Just over two-thirds of councils have commissioned a CPC.** As a significant part of the local government sector has now been through the process, it is a good time to reflect upon the experiences to date.

- The LGA commissioned the Centre for Local & Regional Government Research at Cardiff University to **assess the effectiveness, impact and value for money of the CPC programme** in helping the sector with improvement and financial sustainability.

- The **researchers conducted several activities** including documentary analysis, a workshop with LGA challenge managers, interviews with key stakeholders (including lead officer and member peers), case studies with 12 councils, and the shadowing of a CPC for four days.

The corporate peer challenge process

- Councils gave **a wide variety of reasons for volunteering for a CPC** that included wanting to get an external view on their improvement journey, validation of proposed plans and strategies, and help to tackle ‘knotty issues’.

- **The timing of when the CPC takes place remains crucial for all councils.**

- Whilst the CPC is improvement focused, **self-assessments (or position statements) often reflect past performance rather than future ambitions** and the challenges to achieving them. We think the LGA could be more explicit in their guidance to councils by stating the purpose of the self-assessment/position statement. There is also a responsibility on councils to get out of the inspection mind-set where achievements were ‘sold’ to inspectors and clearly explain where they need support to help make improvements.

- **The LGA has strengthened the CPC’s focus on financial management and sustainability** through the provision of supporting information. A finance briefing is produced by the LGA prior to each challenge which provides data and some commentary on a council’s financial situation. There is potential to supplement the briefing with performance data using LG Inform, something we know the LGA is currently working on.

- The operating environment in which councils are working has changed in the last few years. These contextual changes have been reflected in adjustments made to the core components with **greater emphasis now being placed on the leadership of place and, in particular, the financial sustainability of councils.**
There was unanimous support for core components being a major part of the process. Arguably, this is even more important at a time of significant reductions in finance as it provides a chance for councils to consider, from both a managerial and political perspective, what are the council’s strengths and weaknesses and what needs to change.

The LGA needs to continue to be clear that examining the five core components is a non-negotiable part of the CPC process. But there also needs to be an appropriate balance between these areas and any bespoke element agreed. The process should be used flexibly depending upon the nature of the challenge and the performance of councils.

Very positive comments were received on the quality of CPC teams with interviewees praising their professionalism and ability to offer challenge as ‘critical friends’. A significant amount of effort goes into the selection of the team to reflect the focus of each CPC, as well as the type of council, political make-up and characteristics of the place it serves.

The relationship between the lead officer peer and the host chief executive is the most important one in the process. While there should be some discussion on the chief executive best placed for each challenge, councils having a CPC for the first time should not be allowed to pick a lead peer who they have had significant previous dealings with.

The work of member peers is appreciated by councils and having a politician on the team is crucial for an effective CPC. There is a view from some members, however, that this choice is unnecessarily restricted and there is something akin to a “closed shop”.

The LGA recognises the importance of recruiting and developing member peers as part of sector-led improvement. But more could be done, working with political group offices, in widening the recruitment of peers and ensuring that training takes place.

We found considerable support for having people from outside local government on the team. Representatives from the private or voluntary sector could potentially offer useful perspectives.

We believe that the forensic view of externals, especially those who have been ‘insiders’ and understand the sector, can add to the internal view of the local government family. The LGA should consider more often where engagement from externals could help on a particular CPC.

Our research suggests that all the feedback processes have value, but it is the daily conversations between the lead officer peer and chief executive where the real learning often takes place.

We recognise that the reports are written constructively to inform and support improvement, but they need to provide sufficient information to enable all councillors and the public to hold the council to account.
• Follow-ups can help to show stakeholders, both within the sector and externally, about the positive impact CPC can have. The LGA should consider whether different approaches should be taken in different councils, so the follow-up visit depends upon context.

The impact of corporate peer challenge process

• There are five main areas where the CPC can lead to impact. These include:
  o Providing reassurance
  o Improving external reputation
  o Behaviour change
  o Organisational change
  o Service transformation and financial sustainability.

• Councils used CPC to provide some reassurance or endorsement around their performance and advice on whether their emerging plans and proposals for future service delivery were robust.

• CPC can also have knock-on effects like improving morale and confidence across the organisation, although this is difficult to quantify. Where a group of experts from within the sector suggest that they are responding to challenges in similar ways, it can provide comfort to senior managers and politicians.

• CPC was credited by interviewees with helping to introduce a range of new behaviours. We heard from several councils that they had become much more outward-facing as a result of CPC and that was part of their reason for engaging in the first place. Councils have been encouraged to make visits to other councils to explore good practice.

• The CPC team can also act as honest brokers. Where difficult conversations need to be take place, these can more easily be held after the team had flagged up an important issue.

• CPC can have an impact on the behaviour of members and this is greatly assisted by them being involved in the process and having some ownership of the changes.

• Our case studies revealed ways in which CPC had led to improvements in how councils were run. In some cases, there were changes to officer structures to improve the speed and quality of decision making and improve joined-up working.

• In around half of our case studies, the CPC raised issues of capacity which councils responded to by realigning resources so there was more emphasis on the ‘front-line’. In three cases, recommendations from the CPC led to new senior management appointments.
• CPC had an **increasing impact on the financial sustainability of councils**. CPC teams can do several things to help improve the financial performance of councils. Having outside experts examine financial plans can also provide a **healthy dose of realism**.

• CPC has helped councils to take a **more strategic approach to making financial savings** rather than just salami slicing. Teams have encouraged councils to change many aspects of service delivery.

• Holding a mirror up to councils is useful, but for many, **what happens after a CPC is often more important than the CPC itself and leads to impact**. The process has variously been described to us as an MOT or health check and as a potential “trigger” for a set of improvement activities and support from the LGA.

**The value for money of corporate peer challenge**

• **The amount of time that a council has spent on a CPC is difficult to quantify** because most do not record the staff time given over to it. The general view was that “it takes as long as it takes”. While these costs can be significant, they are **nothing like as burdensome as the costs of a formal inspection**.

• Councils benefit in several ways from being involved in a process of peer learning. **Peers gain new insights on how other councils operate** and have the opportunity of bringing back learning to their own organisation.

• There was a unanimous view that **CPC is a good example of the sector helping itself by providing improvement support at relatively low cost**. CPC is just one mechanism that can help councils improve and support (both formal and informal) which is provided after a CPC is valuable and difficult to put a price on.

**The voluntary nature of the process**

• We heard a consistent view that **some authorities are keeping their heads down and don’t want to engage for fear of being “found out”**. If this is the case, there is a danger that CPC may not be reaching the councils that need improvement support the most.

• There was some support for a degree of compulsion and a ‘middle ground’ between a voluntary CPC and a prescriptive inspection regime. **The LGA should be bolder in setting out the expectation that all councils should have a CPC (or Finance Peer Review) every four to five years** and getting councils to engage unless there is a compelling reason not to.

• There are some **regional peers (including council leaders) who have significant experience of being part of teams going into other authorities, but have not volunteered for a CPC in their own council**. This does not set an appropriate example for the sector.
• CPC does not have all the answers, but it can act as a very effective trigger for a range of support mechanisms that can help struggling councils to avoid getting into serious difficulty.

Conclusions and recommendations

• It is important that the process continues to evolve. The report outlines a series of recommendations for the LGA to consider to improve the process.

• The LGA needs to market CPC even more pro-actively by using ‘impact stories’ from those who have had a CPC to show how the process helps councils to improve and to encourage councils to rise to the challenge.

• There needs to be more rigorous preparation of the CPC teams and efforts made to ensure the process is consistent.

• The LGA needs to plan-ahead to ensure that CPC is future-proofed and can take account of new forms of collaboration.

• There needs to be a greater emphasis on sharing learning on ‘good practice’ both within the CPC process and across the whole sector.

• The LGA could do more to emphasise the importance of activities that follow a CPC, and show the value of the whole sector-led improvement system rather than just the individual components.
1. INTRODUCTION

It is nearly six years since the LGA outlined its’ sector-led approach to improvement in local government known as ‘Taking the Lead’ (LGA 2011). Various sources of evidence have shown that this sector-led approach is working well. Our previous evaluation of corporate peer challenge (CPC) (Downe et al. 2014) provided endorsement of the peer-based approach alongside a series of recommendations for improvement, which the LGA has acted upon. More recent evidence has found that CPC is continuing to provide an external view on performance which is useful to councils (BMG 2015) and to peers (LGA, 2014b), and is highly visible in the sector (LGA 2015a).

Since being launched in September 2011, more than three-quarters of councils have taken part in the process, either through receiving a peer challenge and/or by providing peers. Currently, just over two-thirds of councils have commissioned a CPC. As a significant part of the local government sector has now been through the process, it is a good time to reflect upon the experiences to date.

