

Corporate Peer Challenge

Local Government Association

14th – 16th January 2015

Report

1. Background and scope of the peer challenge

This corporate peer challenge of the Local Government Association (LGA) used the same principles as those applied to councils as part of the approach to sector led improvement. Peer challenges are managed and delivered by experienced politicians, stakeholder and officer peers. The peers who delivered the peer challenge were:

Dame Clare Tickell, Chief Executive, Hanover Housing Association (Chair)
Baroness Rosalind Scott of Needham Market, House of Lords
Steve Reed OBE, MP, Croydon
Bob Neill, MP, Bromley and Chislehurst
Lesley Seary, Chief Executive, LB Islington Council
Sir Derek Myers, former Chief Executive, LBs Hammersmith and Fulham & Kensington and Chelsea Councils
Jonathan Slater, Director General, Ministry of Defence
Helen Birtwhistle, Director, Welsh NHS Confederation
Mikhael Newman, Head of ICBT Corporate Affairs, BP Plc
Judith Hurcombe, Programme Manager, Local Government Association

It is important to stress that this was not an inspection. Peer challenges are improvement-orientated and tailored to meet individual councils' needs, and the approach to this peer challenge of the LGA was similar. The peers used their experience and knowledge to reflect on the evidence presented to them by people they met, things they saw and material that they read.

The guiding questions for all corporate peer challenges are:

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

The LGA also posed the following specific questions to the team, within the context of the five corporate peer challenge core questions:

- Setting priorities – how effective are the LGA's governance arrangements at engaging with councils, developing clear policies and positions and communicating

them to councils, government and other stakeholders. How robustly do we analyse options and decide which work programmes to engage in to support councils at national, regional and local level?

- Impact and creativity – how effective is our informal and formal lobbying and what is the awareness in councils of this key area of activity? Are we as persuasive as we can be in the national debate for public services? Are we sufficiently innovative and creative in our approaches – both in lobbying and in our wider support offer to councils? How well do we work with other advocates for local government?
- Future proofing – as the shape of local government changes, can the LGA continue to act as the single voice of local government? How must its structures, governance and membership approaches adapt to respond to the new combined authorities and other changes? Do we have the right improvement support post-Rotherham? Do we offer the right training for councillors to help them meet future challenges?

Feedback was provided to you on Wednesday 21st January, and we agreed to expand on that feedback, expanding upon those areas that we highlighted as likely to benefit from some further attention. This report sets out those findings.

2. Executive summary

The LGA is widely recognised as providing a strong and clear voice for local government. We heard that if it did not exist it would have to be invented because there has to be a national body to represent the sector, and without it there would be no other lobbyist for the sector as a whole. Its visibility has improved considerably since the restructure and merger of the broader constituent organisations in 2011, raising its profile and reach across the country. At the time of this peer challenge virtually all councils were in membership: this is a considerable feat given the wide range, size and shape of local authorities and their functions (metropolitan, unitary, county, district, fire and rescue, national parks) and the diverse range of interests it represents.

Lobbying and influencing are clearly strengths and the energy and focus that the LGA brings in this area is welcomed by councils and other bodies. Some of its influence and impact is not always visible to the membership, due to the nature of the informal discussions and conversations that inevitably take place between the organisation, government departments and national political leaders.

Sector-led improvement, particularly peer challenge and its impact is highly visible and welcomed by many stakeholders and is widely accepted as the right approach in supporting councils to improve. However, the diverse membership of the LGA means that there is a range of views about where this should focus in the future, including whether the current approach should be harder-hitting and compulsory. Consultation on the future of sector-led improvement, (underway in February 2015) may help to clarify what councils feel should be the next steps.

The organisation recognises the need to keep pace with broader developments across local government, particularly with the current devolution discussions and significant

changes in governance and accountability arrangements e.g., combined authorities. A broad range of stakeholders told us that they would like the LGA to be less reactive to day to day policy announcements from central government and take a greater longer term leadership role shaping the sector for the future, building on and doing more significant campaigns such as Rewiring and 100 Days. Doing so would require more discussion of the LGA's strategic vision and consideration of how and whether this fits with the LGA's primary stated purpose of being the membership organisation for local government, and balancing the myriad of views and interests of its membership. It might include focusing on fewer issues, not fulfilling some of its current functions, and doing less in some areas.

The LGA engages with its membership through a variety of mechanisms, and some of these mechanisms are perceived to work better than others. The Leadership Board, informal Group Leaders' meetings, First magazine and events such as roadshows on specific topics are well regarded. The availability of the Chief Executive to council chief executives is welcomed in providing direct opportunities to consider current issues.

