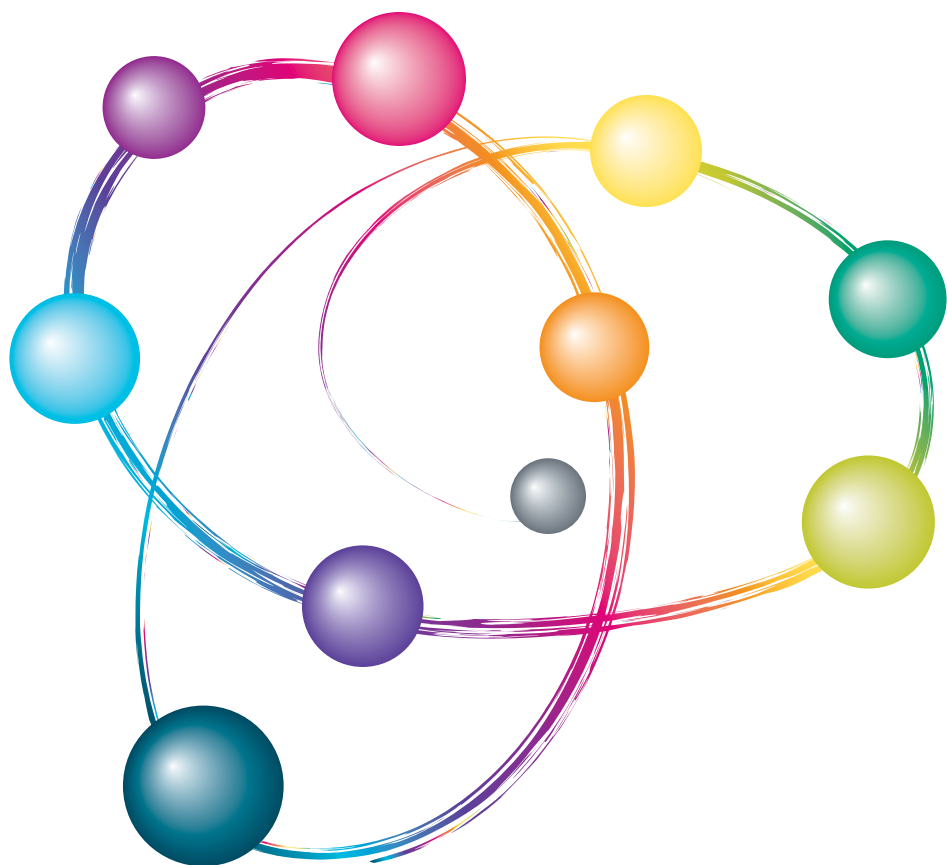


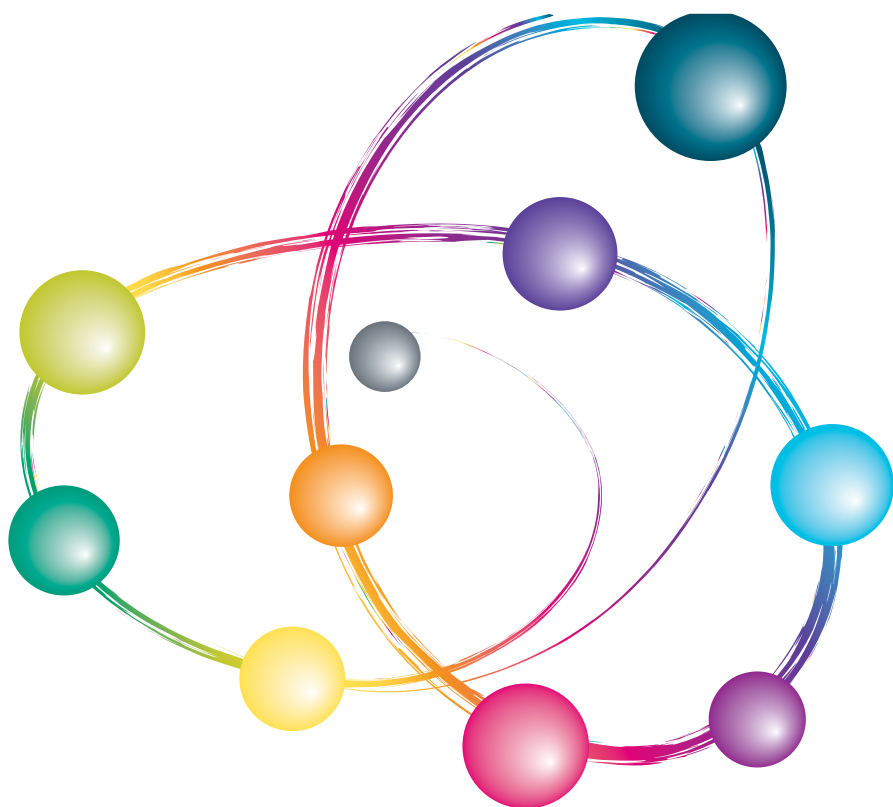
An interim evaluation of corporate peer challenge