The LGA commissioned the Centre for Local & Regional Government Research at Cardiff University to assess the effectiveness, impact and value for money of the CPC programme in helping the sector with improvement and financial sustainability. Our research provides valuable and robust evidence on each of these areas.

We carried out the following activities as part of the evaluation:

- Documentary analysis of evidence including the feedback survey that councils complete following each CPC
- A workshop with LGA challenge managers which explored what changes had been made to CPC since our previous evaluation, and their views on where the process leads to impact
- Interviews with key stakeholders at the national level (e.g. central government)
- Interviews with three chief executives who had served as lead peers
- Interviews and a focus group with a total of eleven member peers from different political parties and independents
- Case studies with 12 councils. Interviews were typically conducted by phone with the leader, chief executive and Head of Policy/Performance
- Shadowing of a CPC for four days.

The report is structured in the following way. We start by examining the CPC process where we discuss why councils choose to participate and the activities carried out in advance of a visit. Then we consider how well the process is working by analysing perceptions of the core components of a CPC and the quality of the

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1 Isles of Scilly, Oxford, Southampton, Stoke on Trent, Taunton Deane, Thanet, Torbay, Thurrock, West Berkshire, Wirral, Wolverhampton, Worcestershire.
team. We conclude this section by considering the usefulness of the feedback and reporting processes. We then assess the types of impacts achieved by CPC’s before considering the value for money of the process and whether the voluntary nature of the approach is working. The report concludes by making recommendations for improving the effectiveness of CPC.

2. THE CORPORATE PEER CHALLENGE PROCESS

Why do councils volunteer for a corporate peer challenge?

Councils gave a wide variety of reasons for volunteering for a CPC that included wanting to get an external view on their improvement journey, validation of proposed plans and strategies, and help to tackle ‘knotty issues’. In some cases, councils wanted a CPC to do all of these things and more.

We found in our previous evaluation that CPC’s were often commissioned by councils to provide reassurance and to show the sector that they were performing well in the absence of any external inspection. This time around, councils seemed to use CPC to help them look forward and inform current thinking. For example, one chief executive explained that they were:

“Entering a new phase and we wanted an external perspective on the next stage of the council’s development. A lot of what we were testing out was about seeking validation for our approach and advice on the way forward”.

In a council that had suffered some reputational damage, the CPC was a way of getting an objective view on a way forward by focussing attention on the strategic and away from the personal.

Councils often saw CPC as an opportunity to get trusted outsiders to “hold up a mirror” and provide an external challenge to their current way of doing things:

“We were competent but insular…we didn’t talk enough to other authorities. We wanted an independent view of how to change the culture from an old-fashioned paternalistic delivery model”.

Two of our case studies were very specific in volunteering for a CPC because they wanted support and advice on particular issues. As one of these councils explained:

“You want help on those issues where you are scratching your head about. It’s about people at the top of their game, giving their opinions which you value”.

Finally, some councils use CPC as part of their business planning processes and schedule one at intervals of four to five years to inform their strategic direction.
Worcestershire County Council is an example of a council that commissions CPC's (and other peer challenges such as children’s safeguarding) on a regular basis. It had a CPC in 2012, a follow-up in 2013 and another one in 2016. In 2012, the CPC was used to challenge the council’s overall performance and its financial planning and viability. It also examined the council’s plans for becoming a ‘commissioning based authority’. A senior manager suggested that, “We got huge value from the one in 2012 and put an action plan in place which we worked through”.

In 2016, in addition to examining the core components, the main focus of the challenge was on providing feedback on the council’s ambitions for demand management. There are plans for a follow-up in about two years after the 2016 visit. For Worcestershire County Council, the timing of a CPC is crucial. A change of council leader and a new chief executive provided them with an excellent opportunity to take stock and assess progress as well as feed into current policy developments.

The timing of when the CPC takes place remains crucial for all councils. In some, a CPC was commissioned shortly after the arrival of a new chief executive to act as a baseline and provide some advice on what needs to change. In other cases, councils had a settled management team in place for several years and wanted fresh eyes that could provide them with a healthy external challenge. For all of these reasons, it makes sense for councils to continue to choose the most appropriate time for the CPC to take place.

The self-assessment / position statement

The production of a self-assessment (or ‘position statement’) was “light-touch” compared to those required by previous inspection regimes, and was proportionate. However, councils still took the process very seriously and agreed that it was work that they would (or should) have been doing anyway.

This investment of time at the front-end of the CPC process can itself be a very useful way of facilitating change. In one council, the process was described as being “essential and very revealing” and confirmed the risk averse nature of the council and poor staff engagement. The self-assessment gave the political leadership the “push” and “evidence” to get things changed.

Whilst the CPC is improvement focused, self-assessments often reflect past performance rather than future ambitions and the challenges to achieving them. Some of the examples we read seemed to be designed to show the council in the best light rather than pointing to what it wanted to achieve from the CPC. Without an honest self-assessment, time can be wasted by the CPC team trying to second guess exactly what the council wants from the process. We think the LGA could be more explicit in their guidance to councils by stating the purpose of the self-assessment/position statement. There is also a responsibility on councils to get out of the inspection mind-set where achievements were ‘sold’ to inspectors and clearly explain where they need support to help make improvements.
Before the CPC

In advance of each CPC, the lead officer peer and the host chief executive have a phone conversation to ‘set the scene’ for the challenge. There is also a similar conversation held between the lead member peer and the council leader. This contact between key members of the team is regarded as being vital for setting minds at rest and enabling frank conversations in a ‘safe’ environment.

Following these one-to-one conversations, a team conference call is facilitated by the LGA which allows the LGA peer challenge manager, lead officer and member peers to share knowledge about the council with the rest of the peer team. This preparatory work helps to build trust between the team and the council before the visit and ensures that everyone is clear that the CPC is not an inspection.

Given the financial environment and the pressures being faced by councils, the LGA has strengthened the CPC’s focus on financial management and sustainability through the provision of supporting information. A finance briefing is produced by the LGA prior to each challenge which provides data and some commentary on a council’s financial situation. The briefing does not provide judgements but offers an independent source of information for the team to draw upon. Peers found the briefing to be helpful in bringing together financial information in one place and used it as a prompt for questions to explore with the council. There is potential to supplement the briefing with performance data using LG Inform, something we know the LGA is currently working on.

It is important to ensure that all supporting information for a CPC (the self-assessment, finance briefing and timetable) are provided to the team in good time before the ‘on-site work’ to enable the process to start ‘on the front foot’.

The core components

Each CPC focuses upon a number of ‘core components’ and headline questions. These are the factors which are known to be critical to local authority performance and improvement. These include:

- **Understanding of the local place and priority setting**: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
- **Leadership of place**: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
- **Financial planning and viability**: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- **Organisational leadership and governance**: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
- **Capacity to deliver**: Is organisational capacity aligned with council priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?
The operating environment in which councils are working has changed in the last few years. In addition to financial challenges and devolution, there has been a shift away from councils being responsible for leading on initiatives independently towards greater collaboration with partners. These contextual changes have been reflected in adjustments made to the core components with greater emphasis now being placed on the leadership of place and, in particular, the financial sustainability of councils.

Beyond the core components, CPC’s can focus on additional bespoke elements with councils deciding, after discussions with the LGA, what areas of business they would like the peer team to help them with. These have included a wide range of issues from assessing plans for future service re-design to providing support in particular service areas such as economic regeneration. It is important to get the scope of this part of the challenge right so the CPC team’s resources are used to best effect.

There was unanimous support for core components being a major part of the process. Arguably, this is even more important at a time of significant reductions in finance as it provides a chance for councils to consider, from both a managerial and political perspective, what are the council’s strengths and weaknesses and what needs to change.

Some councils have chosen to have their CPC focus on specific issues within one or more of the core components (e.g. leadership of place). This is a welcome development since in the early days of CPC, the core components were often seen as the ‘inspection’ part of the process that councils had to put up with to get to the bespoke element which they really wanted.

A few councils were keen that the CPC team should have moved more quickly to any bespoke element agreed. For example, a senior officer suggested:

“We are actually OK on the core components and would have preferred them to have moved on. This wasn’t why we had invited you in. It would have enabled more of a deeper dive on the areas we wanted help on”.

The LGA needs to continue to be clear that examining the five core components is a non-negotiable part of the CPC process. But there also needs to be an appropriate balance between these areas and any bespoke element agreed. The process should be used flexibly depending upon the nature of the challenge and the performance of councils.