The current Board arrangements are liked by some stakeholders because they are seen as a good way to engage directly with council leaders and senior politicians from across the range of councils. Others, including some of the senior politicians on the Boards, told us they feel well supported by LGA staff, but they expressed a degree of frustration about the pace of Board working, the large amount of resources required to service them, and whether the Boards have the impact they should.

Adapting for the future will require the utilisation of the best and most challenging minds across local government. There has been churn at the senior level of the organisation whereas the next tier has been in place for much longer. Both these issues may need rebalancing. A greater degree of flexibility and more fluid engagement arrangements which do not require fixed term appointments, such as task and finish working, exploring how to do more active engagement in the regions, and being more creative with professional support in political appointments, will help to further consolidate the LGA's role and facilitate innovation for the future.

3.0 Recommendations

- Develop a 5 year vision for both local government and how the LGA fits into it
- Prioritise in accordance with that vision
- Revisit the role and functioning of the Boards
- Explore newer and more innovative ways of engaging and informing the LGA's membership
- Develop a plan to deal with potential significant changes to RSG funding
- Develop a leadership role across the local government sector for the development of politicians and officers, both within the LGA and the broader sector
- Play a more visible role in the high level changes taking place e.g., devolution, combined authorities
- Make better use of technology to support how councils and councillors engage with the LGA, and how services could be delivered more effectively. This should include improving ICT resources for LGA staff
- Develop greater commercial awareness and understanding amongst staff

4.1 Understanding the context and priority setting

The LGA clearly provides a voice for local government and its voice is widely recognised both within the sector and more widely at local, national and international levels.

There is widespread recognition that the organisation has improved in recent years and better reflects the key issues facing councils across the country. This focus should be acknowledged in the context of the Getting Closer restructure undertaken in spring of 2011 which brought together the five previous bodies of LGA, Improvement and Development Agency (IDeA), Local Government Employers (LGE), Local Authority Coordinators of Regulatory Services (LACORS) and the Leadership Centre for Local Government into one organisation. Getting Closer and reductions in central government grant reduced the number of employees from around 650 to 250, and despite this the organisation has raised its profile and is regarded as having more impact: a considerable achievement in the context of the scale of those changes.

Lobbying and influencing are clear strengths, both at formal and informal levels, and there are numerous examples of where the LGA's work has led to better outcomes for councils including:

- Establishment of the £5.3bn Better Care Fund
- Recovering monies invested in Icelandic Banks, accounting for over £1bn of investment
- Saving councils £329 m through specialist legal support against claims for local land searches
- Securing an additional £270m for flood defences from 2014-2016 and £135m for recovery schemes
- Obtaining schools capital funding of £2.35bn for 2015-2017

The LGA's campaigns such as Rewiring and 100 Days are widely recognised, both within and beyond local government stakeholders, as well as the media. Its On the Day briefings and national press coverage on matters of importance and interest to councils are widely welcomed. Membership surveys show impressive support for the LGA's lobbying role. Whilst there is good awareness of formal lobbying activities which are publicly reported, there is much less awareness of the equally important informal lobbying activity.

Sector led improvement is valued by councils and is regarded as effective. Stakeholders consistently identify the peer challenge offer available to all councils as adding value, either by them receiving a peer challenge, or importantly, participating in one elsewhere. Some participants now believe the peer challenges should be harder hitting, as well as being less voluntary in nature: the consultation on sector led improvement during February 2015 may draw out the next steps.

Other aspects of improvement support consistently valued by councils include the Leadership Academy programme for councillors in senior positions, both at Leader/Cabinet levels, as well as for specific roles, for example for lead councillors for Children's Services.

Also highly valued is the bespoke and rarely reported work undertaken in local authorities with councillors and officers to improve relationships and impact, such as work arising from a change of political control, or when there are difficulties in working relationships.

Extensive behind the scenes lobbying also takes place through the work of the political Group Offices, which is not always known and fully understood by the LGA's membership. This work is often effective in relaying how particular policies may or may not work in a local government setting, at the very earliest stages of consideration.

Lobbying and influencing activities are perceived to be considerably improved and more effective by both the sector and the media and its profile in the media is high. This reflects a genuine effort to improve its media profile in the national press as well as talking more effectively to the public about council services. It could further develop its role by becoming a lobbyist not just for local authorities but also in representing councils as the lobbyist for place.

Some stakeholders have aspirations for the organisation to do more and develop a stronger leadership role for the local government sector. Specifically stakeholders are keen for the LGA to develop a mandate to intervene earlier in failing councils, particularly those authorities which don't know or don't accept they need support, and to speak out more about council failures.