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The LGA commissioned Cardiff Business School to undertake an interim evaluation of the corporate peer challenge programme. The findings from the evaluation are set out as follows.



The Cardiff Business School report

Corporate peer challenge is a core component of the LGA's 'Taking the Lead' strategy. Managed and delivered **by** the sector **for** the sector, the process is designed to help councils take responsibility for their improvement. The scope and timing of each challenge is agreed between the LGA and the council to ensure it is tailored to local needs and priorities. Every council has the opportunity to have one corporate peer challenge, at no cost, between 2011 and 2014. By May 2012, a total of 25 councils had received a corporate peer challenge and a further 70 had either been booked or were under active discussion.

The LGA asked the Centre for Local and Regional Government Research at Cardiff Business School to undertake an independent evaluation of a sample of the early corporate peer challenges to check whether the methodology is effective and what impact the process is having. The study gathered evidence from the feedback survey which councils are asked to complete after a corporate peer challenge; workshops with chief executives and lead member peers; and interviews with members and officers in 12 councils¹.

1 Cornwall, Lincolnshire, Mid Devon, Milton Keynes, Newcastle, Scarborough, Sutton, Swale, Thurrock, Vale of the White Horse/ South Oxfordshire, West Lindsey and Wyre Forest

Key findings

The overall message from our study is: 'so far, so good'. Councils have been very happy with their experience of the process and are keen to see the process spread widely across the sector.

Why participate?

There are many reasons why councils have requested a corporate peer challenge. In some cases, the process fed into their own corporate planning or visioning exercises. In others, councils wanted to ensure that they were equipped to meet future challenges – particularly budget cuts.

Some wanted guidance on whether to develop shared management teams and/or shared services and several wanted advice about

internal capacity, community engagement or partnership working. Most challenges have therefore been forward looking, although a number of councils have also wanted external confirmation that they are improving.

Preparation

Preparation is important. The set-up meeting and other discussions with the LGA that take place prior to the visit by the challenge team were seen as being crucial in getting the focus, scope and timing right.

Councils praised the flexibility and responsiveness shown by the LGA and its ability to put together teams with the right mix of skills and experience. Most councils asked for member peers from the same

political party (or parties) as the controlling group (or groups) and a chief executive from a similar sized council. They also wanted peers from outside their own regions, and some believed there were benefits in including experts from outside the local government sector.

Most councils had prepared a short position statement which they found helpful to take stock. Almost all of the other evidence they provided to challenge teams were existing documents, and this helped to minimise the burdens the process placed on staff.

Core components

There is broad support for the inclusion of the 'core components' of the corporate challenge process (setting priorities, financial resilience, effective leadership and governance and organisational capacity) as foundations

that are needed to achieve improvement. Some interviewees thought there was a need for more expert examination of councils' financial planning processes and there were some misconceptions about the purpose of assessing the core elements. Some councils saw it as a 'safety net' which was there to provide assurance for the public, the sector and/or government ministers, whereas the process is intended as a way of enabling councils to check they have the capacity they need to deliver on their local priorities.