The corporate peer challenge team

Our previous analysis of CPC showed that it stands or falls by the quality of the team (Downe et al, 2014). This research confirms that this continues to be the case, and that by and large, the LGA delivers good quality teams which are ‘fit for purpose’. Very positive comments were received on the quality of CPC teams with interviewees praising their professionalism and ability to offer challenge as ‘critical friends’.
“If I was scoring them out of 10 they would get a strong 8 - they didn’t just tell us what our problems were, they helped us look at solutions with lots of good knowledge transfer from other authorities”.

The lead peers, in particular, were described very positively and this sets the direction for the team and can “take the stress off” individual members. Teams were seen as having “done their homework” and bought good knowledge to the challenge.

A significant amount of effort goes into the selection of the team to reflect the focus of each CPC, as well as the type of council, political make-up and characteristics of the place it serves. Sometimes finding a similar authority is not easy. For example, there is no other authority like the Isles of Scilly but a reasonable match was found with the City of London.

The Isles of Scilly Council is unique in English local government in being a genuine all-purpose authority with all of the responsibilities and duties of a unitary authority and other functions as well. It is the smallest local authority in England (population of about 2,200) with 21 councillors. The CPC team was chosen to reflect the unique character of the islands, ensuring that there was a good skill and experience mix but also someone from a similar authority. A ‘best fit’ was found with the City of London. In some ways, the councils couldn’t be more different but in others (e.g. range of responsibilities and size) there are some similarities. This was seen as being essential to enable the team to understand the unique nature of the islands and their council.

Time is also spent on ensuring that teams have sufficient financial expertise where this is likely to be a key area of focus or if there is a known performance issue. We heard that the provision of financial input varies across teams and this is an area for improvement for the LGA.

The selection of the lead officer peer

The relationship between the lead officer peer and the host chief executive is the most important one in the process. As part of the scoping process for the CPC, there is a discussion about the composition of the peer team. Sometimes this will involve the council identifying specific chief executives that might be approached. This is designed to ensure peer teams are seen as credible by the council – an important point given the improvement focus of the CPC process.

We heard from a number of interviewees why being able to inform and influence the selection of the lead peer is important. For example,

“It’s helpful to have someone you know as you can build relations very quickly. It had a positive effect. We could be very frank with one another saying things we may not have said to others”.

However, while we understand that the council needs to have confidence in the peer leading the challenge, and indeed the wider team, the current arrangements allow for some debate on whether the method of selection is rigorous enough. There is a danger, either real or perceived, that the process could be too cosy. As
one chief executive commented:

“There is a trade union (informally) of local authority chief executives and we get quite a lot of say on who makes up the team. It’s painted as being helpful in ensuring that the match is right, which I think is right...but there is a temptation to pick a friendly chief executive, someone you know and trust their judgement, but also somebody who could pull their punches a bit and give an easy ride”.

While there is a risk of closeness, each lead peer has personal responsibility and integrity to carry out the CPC process in a professional way. As one lead peer explained:

“I really respect the chief executive of XXXX, but there was stuff going on which was just ridiculous. It was the way that you then engaged the chief executive in a conversation about this. You can be ‘friends’ but that doesn’t stop you from being very challenging. I’ve delivered the messages in such a way that they could see the sense of them and he wants to improve. I’ve been invited back to speak to the whole senior management team”.

In our view, while there should be some discussion on the chief executive best placed for each challenge, councils having a CPC for the first time should not be allowed to pick a lead peer who they have had significant previous dealings with.

**Member peers**

The work of member peers is appreciated by councils and having a politician on the team is crucial for an effective CPC. There is a view from some members, however, that this choice is unnecessarily restricted and there is something akin to a “closed shop”. One member peer said:

“I found it quite difficult to break in to the old boys’ network – if your face isn’t known at LGA then you won’t get asked, so lots of bright young councillors don’t get asked which is a pity for them and for local government”.

An alternative view is given a very experienced member peer:

“I think it’s one of those things that the more you do the more people get to see your name and see what kind of added value you might give to the politicians or, indeed, the officers”.

We recommend that the pool of member peers is more regularly refreshed and put through improved training courses.

**The training of peers**

We believe you need certain skills to be an effective peer, but there seems to be an assumption that if you are in a leadership position – a chief executive or a leader – you have these skills and can conduct a CPC. As a member peer explained:
“Someone said to me, “Why don’t we make every leader a peer reviewer?” And I said, well, the simple answer to that is, because most of them, or many of them, would be rubbish”.

We heard strong support for trying to ensure that all peers are best placed to add value in the current environment and the training of peers is a crucial area. The experiences across the members we spoke to was mixed. One explained that the training was good, covering the role of the member peer as opposed to officer peer (looking at political leadership, vision, engagement, role of councillors in shaping vision and policy etc.), and another highlighted the value of a role-play exercise. But others had received no specific training for CPC or attended after a challenge had taken place. A member peer was concerned that:

“We send people in, both as lead members, and, indeed, lead peers, often chief executives, or directors, into a CPC, when they have never…had any training on one… it’d be much kinder for both them, and for the organisations they’re going into, if they didn’t have to find their way through in the dark, whilst running a live CPC”.

The LGA recognises the importance of recruiting and developing member peers as part of sector-led improvement. Recent developments have included a new peer induction pack and a revised training programme for new peers. A conference was also held recently for member peers which included development sessions on the CPC. But more could be done, working with political group offices, in widening the recruitment of peers and ensuring that training takes place.

**Using expertise from beyond local government**

Peers have credibility as fellow practitioners and politicians who understand the issues facing councils and are in an excellent position to provide advice on where councils can improve. We have previously recommended that the LGA should widen ‘the recruitment of team members to include those from outside the local government sector where this is most likely to add value’ (Downe et al. 2014: 24). The LGA recognises the potential value of peers from outside the sector including peers from the business, health and voluntary sectors and with the agreement of the authority concerned, representatives from government departments. The number of people from these external groups involved in CPC teams has though declined in recent years.

We found considerable support for having people from outside local government on the team. Representatives from the voluntary sector or from LEPs, for example, could potentially offer useful perspectives when the challenge is looking specifically at partnership working.

Officials from government departments, beyond CLG, could also add significant value:

“I’ve done a couple of CPC’s with officials from the Home Office. I was amazed by their just completely focused, analytical questioning. They just drilled down and the way their minds worked challenged the officers and members. They saw things from a completely different perspective”.
While it can be difficult to find representatives from the private sector to be members of teams, their involvement could be helpful in two areas in particular. First, where the CPC is based on an economic theme and second, where the focus is on organisational culture or change management. One chief executive explained that:

"I would always want someone on the team from outside the local government family. I like the private sector sharpness although the private sector can also learn a lot from local government. Getting a pool of private and voluntary sector people who the LGA can call upon would be an area for improvement".

It is recognised that getting the right team to fit each challenge is not an easy task which is complicated by involving people from outside the sector. The LGA would need to check any conflict of interests and would also need to consider whether the presence of an ‘external’ would change the dynamic of some CPC’s, making candour less likely.

We believe that the forensic view of externals, especially those who have been ‘insiders’ and understand the sector, can add to the internal view of the local government family. The LGA should consider more often where engagement from externals could help on a particular CPC. They should also place greater emphasis on promoting the opportunity for councils to have experts from beyond the local government family on their CPC team.

**Feedback and reporting**

There is no value in a CPC unless the feedback and report from the team provides insights that are useful for the host authority. So, we asked all respondents whether the feedback from the visit - which includes on-site conversations, the presentation at the end of the CPC, and the written report - provided councils with useful advice on ways to improve and was sufficiently challenging.

Our research suggests that all of these feedback processes have value, but it is the daily conversations between the lead officer peer and chief executive where the real learning often takes place. These one-to-one sessions were universally seen as being helpful and challenging as the peer could put forward strong but nuanced messages pointing towards positive routes to improvement. As one chief executive explained:

"The private messages were very pointed. We were told to sort our act out".

The hard hitting and frank conversations are not always fully reflected in the written reports which are more diplomatic. We appreciate that sometimes this is because the informal private feedback does not need to be fully evidenced or triangulated. Notwithstanding that, we think there needs to be a golden thread running through the process from the one-to-one conversations, to the presentation at the end of the challenge and the report. Some councils would have welcomed a more critical and incisive report. If the reports are vague and ambiguous, this can weaken the impact of the process internally. One chief executive concluded that:
“There were some sessions at the end of the day that were far more direct and hard hitting and more about the truth than the actual written reports which became sanitised or trivialised some of the issues. It was about not wishing to apportion blame, not wishing to embarrass or reflect badly upon anybody”.

We recognise that the reports are written constructively to inform and support improvement, but they need to provide sufficient information to enable all councillors and the public to hold the council to account. The sector needs to be more honest about the issues being faced and resist from attempting to alter the content or messages in the report.