There are also views that the LGA should react less to day to day government initiatives and proposed policies and focusing on fewer but more strategic aims and ambitions for the sector, for example building further on the Graphs of Doom, Rewiring and 100 Days campaigns, and the two independent commissions on local government finance and economic growth in non-metropolitan England. In reflecting these views we recognise a dilemma for the LGA as a membership organisation which represents a diverse range of councils and opinions, where some of its members are keener for a more radical approach than others.

Along with councils and the spread of their responsibilities, the LGA covers a vast agenda. Some, but not all, stakeholders suggest that the organisation should be less overt in saying "no" to government policy but instead offer more solutions to government departments about how a proposed policy could work on the ground. Others suggest that the LGA should take a far more radical role in standing up to national government, or develop in the longer term into the explicit leadership body for local government. These views reflect some of the dilemmas inherent in being a membership organisation with a diverse range of members' views, who collectively want the LGA to be everything to everyone. The need to find stances which are acceptable to everyone raises concerns from some members that this leads to too much compromise, which then can dilute the strength of the message and aspiration for change about public services. There are clearly not enough resources available to the LGA to encompass all of the aspirations of its membership, particularly as there are differing views on a wide range of issues. It needs to explore further the balance between representing the specific concerns of councils alongside its role as the leadership body for the sector: these are not mutually exclusive aspirations as the LGA needs to provide such leadership whilst balancing the interests of its local authorities.

There are also concerns that the LGA, in common with local authorities, finds it difficult to stop doing things. Being clearer about priorities and being able to stop doing some things in order to be able to do other things better needs to be actively considered going forward.

The LGA's priorities are agreed each year by the Executive and for 2014/15 these are:

- Funding for local government
- Economic growth, jobs and prosperity
- Public service reform

However these do not always consistently follow through in terms of the extent of its coverage in the media – which is good – or the widespread work of the Boards. The Boards set their own priorities, adding overall to workloads when resources are diminishing. This, combined with a considerably lower headcount than 4 years ago, stretched capacity and fewer resources in the medium term means that the organisation needs to prioritise what it works on and needs to be more hard-nosed and focus on its core agenda. That includes creating more space and time for creativity and thinking for the longer term.

4.2 Governance and decision making

Most local authorities are in LGA membership: at the time of writing, two are out of membership and 9 are on notice to leave, out of a total of 417 local authorities in England and Wales. This is a considerable achievement given the significant diversity of local government structures, including their politics, councils' and other authorities' shape and size, and geographical distribution across the country.

A consistent message from stakeholders was the need for a more flexible governance arrangement that better reflects the changing nature of local government, and is quicker in bringing about decisions and focus on priorities. Sometimes the LGA is perceived to be quiet about a particular issue, for example where there are perceived failing services or councils, and although this may not be reflected in what is actually happening on the ground, there is a desire from some members for the LGA to express clearer stances on difficult issues. This in part relates to the LGA's ethos of being a membership organisation which currently reflects consensus in its approach to lobbying and policy development and agreement. It also reflects the wide range of political views involved in reaching a policy decision, and whereas some stakeholders feel this is the right approach, others feel their views have been diluted during the process and would prefer that the LGA shares publicly the range of views it hears when coming to a final view. Whether or not this would be the right approach is not for us to recommend, but should be considered as part of future discussions about governance arrangements.

The LGA Boards are central to achieving the LGA's strategic objectives. They are responsible for:

- Developing a thorough understanding of council priorities in their programme area
- Helping to shape the LGA business plan and
- Overseeing a programme of work to deliver, through engagement with councils, the strategic priorities set by the LGA Executive

There are views that the Boards have a broader purpose than the stated aims: some stakeholders feel they play a crucial function in enabling senior politicians from across the membership to play an active and visible role in working with and for the LGA. Participants in the Boards feel well supported and Chairs value the support they receive from the LGA in fulfilling their roles, but overall the way the Boards work to an extent reflects a traditional council committee system, which enables everyone to feel included but does not necessarily result in the most innovative policy work. Concerns we heard included many papers being received for information only and some perceptions of variable impact. A number of stakeholders, including some Board members, told us that a more radical approach is needed and structures should be less rigid, members should stop trying to do everything and prioritise so that clearer added value can be gained.

A key area of consideration going forward should be to consider whether there are better and more innovative ways of engaging the LGA's membership which are also more resource efficient, and how Boards might fit into a more modern approach. Some stakeholders also queried why the LGA needs a Leadership Board and an Executive Board, as to some this feels like duplication of resources, not only of the LGA's staff but also of the time and commitment of Board members. Governance structures and approaches need a rethink, to help support councils and their work in an environment which is shifting and is faster paced than it used to be.