Flexibility

Councils value the flexible nature of the bespoke element of the process. They like the fact that this is tailored to their own issues and requirements. They also believe it is important that they determine the timing of visits to make sure they take

place at the most appropriate point in their improvement journeys, planning processes and election cycles.

Because the challenge process is not rules based (there is no template or scoring system), it relies on the expert judgment of challenge teams. To date, councils have found the quality of the peers to be high and this has ensured that the process is perceived to be rigorous. They have been impressed with how well prepared teams are and how quickly they get to grips with the issues they are asked to focus on.

Visits have been conducted in a professional manner and peers are seen as knowledgeable yet empathetic. Team members clearly understood what it takes to manage complex political organisations and this helped to facilitate honest and open dialogue. Some councils have admitted, however, that they have found it difficult to get out

of the 'old inspection mindset' and the impulse to try to 'put on a good show' for challenge teams.

Feedback

Councils report that the feedback at the end of visits has been challenging but balanced and fair. The majority reported that there were no real surprises but they valued reassurance that they were on the right track.

Sometimes peers had been able to say things that those inside the council knew but were unwilling or unable to voice, and some challenges had highlighted new issues or priorities or led to the re-evaluation of existing approaches and strategies.

Informal feedback from peers in the course of the visit and the verbal report at the end were seen as especially valuable. For this reason, it is important

that the right people attend the final session.

With hindsight, some councils wished they had adopted a more inclusive approach and involved opposition parties. Authorities also found the written feedback to be useful. They were pleased with the format and how quickly the report was sent to them, though some felt that key messages had been toned down.

Some councils asked peers to look at the ways they engaged with the public, but communities had little direct involvement in the challenge process. By May 2012, seven of the councils that we interviewed had published reports, though most had not sought pro-actively to disseminate them to their partners or the public.

Follow-up

Councils valued the opportunity for on-going dialogue and engagement with peers and some praised the follow-up work by the LGA in providing examples of good practice in areas highlighted by the challenge process. Other councils knew they had the option of a follow-up visit but were unsure how to use it. Several said there needed to be a clearer process for connecting corporate peer challenge to other forms of LGA support – for example by brokering links with other councils and its own advisers.

Recommendations

Corporate peer challenge has made a good start and the process has already been fine tuned in light of the experiences of the first councils to go through it. We believe that it is important that the offer continues to evolve to ensure that it meets councils' needs. In our view, the main challenges over the next 12 months will be to:

- widen involvement of councils
- maintain the quality of peers, and
- maximise the impact of corporate peer challenges.

These will require action by individual councils and by the LGA and is the responsibility of the sector as a whole.

The LGA is already aware of and responding to many of the key points that have emerged from our evaluation through its work with the sounding board with chief executives and leading members who have received or delivered peer challenges and a recent report to the LGA Improvement Board made a commitment to continue to improve the process. We recommend that particular attention is given to eight issues.

1. Clarifying the purpose of corporate peer challenges

The LGA needs to counteract the misconception among some councils that corporate peer challenge is a 'replacement' for Comprehensive Area Assessment (CAA).

It should make it clear that the process is an improvement tool, not a means of providing public assurance and it therefore focuses on the issues which councils want it to. This message needs to be communicated clearly and consistently. We think it would be helpful if the LGA also explained the role of each of the other elements of 'Taking the Lead' and the ways in which these are linked to corporate peer challenge.

2. Promoting the benefits

Much of the value of the process derives from the fact that councils choose whether and when to participate and can also determine the focus of the challenge. For this reason we don't think it should be compulsory, but it is important to increase the level of take up so that many more councils can benefit from it.