Follow-up visits

A follow-up visit is part of the CPC ‘offer’ to all councils and can have a number of different uses. They can keep councils ‘on track’ by ensuring that actions are taken forward. As one chief executive said:

“You know it’s coming. It’s like tidying up your bedroom. You know you have to do it. If you haven’t got a reason to do it, you may not do it”.

Follow-ups can help to show stakeholders, both within the sector and externally, about the positive impact CPC can have. They are also a useful tool for the LGA in building a relationship with councils and providing support using other parts of the sector-led improvement approach.

Some councils have used the follow-up visit to focus on specific issues that had been highlighted in the original CPC report such as financial planning and economic development. Councils viewed these focused follow-up visits very positively.

All but one of our case studies had some sort of follow-up visit. This council felt that they had sufficient support from the LGA principal advisor, so did not need a formal follow-up. Two councils felt that the follow-up did not deliver much for them and that it wasn’t needed in all instances. A chief executive from one of these councils said:

“It was a pleasant chat and was interesting but didn’t move things forward – we were already doing lots of follow-up ourselves”.

The most important thing is ensuring that councils continue to focus on its performance and improvement. While follow-up visits can add value, there is a question mark over whether a follow-up visit is necessary for all councils and the best use of resources.

The LGA should consider whether different approaches should be taken in different councils, so the follow-up visit depends upon context. Formal follow-up visits could continue to take place when a council needs additional support and would welcome a re-visit to check progress on their action plan. For other councils, a more flexible, informal process involving the lead officer and/or member peer could be possible working alongside the LGA principal advisor.
3. THE IMPACT OF CORPORATE PEER CHALLENGE

We now turn our attention to ways in which the corporate peer challenge process has had an impact on councils. Assessing the impact of CPC is important to all stakeholders. For the LGA, they can show that putting a peer team into councils can drive change which is helpful in engaging others in the process and to justify funding from central government. But the question of assessing impact was one that all respondents struggled with the most.

Impact is partly determined by how councils approach a CPC and we have shown that councils have different motivations. Some councils volunteered for a CPC because they wanted an external view on their improvement journey, others wanted validation of proposed plans and strategies or insight on a difficult issue. If the CPC has ‘delivered’ on council’s expectations, then it should have positive impacts in these, and potentially other areas. Impact will also depend upon how a council reacts to a CPC. Most councils drafted an action plan following their CPC and this was viewed positively as a driver for delivering change. Other councils incorporated a series of responses in pre-existing corporate plans.

One widely used approach to identifying the impacts of an intervention is through random control trials. While it might be possible to compare matched pairs of similar authorities - one of which had received a CPC and the other which had not - it is not feasible to isolate the impact of CPC on a council’s performance from other factors (such as budget cuts, demographic change, economic conditions, political changes and so forth).

A robust alternative method for evaluating the impacts of interventions where trials are not feasible is to use a ‘theory of change’ (or impact assessment framework). We have previously developed with the LGA a framework which shows how corporate peer challenge might work and the types of impacts that it could realistically be expected to achieve. The framework has four components: resources, activities, impacts and outcomes (Figure 1).
The LGA, peer teams and participating councils all contribute important resources (or ‘inputs’) into CPC’s. Councils, for example, invest time and staff resources in preparing for a CPC, hosting the visits and learning from and responding to the team’s recommendations. The process involves a range of activities including documentary analysis, the visit to the council and the follow-up visit.

There are so many factors which influence outcomes such as public confidence in councils, it is very difficult to disentangle the contribution made by CPC. So, it makes sense to focus upon on the five main areas where the CPC can lead to impact. These include:

- Providing reassurance
- Improving external reputation
- Behaviour change
- Organisational change
- Service transformation and financial sustainability.

Even in these areas, it is difficult to measure impacts and this section relies upon evidence provided to us in interviews on reported impacts and documentary analysis of council’s action plans. The five areas of impact are not mutually exclusive as some impacts could be categorised as more than one type of impact.

**Providing reassurance**

The CPC aims to ‘provide reassurance about performance’ (2015b: 5) and this is useful for both central government and councils. CPC provides CLG and the LGA with information that enables them to know how well councils are doing and to identify those that are at risk of ‘falling over’ so that they can be provided with...
support. Several case study councils clearly used CPC to provide some reassurance or endorsement around their performance and advice on whether their emerging plans and proposals for future service delivery were robust.

In Thurrock Council, the challenge team concluded that the council and the area had changed significantly since the previous CPC in 2011. They noted improvements in the physical environment, culture of the council and local services and that there was widespread support among members, staff and partners for the growth agenda.

The challenge team noted the strong growth that had been achieved in Thurrock and the opportunities which it had to build on this. Going forward, they recommended that the council needed to embrace a place-making role which went beyond growth. To do this it should develop a clear and confident narrative for Thurrock the place, define its role in working with others to deliver the vision and bring Thurrock’s communities with it.

Some councils seemed to have a desire for more knowledge about how others in the sector were performing and wanted confirmation that they were on the right lines. Two in particular felt as if they were working in uncharted territory:

“We didn’t know where we stood and had nothing really to compare ourselves with. We now know where we are and are getting on top of difficult issues”.

“We now recognise that our problems are not unique. We are not incompetent or an outlier”.

One chief executive admitted that they unrealistically expected lots of ideas on the bespoke element of the CPC (demand management), but the challenge concluded that lots of authorities are grappling with the same problem across a wide range of services. They recognised that “There are no silver bullets let alone any gold ones”. For one member peer, this is an important impact of CPC: “We see the scales falling from their eyes as they realise ‘they are not alone’!”

Several councils suggested that the CPC did not tell them much that they did not already know and confirmed what they thought they needed to do. This reassurance is useful and can help to strengthen the case for change within a council. One council explained that the process gave them “comfort to push on and not shirk from the task”. They recognised that they needed to better align their priorities, policies and resources and the report helped them to refocus on what mattered.

It is possible that councils understate the extent to which CPC teams provide new insights since admitting that findings were surprising might imply a failing or lack of self-awareness. One chief executive said that the greatest impact of the CPC process was:

“Validation. We were only a small part of a way through a massive transformation programme. It gave validation that we were not focused enough on the customer as some people in the organisation thought we
were. It provided validation that we needed to be clearer about how we were going to get out of the financial challenges. It confirmed to us that we weren’t working as effectively as we could with community groups and partners.”

It could be argued that if all these things were already known, then the council should have been doing something about them. It is perhaps easier for senior managers to say that they were thinking about doing these things and emerging plans were in place, than admit publicly that the recommendations were completely new to them.

Southampton City Council was very explicit in their self-assessment about their expectations for the CPC: “As a council, we are on a journey of radical improvement and would like the peer challenge to contribute to that through sense checking our plans and proposals. We want to inform and stretch our thinking further through critical friend challenge from peers who can draw on their experience and knowledge of modern practice in other authorities”.

The then newly elected Leader was conscious of the need to tie the top team together and be honest about “where we are” and “where we need to get to”. Like most councils at that time they were going through a difficult period with various resource and service issues to address. The CPC was seen as a vital part of moving the authority towards a more inclusive ‘one council’ approach focused on outcomes rather than process.

The CPC was really helpful in this process of change as it “didn’t just tell us what our problems were, they helped us look at solutions with lots of good knowledge transfer from other authorities”. The CPC led the council to seek out best practice and prioritise more effective working with partners.

The CPC gave the council a clear set of recommendations which led to an innovative MTFS budgeting process (two year “hard budget”, two year “soft budget”), the restructuring of finances and services away from silos and towards “working for the council, not for the department”. One interviewee concluded that: “The external help has enabled us to develop our own leaders internally and set the conditions for effective transformation”.

Not only does CPC provide some reassurance about council’s performance, it can also have a positive impact on relationships with partners as a range of stakeholders are involved in each challenge. One council got the CPC team to run the ruler over the pledges in their five-year plan to check whether they have the capacity to deliver and whether partners were ‘signed-up’.

“It gave us a really good diagnosis of what our partners thought of our Plan and how embedded the process was. We got useful points in helping us to implement change. It’s a temperature check with advice. You can get bogged down in the detail. It’s useful to get a helicopter view”.

The public were rarely mentioned in our research so CPC is clearly seen as an inwardly-focused tool for improvement. While, nearly all councils publish their report, it is difficult to know what, if any, impact this has on reassuring the public about the performance of councils.
The role provided by CPC in providing reassurance should not be underplayed. CPC can also have knock-on effects like improving morale and confidence across the organisation, although this is difficult to quantify. Where a group of experts from within the sector suggest that they are responding to challenges in similar ways, it can provide comfort to senior managers and politicians.