Decision making and broader engagement would also benefit from better use of social and digital media, making more use of online capacity for communications and publicity, as well as saving paper and other associated costs. Video conferencing for meetings could make better use of some members' time if they are not based in or near London, and would also have the benefit of saving travel costs. Some stakeholders told us that the LGA could extend its reach and impact both with councils and with the wider public, if it more extensively used social media.

A number of stakeholders feel that the LGA would benefit from having a stronger regional presence, thereby reflecting how individual councils or regions are affected by proposed government changes, or having more physical presence in the regions, or through a federated membership arrangement or structures. The latter would help to address concerns of some members who query why they should pay membership subscriptions to both their relevant regional representative body, as well as the LGA. It would also help to extend its reach and profile with the majority of councillors who are not already directly engaged, and help to address some concerns of being overly London-centric.

4.3 Political and Managerial Leadership

Cross party working across the LGA is good, with excellent working relationships across the political groups, both formally and informally. This is a key factor in enabling potential problems and issues with government proposals to be considered and responded to effectively. Working relationships between politicians and staff are constructive, and this also aids positive working relationships between the politicians. Board members speak highly of the support they receive from staff in developing papers and enabling the Boards to function.

The Chief Executive is very well regarded in having brought stability and officer leadership to the LGA. She is widely respected by her peers across local government and the wider public sector for being accessible and supportive.

There are strong and positive working relationships across the spread of external organisations that the LGA is involved with. This includes good liaison and interaction with representative bodies in the regions, who describe pragmatic approaches to potential areas of overlap, and significantly better understanding and relationships over the past few years. Senior public sector partners describe senior staff as accessible and easy to work with, and relationships are constructive.

However, over the last 12 months vacancies at the most senior levels have arisen leading to observations of stretched senior management capacity to deliver both internally and externally for the organisation. Specifically at director level additional capacity is needed to support the Chief Executive and to create some space for future thinking and planning, over and above the day to day delivery of the LGA.

Engagement with those senior local government politicians and officers directly involved with the LGA is good. Despite publications such as the fortnightly First magazine for councillors there is a bigger and broader volume of membership that the LGA struggles to reach beyond council Leader and Chief Executive positions, including front line councillors particularly scrutiny chairs, and senior officers below Chief Executive level. This is reflected in its membership surveys, as well as from direct feedback received by the team. The extent to which active members of the LGA take their learning and intelligence from the Boards back into their councils is unclear.

The longer term direction of the organisation would benefit from more consideration of what next for the LGA, undertaken through high level strategic discussions with leading members, and closer working with officers. This is particularly important in the context of a number of long held political appointments coming to an end in May and the consequent loss of some organisational knowledge as a result. However, changes at this level also present opportunities for some newer senior councillors to get involved and bring their perspectives on the future of the LGA, and once agreed, will enable senior managers to then get on and deliver that vision.

At managerial and officer levels greater leadership capability is needed for the future. This applies to the LGA as an organisation, so that it can lead local government going forward, but it also applies to local government as a sector. The LGA is uniquely placed to play a pivotal role in shaping and encouraging that leadership development for members and officers.

4.4 Organisational capacity

The quality of the LGA's staff at all levels is high, with good levels of expertise and knowledge about their subject matter, and this is recognised and respected externally. Many staff told us that the organisation is good to work for, and has considerably improved over the last 3-4 years. This is reflected in excellent returns year on year shown through staff surveys. Stakeholders told us that the internal working of the LGA is much better than it used to be and silo working is much reduced.

Working with other advocates for local government is good and there is an appetite from partners to do more. Greater capacity could be achieved by building on existing good relationships with other professional bodies, and utilising their talents more widely to complement LGA policy and campaigns, for example with Solace, CIPFA, ADASS and ADCS. There is willingness and enthusiasm to do more with the LGA which could be of mutual benefit to all.

One of the questions the LGA asked us to consider was whether there is sufficient innovation and creativity in its approaches, both in lobbying and in the wider support work to councils. Some elements, such as the Graph of Doom and the timing of its launch at the LGA's annual conference in 2012 have helped the case for greater devolution and highlighted funding challenges. The setting up of the Municipal Bonds Agency which will save the sector up to £1bn in borrowing costs for infrastructure spending is of particular note. Over 50 councils have subscribed nearly £6m to launch the agency and its first bond will hopefully be issued in the spring of 2015.