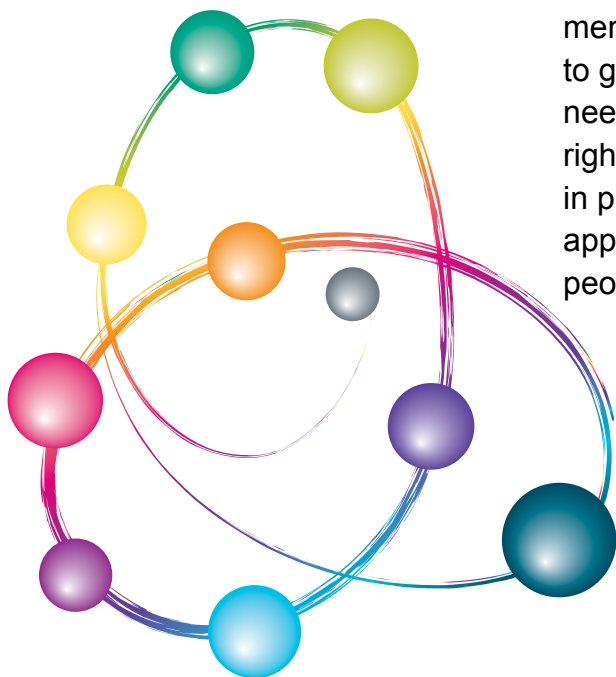
Councils that have not yet received a challenge should consider carefully how and when they will derive most value from doing so. Those that have already been through the process need to become champions for it, explaining the benefits to others. The LGA needs to whet councils' appetites by explaining how flexible the process can be and publicising the impacts from a range of different case studies.

3. Doing it for the right reasons

Councils need to embark on peer challenge for the right reasons. They should resist the temptation to ‘stage manage’ visits and be open, honest and willing to learn from the process. The LGA and lead peers have an important role to play in setting the right tone and ensuring that councils are positioned to get the most out of a peer challenge.

4. Safeguarding the quality of peers

As demand for corporate peer challenge grows, the sector will need to ensure that it can be scaled up without compromising on quality. Since the process stands or falls by the quality of the challenge team, it is imperative that the LGA continues to source peers with the right mix of knowledge, experience and interpersonal skills. Councils need to release their senior staff and leading members will have to be willing to give of their time. The LGA needs to ensure that it has the right recruitment and training in place for peers and where appropriate, make more use of people from outside the sector.



We also recommend putting in place a formal process that encourages peers to reflect on each challenge they undertake and assess any areas in which they need to deepen their knowledge or develop their skills. The LGA will also need to ensure that its peer challenge team has the capacity to keep pace with demand.

5. Preparing properly

Councils can help ensure the quality of the process by planning visits well in advance. This will give the LGA time to assemble the best possible teams.

It is important to take time to get the purpose and scope of a challenge right. Very broad terms of reference run the risk of producing shallow, superficial challenges that add little value.

We recommend that the LGA adopts a consistent approach to preparations for a challenge and publishes some indicative examples from completed challenges to help councils in shaping their own thinking.

We believe that it would be helpful for all councils to prepare a position statement. Approached in the right spirit, this provides an opportunity to reflect on priorities and identify risks. It is also a useful base document for all members of the team to read and helps to highlight the areas that need to be examined in the course of a challenge. It should also be standard practice for the lead peer to contact a council prior to the visit to ensure there is a shared understanding about expectations of the process.

At present most visits take three to four days and involve teams of similar size and composition. We believe there is scope for greater flexibility and recommend that the LGA makes clear to councils in the preparation phase that they can vary both the format and duration of visits.

6. Strengthening finance expertise

We recommend strengthening the analysis of councils' financial planning and viability. The most cost effective way to do this may be to commission a peer with specialist knowledge of finance issues to conduct a desk-based review prior to the visit and prepare a briefing note for the challenge team.

7. Sharing findings

Where a challenge involves sensitive issues, councils will naturally be cautious about who to involve. However, in most cases councils will benefit

from securing ownership of the process beyond the cabinet and senior management team by involving opposition leaders, chairs of scrutiny and middle managers.

It is also important that councils consider how and when to communicate the results of the challenge within the organisation, to partners and to the public. Publishing feedback letters or written reports will not be appropriate in all cases but we think that there should be a presumption in favour of this.

Where this isn't possible, councils should, as a minimum, write to all of those who met with the challenge team to thank them for their contributions and where possible provide a short summary of the feedback. In many cases, it will also make sense to circulate a statement of how the council plans to respond to the outcomes of a challenge.