**Improving external reputation**

Our previous evaluation concluded that reassurance and external reputation were closely linked areas of impact. The reassurance given by CPC teams to councils provides confidence for them to be more outward focused and this in turn can improve their reputation. We heard much less this time about councils using CPC to improve their external reputation. We think this is because a focus on performance scores such as those provided in the past by CPA/CAA has been superseded by concerns about place-shaping and responding to financial pressures.

However, there was one council in particular where CPC allied with a range of follow-up activities, helped to improve performance which impacted positively on their reputation.
Thanet District Council had a CPC in 2014 which outlined a series of recommendations to help them improve. The council established, with help from the LGA, an Improvement Board including non-council Independent members (and an external Chair) and council officers and members, to address these recommendations. The Board had clear aims of where it could help which included:

- More-rounded consideration and assessment of strengths and weaknesses of the council
- Greater agreement, focus and ownership of the actions that need to be undertaken to achieve improvement – a realistic and achievable programme for improvement
- Regular monitoring of improvement successes
- Greater opportunity to persuade external regulators and stakeholders that the council is taking appropriate steps to look after its own health, capacity and performance.

Following a return visit by the CPC team 18 months after the initial visit which highlighted ‘strong and capable senior management’, ‘respected political leadership’, ‘improved cross-party relationships’ and the ‘serious effort to equip new councillors with the knowledge and skills to discharge their roles’, the Improvement Board decided to step down.

The Chair of the Improvement Board said: “I would like to acknowledge the highly positive way in which councillors of all parties and offices have engaged in our work. This is not to say the improvement journey for Thanet is complete. I know the council is not complacent and I am heartened by the commitment to continue to improve”.

Officers and members at Thanet acknowledged the role played by the CPC in raising levels of self-awareness and in encouraging the setting up of the Improvement Board.

The LGA is clear in its belief that CPC has positive impacts on how councils are perceived by external stakeholders such as CLG and delivery partners, but we did not hear this from any of our case studies. We were surprised by the fact that even those councils that received a glowing CPC report did often not seek any media attention for the report.

**Behaviour change**

CPC was credited by interviewees with helping to introduce a range of new behaviours. We heard from several councils that they had become much more outward-facing because of CPC and that was part of their reason for engaging in the first place. Councils have been encouraged to make visits to other councils to explore good practice.

One council described the impact as “cultural change” as the CPC helped them to shift the focus from “we deliver services” to “we enable outcomes”. One interviewee provided an example of significant positive behavioural change as they are introducing outcome focused budgeting which is based on good practice examples from the London boroughs of Camden and Lambeth. The CPC helped to change
the culture of another council by raising their game. They knew that they were performing OK, but CPC helped them to see how they could improve. In a third council, CPC helped to change their behaviour towards partners as they recognised that they can’t do “everything for everyone, we need to trust our partners”. Of course, it can take many years for changes to impact on the culture of a council, but CPC can help to act as a spark.

The CPC team can also act as honest brokers. Where difficult conversations need to be take place, these can more easily be held after the team had flagged up an important issue. In some cases, the team may have been prompted to look at certain areas ripe for internal debate. An officer peer remarked that:

“Sometimes a chief executive has an issue they want to get past their members and want to use an external party to do that for them”.

In other cases, important issues that need to be discussed and resolved are raised more organically from the process.

CPC can have an impact on the behaviour of members and this is greatly assisted by them being involved in the process and having some ownership of the changes. From an officer perspective, we heard the following view a number of times:

“CPC helped members to wake up to the realities we faced – hearing the message from someone else was really helpful”.

And a council leader admitted that:

“There was a clear message for members to give direction and stick to it and not change our minds. Sometimes you are so close, you can't see the wood for the trees. It’s so helpful to get fresh eyes to hover above and provide advice”.

While officers often get the opportunity to visit other councils to see good practice, this isn't the case with politicians in the same way. An officer peer explained that:

“The beauty of the process is when you see a light bulb moment for a politician who says ‘I should be doing that’”.

The CPC also has the potential for a longer-lasting effect as in one council, CPC will be used in the induction process for new councillors.

We only heard one example where the CPC had a negative impact on member behaviour. In this politically unstable council, the two member peers assigned to the team were each said to be firing up their respective political groups which raised tensions. The chief executive was frustrated that the tensions between political leaders and senior officers had been exacerbated by the process.

Organisational change

Our case studies revealed ways in which CPC had led to improvements in how councils were run. In some cases, there were changes to officer structures to
improve the speed and quality of decision making and improve joined-up working. For example, in one council, there was a recommendation from the CPC team that there should be a consolidated transformation programme, rather than each major service having their own approach. This programme has now been set up and has resulted in a more co-ordinated approach across the council, efficiency savings, and significantly improved SMT camaraderie.

In around half of our case studies, the CPC raised issues of capacity which councils responded to by realigning resources so there was more emphasis on the ‘front-line’. In three cases, recommendations from the CPC led to new senior management appointments (e.g. Director of Transformation in two councils). As one council explained:

“The CPC made it easier for members to spend more internally (on more staff) in a very difficult political/financial climate”.

In Oxford City Council, changes were made to their management structure because of the CPC. The team felt there was a lack of capacity at the top of the organisation. The council recognised that they needed to strengthen their approach to external affairs, strategic corporate policy, and place-shaping. As a result, the council moved from 12 to 7 service heads and appointed a new assistant chief executive to lead on external relations and policy work.

This new senior position has led to a more cohesive approach to partnership working and supported both the chief executive and leader on the co-ordination of partners through the districts on devolution and partners on housing and growth. The additional capacity was described as being “quite critical for the authority”.

It was recognised that the council may well have reached this position without the CPC, but would certainly not have made it so quickly. They had been talking about making a change for some time and the team outlining the deficiencies in their current arrangements helped to crystallise the issue.

CPC was regarded by a number of chief executives as having had impacts on them personally, which has led to changes within the organisation. One chief executive received useful feedback from a couple of staff focus groups which suggested that morale within the organisation was not good and staff were suffering from “change overload”. As a result, they have placed more emphasis on talent management, competency training, succession planning, graduate positions, and staff awards. The chief executive explained that:

“It’s helpful for a new first-time chief executive for someone external to come in and check how the council is performing. ‘No-one tells you you’re wrong when you’re a chief’. I quite like that challenge”.

For some chief executives, having the opportunity to engage one-to-one with a peer facing similar challenges is something that was particularly welcome. In one council, the lead peer now provides a formal coaching role to the chief executive (organised through the LGA) and in another case, the LGA has arranged a mentor for a chief executive as a consequence of the CPC. He concluded that:
“The LGA have made us focus a little bit more on making time for ourselves, our own personal development, which is making us better equipped to deal with the challenge”.

Finally, prioritisation was a common theme in several challenges which is unsurprising given the financial difficulties facing councils. A chief executive explained that CPC:

“Helped me personally to focus on some areas where I wasn’t going to focus as much. A handful of things became more of a priority after their intervention. This was particularly important and helpful given the budgetary pressures. We know the buttons to press, but the real help was on the order you need to press them”.

West Berkshire requested a CPC in July 2014 as they wanted an external view on how to transform the culture of the council away from a traditional to a more strategic model. According to both officers and members, CPC was successful in moving things forward and the feedback was described as being candid and helpful. The team suggested important ways to improve and “hit lots of nails on the head”.

The council has made significant progress since the challenge. For example, a new council strategy for 2015-2019 was published in May 2015 and the manifesto of the new administration following elections was closely aligned to this. A new Strategy Board has been established (a recommendation from the CPC team) which has a dedicated work programme designed to drive major transformations throughout the council. The council has worked through the whole of the action plan that was developed in response to the CPC.

The leader concluded that: “The CPC helped us change the culture of the organisation, the way we speak about things, the lexicon of our considerations”. The chief executive explained that: “We were reasonably self-aware but the CPC left us with an appetite for the principle of peer challenge and it is now part of the way we work”. Other peer challenges (with a more specific service focus) have followed.

**Service transformation and financial sustainability**

Local government has managed to deal with significant reductions in central government funding and interviewees told us that CPC had an increasing impact on the financial sustainability of councils. CPC teams can do several things to help improve the financial performance of councils. They can assess a council’s financial planning, highlight areas of risk, question the level of understanding within the organisation, challenge whether assets are being best utilised and suggest how things could be done differently. Having outside experts examine financial plans can also provide a healthy dose of realism.

Where there are clear financial risks facing a council, it is important that the LGA spell out the problems and ‘tell it like it is’ as in this example:
“The Council needs to urgently get a stronger grip of the financial challenge it is facing. The challenge is significant and should not be underestimated. There is a need to take robust and immediate action to place the budget on a more sustainable basis, and plan strategically over the medium term”.