Although there is recognition of the need to be more creative and do things differently, current capacity is stretched and doesn't allow much opportunity to explore how to do this. Staff told us they recognised the need to prioritise but struggle to see where the organisation has explicitly stopped doing things and how this relates to their workloads. Enabling the organisation to develop a more flexible and fluid staff base with more adaptable working arrangements would help bring in new and challenging thinking, and innovation of mutual benefit to the organisation and individuals. Arrangements could include secondments between councils and the LGA and government departments, as well as from other delivery organisations such as charities or businesses. This would help to address staff concerns about career progression within the organisation as well as help to refresh thinking and creativity.

Identifying talent and creating broader opportunities for career progression across local government in a structured way would also help to enhance the capacity of the LGA, as well as the sector more widely. The National Graduate Development Programme does this already for young graduates, and similar principles could be applied across the broader officer cadre.

4.5 Financial planning and viability

There is clear awareness and plans are in place to deal with identified future risks relating to the LGA's financial viability. The commercial strategy includes plans to manage potential shortfalls in income, including the risks associated with the reliance on RSG top slice funding and membership subscriptions during this era of public sector funding squeezes. The appointment of a Commercial Director has been made to deliver the strategy.

The strategy includes clear plans to reduce the LGA's pension deficit through the investment and redevelopment of the former IDeA base of Layden House in Farringdon, as well as other considerations such as reducing costs through the termination of the Liberata contract, and further developing the organisation's membership base.

The income reductions applied to the organisation and the associated reduction of numbers of staff in 2011, followed by a further £2m reduction in grant in 2013 have been managed well, without detrimental impact to how the LGA operates either on its lobbying activities or direct service delivery to local authorities. In common with councils the LGA depends on central government RSG funds for a significant degree of its core business, and it needs to start to think about both how it and councils will need to operate if there are significant changes to RSG. It is important that there is a clear plan to which all members and management fully subscribe to deal with future potential RSG reductions, in light of the Department for Communities and Local Government's stated intention to explore the idea of introducing competition to the RSG top slice grant.

Whilst initial steps have been made, greater commercial awareness and capacity is needed so that the LGA can develop further income opportunities away from RSG monies and be on a more stable footing for the longer term. Some of that awareness and capability needs to focus on the development of greater business acumen or buying in of skills on commercial and collaborative working, and commissioning. It will also mean developing a wider understanding of more commercial factors such as recognition of markets and competition, pricing, unit costs, and cost-benefit analysis. There is also a tension between providing free services for example on self-improvement and the need to become more commercially focused and start to charge for services which councils have previously received without charge.

4.6 Future proofing

The LGA recognises that the landscape of local government is changing, with a number of key factors influencing change, such as devolution, combined authorities and the emergence of a changing political landscape, are beginning to shape structures and strategic alliances. Leading politicians and managers know it needs to keep pace with that change, to maintain and increase its visibility outside of London, and the need to articulate its role for the future, led by politicians and supported by improved engagement mechanisms and better use of social and digital media. Sometimes its membership wants it to be seen to respond more quickly, robustly and visibly to significant issues.

The LGA is well placed to deal with future challenges, due to its wide reach across the local government sector and its clear ability and track record of working productively with central government and local authorities, irrespective of the prevailing politics. Looking forward it should play a pivotal role in setting the agenda for the role of local government within the wider public service landscape. It can evidence and is capable of good intelligence and robust analysis on future trends as well as on policy. Relationships with member authorities and other stakeholders are good, and there is clear appetite both politically and managerially to keep the organisation moving forward. The LGA has more potential to share good practice across the sector and to be a trail blazer for innovation.

In January 2015 the LGA gave notice on its outsourcing contract with Liberata as this contract was originally negotiated on the basis of historic requirements. Staff at all levels, and particularly home and remote workers, told us of frustrations with ICT. Entering into new arrangements either in-house or through new contracts provide an opportunity to better support service delivery in a way which accommodates the business needs of the LGA and is more flexible and agile.

Clear plans for the future are important. The LGA needs to develop a clear vision for the future, backed by robust plans, to tackle potential changes to RSG funding, how it will work with less capacity, how it will support local authorities as devolution becomes a reality across local government, and where it will position itself going forward.

Through the peer challenge process we have sought to highlight the positive aspects of the LGA and we have also outlined some difficult challenges. It has been our aim to provide some detail on them through this report in order to help the organisation understand and consider them. The LGA's senior political and managerial leadership will therefore undoubtedly want to reflect further on the findings before determining how they wish to take things forward.

Judith Hurcombe
Programme Manager