

Appendix A

CORPORATE PEER CHALLENGES – FOCUS AND ISSUES ARISING

A report for the Local Government Association

1. Purpose

The Local Government Association (LGA) commissioned this review of reports arising from the corporate peer challenges undertaken to the end of June 2013. It identifies the areas councils had asked for challenge from peer teams and the issues those teams had identified for consideration by councils to take forward their local priorities and improvement plans. It also identifies the relevant LGA programmes, support activities and campaigns which may assist councils in addressing the recommendations made by peer challenge teams. It notes some of the good practice examples found by peer teams. The LGA undertook a similar analysis of the first batch of peer challenges up to June 2012 and emerging trends in the areas of interest to councils and issues raised by peer teams are highlighted here. An assessment of the impact of corporate peer challenges will be provided as part of the independent evaluation of peer challenge being undertaken by Cardiff Business School on behalf of the LGA.

2. KEY MESSAGES

As expected, the core components continue to form an important part of all corporate peer challenges. In the most recent batch of completed peer challenges, future issues (43% of peer challenges) and transformation (40%) were the most frequently requested additional areas of focus to reflect local priorities. Economic development was chosen by a slightly smaller proportion of councils than in the first batch (17% compared to 22%), but looking across all 60 corporate peer challenges completed to the end of June 2013 it still features among the top five additional areas of focus. These are transformation, future issues, partnership working, economic development and testing the improvement journey.

Matters relating to the core components continue to account for a major proportion of the issues raised by peer teams following challenges (in 90% of challenges in batch 2 at least one issue related to the core components) – suggesting that teams continue to provide robust challenge around these elements and that they remain salient to the future prospects of councils. Transformation and related matters such as programme management and communications featured among the issues raised in a significant proportion of councils. Economic development / local growth were raised in just over a third of peer challenges.

A number of elements of the LGA's support offer are potentially relevant to councils as they respond to the findings of peer challenges. Finance and Economy & Transport are the most relevant programme areas. In terms of support, the Productivity and Commissioning offer has apparently the greatest relevance – given the wide range of support under this heading from new ways of working, procurement, capital & assets to economic growth. Councillor and officer development are also potentially helpful in tackling the issues raised in a number of councils. In terms of the campaigns under the *Rewiring Public Services* agenda, those for Sustainable Finance and Economic Growth speak to issues councils will be addressing following peer challenge.

3. Background

As part of the LGA's offer to help councils improve it has made available to all councils, at no cost, a corporate peer challenge. The challenge is primarily an improvement tool and is tailored to allow councils to use it to focus on their local priorities. However, all corporate peer challenges include five core components that look at issues of leadership, corporate capacity and financial resilience whose absence is linked to organisational failure. These core components are:

- 1) Does the council understand its local context and has it established a clear set of priorities?
- 2) Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- 3) Does the council have effective political and managerial leadership and is it a constructive partnership?
- 4) Are effective governance and decision-making arrangements in place to respond to key challenges and manage change and transformation?
- 5) Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

4. Methodology

A desk top review was undertaken of the 2nd batch of corporate peer challenge reports – 30 peer challenges completed during the period July 2012 to June 2013. Particular attention was given to the executive summaries and suggestion for improvement / recommendations of those reports, as these highlight the issues considered most salient to the future prospects of those councils by members of the peer challenge teams.

A similar review of the first batch of the new style corporate peer challenges (the 30 challenges completed to the end of June 2012) was undertaken by the LGA. The same code frames for the focus and issues arising was adopted for the current review – to enable the drawing out of comparisons and trends – with a limited number of additional codes being added to reflect new areas of interest to councils now being included within the focus of peer challenges. Both batches included a range of councils from the different tiers of local government from across the country. It should be noted that this analysis depends on the judgement of the reviewer in categorising areas for focus and issues arising. So it does not provide the basis for a precise statistical analysis, but some clear patterns and trends in areas of interest can be discerned.

The results of this analysis are presented under the following headings:

- The areas where councils invited challenge – the **focus of the corporate peer challenges**
- The areas where peer teams made recommendations or suggestions for improvement – the **issues arising from peer challenges**
- Relevant LGA activities which may help councils take forward those recommendations and suggestions – the **LGA support offer**.