This council has taken several immediate steps to improve their financial position including raising their level of council tax.

CPC has helped councils to take a more strategic approach to making financial savings rather than just salami slicing. Teams have encouraged councils to change many aspects of service delivery. These include seeking greater involvement of the voluntary sector to help mitigate against the impact of budget cuts, feeding ideas into council’s efficiency programmes, questioning the use of council assets and introducing an outcome-based process for awarding community grants. One council was quite explicit about an area of impact:

“CPC challenged the Section 151 officer about minimum revenue provision which has saved £760,000. That was an immediate benefit which came from the LGA through recommendations”.

Officers and members in Taunton Deane District Council were clear that the scale of the challenges they faced as a relatively small council necessitated an external, critical friend view of “where we are and where we need to go”. The easy options for making savings had been delivered through “salami slicing” and only tough choices remained. This was proving difficult for members (as it has in all councils) and the “external view” from a “well qualified team” and further LGA support ultimately led a new clearly prioritised Corporate Plan supported by a Growth Plan for the “place”.

The CPC team stressed the need to match resource allocation to the agreed priorities in the Corporate Business Plan and as a result an Implementation Plan was developed which included ‘A transformed Council’ section containing high-level objectives and action plans on achieving financial sustainability, and transforming the way they work. The MTFP was revised from a three to a five-year plan and a new performance management system means that the provision of financial information is better planned and more frequent which has had a positive impact on resource allocation.

Wider understanding and acceptance of the financial challenge ahead led to more focussed budget discussions. The Council now has a shared officer team with West Somerset (£1.5m yearly savings) and a programme of transformation underway.

Only one council was disappointed by the LGA’s analysis of the financial viability of their council which they found to be “very superficial”.

The LGA introduced a Finance Peer Review in 2014 and two of our case studies undertook one of these before the CPC. It was described as a “deep dive on their finances – a financial health check”. These councils had specific financial challenges and the combination of the financial review and the CPC worked well together and led to changes being implemented.
Wirral Council faced significant financial challenges and had started to develop its plans for its budget setting process, the capital and revenue programme and how they used assets as a pre-cursor to the CPC. The peer team were asked to review these plans and confirmed to the council the plans were appropriate to reinvent how they deliver services, be more commercial and seek income from their assets. The council is now in the process of setting up an assets company to manage assets on a commercial basis.

The CPC team also reinforced the Council's plans to establish a dedicated team to deliver their transformation programme which is critical for budgetary issues going forward. Of the £132m of cuts needed over the next five years, £40m is expected to come from this transformation programme. So, the advice on how to set that team up, what skills are needed, the importance of a more commercial approach etc. were very important messages. The council has recently appointed a new Director of Transformation to lead this programme. Having a financial review before the CPC: “Helped them to maximise the value of the process”.

In the City of Wolverhampton Council, the CPC (in 2014) recommended that members get involved in budgetary decisions at an earlier stage. Over the last three years, councillors are now making significant changes to budgets because they realise they have no choice. Officers recently put forward £22m of potential savings and members came back and asked them to find £30m. The financial review team showed councillors that they are getting the right advice and everyone is now on the same page.

A final area of impact is that CPC has been part of a suite of initiatives that have helped to support councils through this difficult time. Where a CPC has identified a council that needs support, the LGA work with them to help them improve. It is easier, therefore, to see impact when a council is in difficulties than it is to detect clear examples of impact in other councils. For example, in one council that was experiencing severe financial difficulties, the LGA paid for expert benchmarking advice to examine their high costs in children’s services. They also put in place arrangements for the finance director on the CPC team to mentor and support their finance director, plus support around governance arrangements through political mentoring, and advice on their approach to place-shaping and creating a new strategic partnership. A lot of the work that comes after CPC is invaluable to councils and can “stop councils falling over”, but this activity can remain hidden within the sector and its’ impact not captured.

Conclusion

We have shown how CPC can have an impact in five main areas and has the potential to make a difference in several ways within a single council. CPC can’t directly influence the ‘big-ticket’ services such as children’s and adult’s services, and there needs to be some realism about what can be achieved in three or four days, but the evidence we have gathered provides clear examples of positive impacts at corporate level.
Holding a mirror up to councils is useful, but for many, what happens after a CPC is often more important than the CPC itself and leads to impact. The process has variously been described to us as an MOT or health check and as a potential “trigger” for a set of improvement activities and support from the LGA (including financial advice, mentoring, and training such as the Leadership Academy) that a number of councils have taken-up. While CPC was perceived as being a “stand-alone product” in the past, there now seems to be a closer alignment between CPC and the other sector-led improvement support that the LGA offer to help councils improve.

4. THE VALUE FOR MONEY OF CORPORATE PEER CHALLENGE

Given the current (and likely future) pressures on budgets, it is important to consider whether CPC is providing value for money. In theory, there are a number of costs which need to be considered. These include:

- Costs incurred by councils, principally staff time, in preparing for a CPC, hosting the visit and responding to the CPC team’s recommendations
- The CPC team’s costs including fees paid to member peers and travel and accommodation expenses
- The costs of LGA staff input in planning, facilitating and following up on a CPC.

In addition to costs, it is important to consider the benefits of CPC. These are impossible to monetarise because councils do not systematically record cost savings or efficiency gains achieved from CPC’s, and even if they did, it would not be realistic to attribute them solely to CPC. The best that can be done is to compare the cost and value added by CPC with alternative processes that might be said to provide the same or similar inputs to it, for example analysis and advice provided by the private sector or bilateral arrangements between councils which do not require LGA facilitation.

Councils’ costs

Councils invest significant amounts of their staff time in CPC’s. Their input includes time spent in internal discussions between officers and members on the appropriate focus for the CPC and the composition of the team, the production of the self-assessment, planning the visit and timetable, meeting with representatives of the CPC team, receiving feedback and responding to it. Policy officers usually take the lead role in preparing for visits. The biggest time commitment during the visit comes from the leader and chief executive who often have daily meetings with the team, but a wide range of other staff also give time to be interviewed, typically for an hour. Partners and other local agencies are also often involved in meetings with the CPC team. After the visit, resources are spent in developing an action plan and following through on activities.

The amount of time that a council has spent on a CPC is difficult to quantify because most do not record the staff time given over to it. The general view was
that “it takes as long as it takes”. While these costs can be significant, they are nothing like as burdensome as the costs of a formal inspection. The key question is whether this investment in the CPC process is regarded as being good value for money? Eleven of the twelve councils which we studied in this research were very clear that it did. Many respondents said that although the time costs were considerable, it was a productive use of resources as compliance costs were low. For example, a senior officer said:

“It took lots of time but the things we did to prepare for CPC we should have been doing anyway (self-assessment, etc.) and the analysis and reflection was helpful in itself even if we didn’t have the CPC which added much more value”.

Our previous evaluation reached similar conclusions. It found that the clear majority (94%) of those surveyed agreed that the benefits of CPC outweighed its costs. There was similar support from our interviewees this time around, but some respondents assessed value for money in very narrow terms measuring inputs (how many people they spoke to and for how long) rather than impacts from the process. As councils often saw CPC as being “free”, the bar was set pretty low in terms of the cost-benefit ratio.

Councils also benefit in several ways from being involved in a process of peer learning. Peers gain new insights on how other councils operate and have the opportunity of bringing back learning to their own organisation. All peers agreed that conducting a CPC was hard work but enjoyable, and they felt a sense of achievement in completing one. There are clear professional and personal benefits from being a peer, which are currently undersold:

“You learn such a lot from the process of being a peer. Other organisations do stuff which is much better than mine and it is a great opportunity to learn”.

“I found it to be a really useful and stimulating from a personal perspective. It was interesting, challenging and got your brain working in a different way. That isn’t sold as part of the process and it should be. You go on a CPC and you learn tonnes”.

Another benefit of CPC is that relationships amongst team members and between peers and the host councils often continue long after the visit. A wide range of mechanisms are used by peers to support improvement in councils which include phone contact or a coaching arrangement, to more formal visits or secondments to the lead peer’s council. All these wider benefits of CPC are cost neutral and can be hugely beneficial.

To ensure that the CPC continues to provide good value for money, it is important that it focuses on the right things and that councils invest sufficient time and resource in planning for a visit and following-up on the recommended actions.

LGA costs

The LGA has calculated the costs of delivering a CPC to be approximately £18-20,000 although this will vary slightly according to the nature of the challenge (days
on site, size of peer team, etc.) The largest component of these costs covers the time spent by the LGA challenge manager in leading the process, liaising with the council, briefing peers and the council, and writing the report on behalf of the peer team. An LGA principal advisor will also spend some time on each CPC which will include discussions to get agreement to the challenge, a scoping meeting, and quality assurance. Member peers are paid a daily fee for time spent on a CPC. Other costs include administrative support, input from the finance policy team in providing a briefing on the council’s financial situation, time spent identifying and contacting peers and travel/accommodation costs.