We recommend that, with councils' permission, the LGA place reports on its website as a central resource that other councils can learn from. (This may also help to stimulate the demand for challenges). The LGA could also usefully bring together and publish some of the common themes that have emerged from the corporate peer challenges and make this information available to the sector as a whole.

8. Ensuring effective use of resources

In the current financial climate, the sector needs to make the best possible use of resources. Members and senior officers who we interviewed saw corporate peer challenge as very good value for money and wanted the LGA to make it a priority, but it is important for the sector to be realistic about the volume of reviews that can be provided within existing budgets without compromising

on quality and to set its expectations accordingly.

It is also vital to maximise the benefits from each challenge by ensuring that there is effective follow-up. The nature of the follow-up process will vary from council to council, but we believe that more needs to be done to link corporate peer challenge to the wider framework for self improvement (including other parts of the LGA's offer to councils).

The LGA should routinely explain to councils the range of follow-up options that are available and its Principal Advisers should be closely involved in working with councils to decide on and plan for activities that they will benefit most from after a challenge has been completed.

LGA response

We would like to thank the Centre for Local and Regional Government Research at Cardiff Business School for their report. We recognise the importance of an authoritative and independent external evaluation of the new peer challenge process and welcome the positive conclusions they have reached that the new approach is working well.

Throughout the development of the sector-led approach in 'Taking the Lead' we have worked with colleagues from local government, including chief executives and senior politicians, to test our thinking and to make sure peer challenge meets the sector's needs.

Many of the conclusions in the report reflect our own findings from feedback from those councils which have participated so far, and in May we took a report to the LGA Improvement Board on the many positive features of the new approach, as reported by councils, and identified a number of areas for further improvement.

As a result, many of the recommendations in the report are ones that we have implemented already, or are in the process of doing so, including: clarifying the purpose and promoting the benefits of the offer; improved preparation and a clear offer of what follow-up activity is available after a peer challenge; a sharper focus on financial planning and viability; maintaining the quality

of peers from local government and expand the peer pool to others from beyond the sector; ensuring peer teams deliver an appropriate level of challenge; and encouraging councils to publish the findings of their peer challenge.

We are committed to on-going evaluation and dialogue with the sector which will continue throughout the peer challenge programme.

In addition, we have asked Cardiff Business School to undertake a second stage of evaluation to look at the impact of peer challenge to be reported in spring 2013.

To find out more about what councils have to say about their experience of peer challenge go to

www.local.gov.uk/peer-challenge

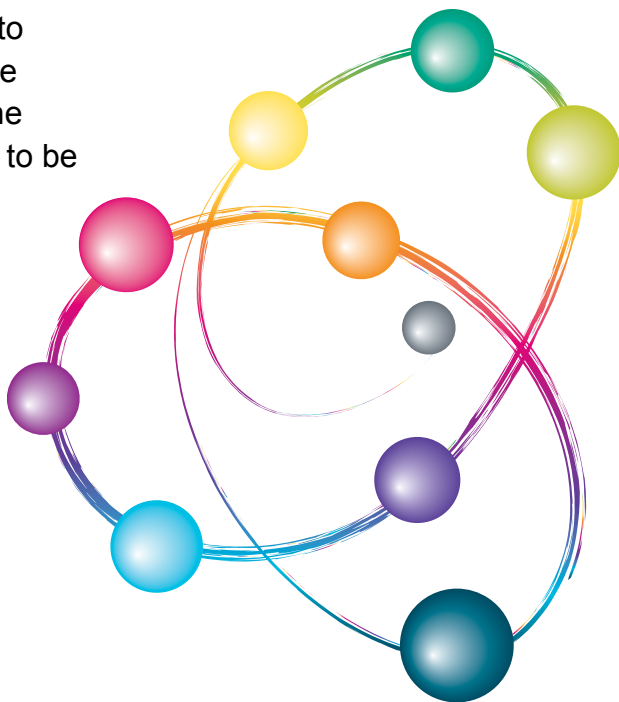
For more information about peer challenge, or to find out how to become a peer, please contact:

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