

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

EXECUTIVE SUMMARY

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Introduction

1. **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.
2. 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.
3. 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

4. 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'.
5. **The timing of when the CPC takes place remains crucial for all councils.**
6. 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.
7. **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.
8. 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.**
9. 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.

10. 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.
11. **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.
12. **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**.
13. 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".
14. 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**.
15. **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.
16. 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**.
17. 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**.
18. 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**.
19. 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

20. There are **five main areas where the CPC can lead to impact**. These include:

- 20.1. Providing reassurance
- 20.2. Improving external reputation
- 20.3. Behaviour change
- 20.4. Organisational change
- 20.5. Service transformation and financial sustainability.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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.

26. 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.

27. 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.

28. 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**.

29. 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.
30. 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

31. **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**.
32. 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.
33. 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

34. 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.
35. 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.
36. 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.
37. 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

38. 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.
39. 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.
40. There needs to be **more rigorous preparation of the CPC teams** and efforts made to ensure the process is consistent.
41. The LGA needs to **plan-ahead to ensure that CPC is future-proofed** and can take account of new forms of collaboration.
42. There needs to be a **greater emphasis on sharing learning on ‘good practice’** both within the CPC process and across the whole sector.
43. 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.