This cost of delivery does not include programme management or corporate overheads. This figure is difficult to calculate as much of the infrastructure, systems and processes that support the CPC programme have been set up to support the wider sector-led improvement offer of which CPC is part of. If we use the costs that are specifically allocated to support the CPC programme, this would equate to an additional £2,000 per CPC, bringing the total cost of each CPC to approximately £20-22,000. The LGA does not pay officer peers involved in CPC’s who are therefore in effect a cost (of around four senior staff days) to their own council.

The only way that we can envisage of conducting a CPC more cheaply would be for councils to make their own arrangements with no LGA input. We understand that there have been examples of councils conducting challenges with each other, but there are drawbacks with this arrangement. The LGA is able to provide quality assurance and consistency of approach. It helps to source the most appropriate CPC team members – including politicians - and its involvement ensures that it can identify councils that may require support to address issues identified by a CPC and to provide this. It can also apply pressure, if necessary, to publish reports, thus helping to promote transparency across the sector. In theory, it is also in an excellent position to share learning from CPC across the sector, though this is an area in which much more could be done to maximise the value of CPC.

The role of the LGA in managing the CPC process is highly valued by councils as they are a neutral partner. One officer explained that:

“The LGA in a unique position to take things forward – no other body has the experience or the authority to do this – nor to offer the follow up support and guidance”.

The LGA challenge managers also play a significant role in co-ordinating the challenge. A chief executive said:

“One of the things that is underestimated in the CPC is the role of the challenge manager…they do the setting up, the prep, if you have a team that disagrees, they can resolve this so there is one voice”.

Challenge managers have their own style of managing a CPC within the standard framework and process. We think that there is potential to tighten up the consistency of how CPC’s are conducted, perhaps by using some standard lines of enquiry.
The ‘consultant alternative’

The research considered how the cost of CPC compared to other improvement mechanisms such as the use of private sector consultants. While most interviewees believed that other organisations could deliver a similar product to a CPC using high quality staff, there were concerns about the appropriate level of understanding of the sector and the costs.

Consultants could provide significant value through detailed and forensic understanding of budgets, medium-term financial strategies, and capital plans. But both officers and members expressed concerns about the quality and consistency of approach that consultants might provide. A number of interviewees criticised consultants for using a template (or tick box approach), which compared unfavourably with the bespoke nature of CPC. They also believed that CPC teams had a better understanding than external consultants of the politics of local government and importance of place-shaping – particularly given the role of member peers in the CPC programme.

The LGA uses peers who have conducted CPC’s over a number years and can bring that depth of learning and understanding to the process. There is also a range of informal follow-up activities carried out by the lead officer peer and other team members (which includes mentoring or acting as a ‘sounding board’) that is conducted free of charge. Consultants would undoubtedly be willing to provide such support but there would be additional charges. One chief executive summarised their views by saying that:

“We get people who really know the world we are working in. The quality of the advice is better and cheaper than consultants. There is a real understanding about how to give messages”.

The value of outputs from the CPC process reflects the quality of the inputs from the CPC team. The general view is that you get what you pay for and that a quality team from ‘outside the family’ would cost a great deal. Estimates of the cost of a private sector organisation conducting equivalent work varied from £25,000 to £60,000 with the average being around £30-40,000. As one chief executive said:

“I don’t feel that in the current financial climate many councils could justify the costs of consultants doing something similar to CPC”.

There is also a suspicion (whether justified or not) that consultants often use a ‘mixed’ team with varying level of experiences, while all the officer peers in the CPC have significant experience at a senior level. As peers are volunteers, the most significant driver for taking part in a CPC is that they want to help the sector improve. Consequently, the advice they are giving is much more likely to be honest, supportive but constructively challenging. It is sometimes felt that consultancies will often have an eye on “What can we sell them next?”

Conclusion

There was a unanimous view that CPC is a good example of the sector helping itself by providing improvement support at relatively low cost. While it is important
to consider the costs to the council and the LGA in providing CPC’s, we should also
recognise that the value of CPC should not simply be evaluated on a unit cost
basis. CPC is just one mechanism that can help councils improve and support
(both formal and informal) which is provided after a CPC is valuable and difficult to
put a price on. These mechanisms act in consort to help prevent failure and the
financial costs of failure and intervention are much more significant than the time
and cost of providing CPC’s. Research has shown that the costs of intervention are
significant (Bennett et al. 2014) with the total cost of “failed” inspections in children
services amounting to a conservative estimate of around £30m a year (IMPOWER
2015).

5. THE VOLUNTARY NATURE OF THE PROCESS

The current sector-led improvement offer includes an expectation that all councils
will have a CPC (or Finance Peer Review) every four to five years. CPC has been
in place in its current form since 2011 but there is still nearly a third of councils who
have not yet received, or signed up to, a CPC.

The LGA make considerable efforts to engage with councils through its principal
advisors and regional member peers. There is a monitoring regime in place which
examines demand on a monthly basis and twice a year there is an assessment of
councils needing specific additional action to encourage them to sign up.

The LGA is clear that as a member organisation, it is never going to be able to
make CPC compulsory, and so as long as it remains voluntary, there will always be
some councils that do not engage. There are a number of reasons why councils
have not yet taken up the offer of a CPC. These include concerns about the time
and resources involved. In particular, some smaller district councils may
struggle to
free up sufficient corporate capacity to engage. There is also the legacy of CPA
which means that some chief executives and leaders need to be convinced that
CPC will not be like an inspection.

We heard a consistent view that some authorities are keeping their heads down
and don’t want to engage for fear of being “found out”. If this is the case, there is a
danger that CPC may not be reaching the councils that need improvement support
the most. An officer peer summarised a commonly-held view:

“Why have a review when you already know you are rubbish?”

Others emphasised that councils need some self-confidence to be willing to open
themselves up to external challenge. For example, a senior officer explained that:

“Some couldn’t take the possible negative messages however well and
carefully presented”.

We also heard that there is a proportion of councils that feel they are “doing very
well, thank you”. A member peer highlighted the potential danger of holding this
view:
“Where people are just saying, ‘We don’t want one because we think we’re good enough, and we don’t need you to sanction or endorse us’, for me that doesn’t wash. It’s kind of arrogant and just not useful to the sector”.

There are also councils which are “financially challenged but doing okay”. It is important for the LGA and the sector to persuade these councils that to continue to coast in waters of ever tightening budgets is a very risky proposition and they could sink.

**Should CPC be made compulsory?**

We found little support for making CPC compulsory. The one exception was a chief executive who explained that:

“There isn’t much accountability to the public. You don’t even have to publish the report. There is a role for government here. If you want to make it accountable, then make it mandatory”.

However, other interviewees raised concerns about making a CPC compulsory. Not only would it bring a different feel to the process, it could become a game for some councils which would be counter-productive. For one council leader:

“Its voluntary nature is the essence of the CPC. If it were imposed, it would be resented and those it was imposed on would label themselves (and others would label them) as failing with disastrous results on morale”.

There was some support for a degree of compulsion and a ‘middle ground’ between a voluntary CPC and a prescriptive inspection regime. Several interviewees were unaware of the expectation that all councils should have a CPC (or Finance Peer Review) every four to five years. The LGA should, therefore, be bolder in setting this expectation and getting councils to engage unless there is a compelling reason not to. These reasons may include that councils have used different mechanisms to improve and/or provide reassurance or had experienced improvement support from external commissioners.

**What can be done to improve ‘take up’ of CPC?**

The LGA believes it has a good understanding of why councils are not engaging with CPC. If this is the case, they are in a good position to try and address reluctant councils to get involved through stronger, more robust, conversations. The list of councils not yet engaged could be published to enable councillors and the public to challenge them and it could also be noted by external auditors and central government.

There should be an increased emphasis on using informal mechanisms as part of a twin-track approach (through party groups and professional networks) to explain the benefits of CPC and to use the testimony of councils to help ‘sell’ CPC. One chief executive suggested that:

“It’s peer pressure that helps to tip the balance on whether councils will engage in the process. If a leader or chief executive shares the value they
got out of the process, this will help in bringing others on board. It is more powerful than any marketing campaign or cold-calling”.

Councils should be encouraged to speak to others who have had a CPC and to read reports on the LGA website. The offer of a CPC could also be advertised in a more positive way couching it as an excellent opportunity to learn from experts in a similar situation who are there to help “as free consultancy”. Councils could be shown examples of impact and posed the question, “Why wouldn’t you want to be a learning organisation?”