5. THE FOCUS OF CORPORATE PEER CHALLENGES

All reports in the 2nd batch of peer challenges referred to the five core components as part of the scope for the challenge. In addition to the core components, all councils selected at least one additional area of focus to reflect local priorities – typically two or three additional areas with a maximum of five in one council.

In addition to the core components, the following were the most common areas of focus requested by councils (percentage of the 30 councils requesting):

- **Future issues – 43%** (including eg. the shape of the council in future, taking advantage of opportunities that may arise, anticipating future demand for services, reviewing strategic plans)
- **Transformation – 40%** (eg. changing the council's way of doing business, providing services and structures in response to financial pressures and ensuring better outcomes)
- **Partnership working and partnerships – 27%** (eg. extending and deepening partnerships with public, private and voluntary sector; working more effectively with partners)
- **Improvement journey – 20%** (eg. progress over a period of time, typically since a previous peer review or intervention / sector-led support)
- **Economic development – 17%** (typically how to promote local economic growth).

The main difference between the first and second batches of corporate peer challenges is that the incidence of Future issues and Transformation is much greater in the second batch (in the first batch these were chosen as an area of focus in 10% and 20% of councils respectively). This may reflect a growing understanding that councils will need to change significantly in response to a range of challenges including budget reductions, demographics, technological change and public expectations. Conversely, Economic development / growth was more commonly requested as an area of focus in the first batch of challenges (requested by 27% of councils). Among the new areas of focus requested in the 2nd batch of challenges were demand management, innovation and how to become more entrepreneurial. Although requested by only four councils or fewer in each case, again this may indicate that councils are recognising that more radical change will be required in future.

Looking across all 60 peer challenges in both the first and second challenges gives the following as the most frequently requested areas of focus (in addition to the core components):

Transformation	30%
Future issues	27%
Partnership working / Partnerships	23%
Economic development	22%
Improvement journey	15%

6. ISSUES ARISING FROM CORPORATE PEER CHALLENGES

Peer teams identified the key issues for councils to consider in the executive summaries, suggestions for consideration and recommendations in their reports following the challenges. The issues identified more frequently in the 2nd batch of peer challenges are highlighted below.

6.1 Most frequently raised

Finance 67% - including recognising the scale of financial challenges faced, need for tough decisions, developing a realistic MTFS with plans and actions to deliver this, linking finance to other plans etc.

Organisational capacity / development 63% – including ensuring sufficient senior management capacity is retained, workforce development and organisational culture to sustain new ways of working etc.

Leadership 60% - including political and managerial will to take tough decisions, articulate a clear vision of the future shape and purpose of the council, relationships with and between officers and members etc.

Transformation 60% - including introducing new models of working such as 'co-operative council'; invest to save and efficiency plans; appetite for change; resourcing transformation teams; use of ICT, Lean / systems thinking etc.

6.2 Raised in less than 40% of challenges

Economic development 37% – including setting realistic growth targets, developing relationships with business, growth strategy, organisational arrangements and 'offer' to support growth etc.

Partnership working 30% – including regional partnerships, strategic partnership governance and risk sharing, partnership working with other councils, VCS etc, community budget approaches etc.

Programme and project management 30% – including co-ordinating activities and managing interdependencies, resourcing programme management, adopting a consistent methodology etc.

Governance 27% - including political management arrangements, decision making, engaging a wider range of councillors (when linked with wider member roles such as community leadership and member development then governance related issues were raised in 40% of challenges)

Communications 27% - including both internal and external, explaining the need for change etc.

Performance management 27% - including developing performance culture, performance management of priority delivery, corporate scorecard, risk management

Shared services 23% - between councils, typically districts

6.3 Raised in 20% of challenges or less

A number of other issues were raised following a smaller proportion of challenges. These included prioritisation, scrutiny, commissioning, contract management and member development.

6.4 Observations on issues raised by peer challenge teams

Issues related to the core components of corporate peer challenge feature prominently among the key recommendations and suggestions made by peer challenge teams. In the 2nd batch of challenges, 90% of challenges raised at least one issue linked to the core components, such as finance or leadership. This indicates both that peer teams are providing robust challenge around these core components and that they continue to be, in the opinion of peer teams, salient to the future prospects of councils. However, one element related to the core components did not feature particularly often among the issues raised – priority setting which was mentioned in only 17% of councils – usually in the context of being clear about top priorities given diminishing resources. This may be a positive reflection that councils are becoming clearer about their priorities.