Both political leaders and senior managers from the LGA need to set out firmly the expectation of all councils having a CPC. There are some regional peers (including council leaders) who have significant experience of being part of teams going into other authorities, but have not volunteered for a CPC in their own council. This does not set an appropriate example for the sector.

If the LGA are unable to deliver ‘reluctant’ councils to have a CPC, there could be a role for CLG to push these councils to get involved. A member peer represented the view of a few people who said:

“The level of government involvement is too little at the moment. Rather than saying everything is fine. We should be saying to government that we need a little bit of help to buck some councils up”.

In the short-term, some interviewees were in favour of CLG emphasising to the sector that they expect every council to have a CPC. An alternative idea would be for CLG to provide longer-term funding to the LGA in return for a commitment from councils that all have a CPC over a four to five-year period.

Conclusion

At a time when some councils have completed their second CPC, there remain a significant number that have yet to engage with the process. We recommend that the LGA devotes time and resources to bring reluctant councils into the fold. CPC is an excellent product and a fine example of a peer-led approach, but it can never genuinely be called an example of ‘sector-led improvement’ whilst a large minority of councils have still not engaged.

There is a tendency for government to react after a high-profile failure. We think it is important that early action is taken to encourage all councils to have a CPC to reduce the risk of a serious problem further down the line. CPC does not have all the answers, but it can act as a very effective trigger for a range of support mechanisms that can help struggling councils to avoid getting into serious difficulty.
6. CONCLUSIONS AND RECOMMENDATIONS

How can corporate peer challenge be improved?

This report provides an independent assessment on how CPC is currently performing, whether it is offering value for money, and some examples of the impact that it can have in a range of different types of councils. Our previous evaluation made a series of recommendations to improve the CPC process and a large majority of these were implemented by the LGA. It is important that the process continues to evolve and for the LGA to consider further changes to improve it.

Most interviewees thought that CPC was credible and valued by the sector. Those councils that are motivated to improve and open to learning find the process helpful, but there are concerns about struggling councils that may be keeping their heads down and do not understand how CPC (and other support from the LGA) may assist in their development. The evidence suggests that all councils that have experienced a CPC are keen to have another one, but it is important for the LGA to get beyond this “fan club”.

The LGA needs to market CPC even more pro-actively by using ‘impact stories’ from those who have had a CPC to show how the process helps councils to improve and to encourage councils to rise to the challenge. In particular, the LGA needs to strengthen its lobbying of chief executives and council leaders in councils that have not engaged.

There are several other important recommendations that we believe flow from what councils have told us during this study. These include:

**More rigorous preparation of the CPC teams** - Councils have a responsibility to produce clear self-assessments that outline where they would like help from the process. This needs to help frame and focus the challenge so that the CPC team know which areas to examine in detail. There is potential for the LGA challenge manager (in association with the lead peer) to draft a set of questions for team members to explore according to their areas of interest. This would help get the team off to a quick start.

Peers generally receive information on the council just a week or two before the CPC visit. This may not provide sufficient time to read the documents and prepare areas for questioning. Giving peers more notice would enable them to offer a more effective challenge. We heard from peers that they carried out some research prior to the CPC taking place. This included looking at the council website, examining key council policies and analysing the council’s statement of accounts. This sort of preparation should continue to be encouraged. An alternative would be for the LGA to take the pressure off team members by doing more of this pre-work itself.

Once on-site, more effort could be made to ensure that the process is consistent. This could include having a script for the beginning of each interview, and a list of questions under each of the five core components which can be supplemented according to the nature of the CPC. There should continue to be
flexibility so that, for example, the team can spend more time on the bespoke element of the challenge where this is deemed appropriate. And there needs to be more flexibility within the timetable, so that team members can follow-up with individuals or groups about issues which emerge.

The core components of CPC have been updated over time to give greater emphasis to place-based (rather than organisation-based) delivery. However, the context in which councils operate continues to evolve very rapidly. The arrival of combined authorities in some areas is a major development and the LGA needs to plan-ahead to ensure that CPC is future-proofed and can take account of new forms of collaboration. The methodology should also take account of the growth of shared services and management, commercialisation and devolution, and the LGA needs to work with councils in preparing for the ending of the Revenue Support Grant (RSG) in 2020.

There also needs to be a greater emphasis on sharing learning on ‘good practice’ both within the CPC process and across the whole sector. Each CPC report says that the LGA ‘will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration’. It is unclear to what extent the LGA is successful in doing this as the reports generally encourage councils to seek learning from others without providing examples. Councils are interested in hearing examples of good practice and ways in which their current practices can be improved.

Councils are dealing with the same challenges and looking for the same outcomes, but not enough is being done to share success stories generally, and also within CPC. So, reports need to offer examples of good practice from other councils alongside clear recommendations for action. CPC teams ask councils for examples of ‘good practice’ that they are most proud of but this information is not shared systemically. The LGA has published two reports using case study examples of impact (LGA, 2013a, 2013b), but much more needs to be done to capture and share knowledge. There is a danger that challenge managers find themselves on a ‘treadmill’ of visits with too little time to look up and bring evidence together of what works from a range of councils. Councils also have a responsibility to share what is working well with others to stop the wheel from being reinvented.

CPC is useful for councils to check progress on their transformation journey, receive advice on how to improve and guidance on plans for the future. It can also lead to further support from the LGA in a wide variety of areas. The LGA could do more to emphasise the importance of activities that follow a CPC, and show the value of the whole sector-led improvement system rather than just the individual components.
Recommendations

Before the CPC

The LGA should:

- Continue to encourage councils to be honest and open in their self-assessment about where the CPC can most usefully help them.
- Provide examples of council’s self-assessments that demonstrate how the CPC process can be tightly scoped to target a council’s priorities and needs.
- Further develop the pre-challenge information provided to peer teams by including performance data from LG Inform in addition to the finance briefing.
- Consider introducing greater standardisation of the process including the provision of questions for team members to pose in interviews.

The CPC process

The LGA should:

- Continue to work closely with councils to scope a CPC which can be delivered in three or four days.
- Consider offering CPC’s to councils where the bespoke element focuses solely on one of the core components (for example the leadership of place).
- Ensure that CPC continues to evolve to meet the future requirements of the sector.

Councils should:

- Allow for flexibility within the timetable so that team members can follow-up with individuals or groups on emerging issues.
- Ensure that their partners are clear about what is being expected of them from the process. They should routinely be given either a copy of the report or a summary.

The CPC team

The LGA should:

- Try to have a qualified accountant (or at least someone with financial expertise) as part of each team as this will help to provide challenge on council’s finances.
- Not allow any council to select a lead peer that it has had previous significant dealings with.
- Widen and refresh the pool of member peers.
- Make it a requirement that all member peers who are council leaders or cabinet members have a CPC in their own council.
- Provide training for all member peers.
- Increase the number of non-local government people on CPC teams.
• Provide CPC teams with extracts from a best practice database to share with councils.

**Reporting**

The LGA should:

• Continue to be clear that a CPC is not an inspection but rather a tool to support sector-led improvement and that the team are invited to be ‘critical friends’.
• Consider ways in which CPC reports can more closely align with the verbal feedback so that all messages received are clear and consistent.
• Provide sufficient information in reports to enable all councillors and the public to hold the council to account on the areas for improvement.
• Outline clear recommendations for improvement in all reports.
• Provide follow-up support to those councils in greatest need and consider different ways in which they could assess progress in other councils.

**Impact of the CPC**

The LGA should:

• Put greater emphasis on assessing where CPC leads to improvement and consider how they can re-design the process to capture impact.
• Ask councils to write a short summary (1-2 pages) on where CPC has directly led to improvement. These should feature in the LGA’s portfolio of good practice examples.
• Consider how to ensure greater public understanding of the value of CPC.
• Place greater emphasis on sharing good practice within the CPC process and across the sector.
• Continue to support councils in their financial planning which will be particularly important in the light of changes to the RSG in 2020.

**The value for money of CPC**

The LGA should:

• Try to capture data on the costs of CPC as part of the feedback survey conducted with each council.

**The voluntary nature of the process**

The LGA should:

• Consider publishing a list of councils that have not yet engaged with CPC nor appear to have used other similar processes, so that the sector can see the extent of non-engagement with sector-led improvement.
• Reiterate a clear policy statement that it expects all councils to have a CPC (or Finance Peer Review) every four to five years unless there are exceptional circumstances.
- Continue to target effort on those councils which have not yet signed-up for a CPC.
- Discuss with member peers the reasons why some have not had a CPC in their own authority.
- Conduct a marketing campaign featuring ‘impact stories’ from those who have had a CPC to show how the process can help councils to improve.

7. REFERENCES