The core components are clearly linked to councils' ability to respond to severe budget reductions; the introduction of new ways of working and a re-definition of the role of councils and their relationships with citizens. Other frequently raised issues relate to transformation towards a new type of council and related technical and support issues such as programme and performance management and communication. Economic development and growth was raised by challenge teams in 37% of councils, a rather higher proportion than those councils where this was as an area of focus requested in advance of the challenge – as was the case in the first batch of challenges too. This may be because teams saw economic growth as a way of raising revenue and creating more resilient communities that are less dependent on public services.

Comparing the first batch of peer challenges with the second, the issues raised were broadly similar. Issues related to the core components were again prominent in the earlier batch (although slightly less frequent than more recently, eg. Finance and Leadership were raised in 63% and 53% of councils respectively in the first batch). Communications, Commissioning and Localism were raised more frequently in the first batch (following 43%, 30% and 27% of challenges respectively). Priority setting was not raised as a key issue in any council in the first batch.

6.5 Notable practice identified by peer teams

Peer teams highlighted a number of examples of notable practice during corporate peer challenges. This analysis has identified what may be considered notable practice in half of the reports from the 2nd batch of peer challenges. Some of the more interesting examples include:

- South Hams and West Devon BCs - development of shared corporate and operational priorities across two councils
- Castle Point BC - ICT joint procurement with other Essex districts (including Rochford)
- Darlington BC - 'Schools@OneDarlington' – support services and strong partnerships with schools
- Stockport MBC - Success in demand management linked to integration of health and social care and wider public service reform work through AGMA
- York City - GeniUS York – web forum to share ideas for service improvement and innovation from residents, business and academia.

It is important to note that the primary purpose of peer challenge is to inform the next phase of improvement rather than to make an assessment of current performance and hence there is less

emphasis on good practice than on improvement opportunities in peer reports – and so do not provide a basis for a comprehensive analysis of notable practice across councils, but it is still helpful to share such practice where it is identified.

7. THE LGA SUPPORT OFFER

The LGA provides support to individual councils and promotes the interests of local government in general through a range of programmes, support and campaigns.

The high level analysis of the issues and recommendations arising from the 2nd batch of corporate peer challenges has been mapped across to the different elements of this support offer to provide an assessment of the continuing relevance of this support to councils following peer challenge.

Programmes

The following programmes are potentially relevant in helping councils to respond – ranked in accordance with the frequency of relevant issues being raised in peer challenge reports:

- Finance
- Economy & Transport
- Localism
- Environment, Planning & Housing
- Health, Wellbeing & Adult Social Care

The first two programmes are relevant to significantly more councils, as Finance and Economic Development were often raised as issues by peer challenge teams. A similar pattern was noted in the analysis of the first batch of peer challenges, although that analysis also made links to the Workforce programme area. This assessment of the 2nd batch of corporate peer challenges has made links to the officer development support offer, although aspects of the Workforce programme area may also be relevant.

Support

The following aspects of the support offer are potentially relevant in helping councils to respond – ranked in accordance with the frequency of relevant issues being raised in peer challenge reports:

- Productivity & Commissioning
- Councillor development
- Officer development
- LG Inform

Productivity & Commissioning is potentially much the most relevant, given that it encompasses new ways of working, procurement, capital & assets and economic growth and so is relevant to issues around finance, transformation and economic development which often arose in peer challenge reports. Councillor development is relevant to issues around leadership, governance, community leadership etc. which arose in a number of reports. A similar pattern was suggested by the analysis of reports from the first batch of corporate peer challenges, with perhaps more potential demand for Councillor development.

As part of the peer challenge process and reports, the LGA signposts councils to sources of further support including its other offers and challenge managers and Principal Advisers follow this up in specific cases. This has included providing a productivity or local economic growth expert to provide support following a peer challenge.

Campaigns

The LGA's campaigns are now arranged under the Rewiring Public Services banner. Both *Rewiring-Financial Sustainability* and *Rewiring – Economic Growth* are very relevant to the issues emerging from both the first and second batches of corporate peer challenges.

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