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| Institution: Cardiff University | | |
| Unit of Assessment: Business and Management Studies (17) | | |
| Title of case study: Shaping peer-led approaches to improve local government performance in England and Wales | | |
| Period when the underpinning research was undertaken: 2003 – 2017 | | |
| Details of staff conducting the underpinning research from the submitting unit: | | |
| Name(s): | Role(s) (e.g. job title): | Period(s) employed by submitting HEI: |
| James Downe | Professor | 01/09/2003 – present |
| Steve Martin | Professor | 01/09/2000 – present |
| Heike Doering | Senior Lecturer | 01/06/2009 – present |
| Period when the claimed impact occurred: 01/08/2013 – 31/07/2020 | | |
| Is this case study continued from a case study submitted in 2014? Yes | | |
| <p>1. Summary of the impact (indicative maximum 100 words)</p> <p>Peer challenge is a critical method for securing self-driven and sustainable improvement in local public services and especially local government. Cardiff Business School research provided the only independent assessment of the Local Government Association's peer challenge process for assessing council performance. Cardiff's recommendations to improve the process were implemented by the Local Government Association. This research underpinned the UK government's support for peer challenge, which was adopted by more than three-quarters of English councils, produced positive results in improved performance and provided significant cost savings compared to the previous system of external assessments. The findings also directly informed legislation in Wales to introduce a similar system of peer assessment of councils.</p> | | |
| <p>2. Underpinning research (indicative maximum 500 words)</p> <p>Peer challenge replaced the previous expensive model of top-down inspection of local government and has become the main method by which councils' performance is assessed. A team of peers (senior managers and local politicians) visits a council for several days to assess several 'core components' (including priority setting, leadership, financial planning, governance, and organisational capacity) which are critical to local authority performance. Managed and delivered by the sector for the sector, the process is designed to support councils to take responsibility for their own improvement.</p> <p>Cardiff Business School has longstanding expertise in inspection and performance management in public services, having conducted research in this area for the last twenty years. Cardiff researchers identified and showed the advantages of a peer-led model of improvement to reduce the burden of external inspection on councils [3.1]. They also supported the work of the Local Government Association (LGA) – the representative body for local government in England – in ensuring that peer challenge is fit for purpose.</p> <p>The LGA adopted this peer-led model in 2011. Downe and colleagues conducted a series of evaluations to assess the effectiveness, impact, and value for money of peer challenge (2012 –2017, total value of £104,876). This research provided the only evaluation of whether the peer-led approach was working. It was conducted in three phases.</p> <p>2.1 First phase (2012)</p> <p>The first phase of the research included documentary analysis, surveys and semi-structured interviews with political leaders and senior managers from more than 50 organisations. The researchers analysed the first wave of peer challenges to determine whether the methodology was fit for purpose and meeting councils' needs. The report concluded that it was working well overall, but made a series of recommendations for changes to the process to build on its early success. For example, it was recommended that the LGA needed to increase the level of take-</p> | | |

up so that many more councils can benefit from it. Councils that had been through the process should become champions for it, by explaining the benefits to others [3.2].

2.2 Second phase (2013-14)

The researchers assessed the effectiveness of the process and identified positive impacts in five key areas [3.3]:

- greater self-awareness by councils;
- improved external reputation;
- behaviour change within councils;
- organisational change;
- service transformation.

The report recommended that peer challenge needs to continue to be funded by the UK Government and outlined further improvements to the process including targeting peers to focus on specific issues.

2.3 Third phase (2016-17)

This phase built upon previous research by examining the effectiveness, impact, and value for money of the programme in helping councils with performance improvement and financial planning. It concluded that the approach offers very good value-for-money compared to external inspection. Thirty recommendations were put forward to improve the process, including developing the information provided to peer teams before the visit and widening the composition of the team to include representatives from beyond the local government sector [3.4].

Peer challenge is now a key component of the UK Government's policies for regulating local government. This research, which totals five reports with findings published in peer-reviewed journals [3.5, 3.6], is the only independent evaluation of this process.

3. References to the research (indicative maximum of six references)

[3.1] Downe, J., and Martin, S. (2007) Regulation inside Government: Processes and Impacts of Inspection of Local Public Services, *Policy & Politics*, 35 (2), 215-232 <https://doi.org/10.1332/030557307780712997>

[3.2] Downe, J., and Martin, S. (2012) *Evaluation of the Effectiveness of the Local Government Association's Peer Challenge Programme*, Local Government Association: London. PDF

[3.3] Downe, J., Martin, S., and Doering, H. (2014) *Supporting Councils to Succeed: Independent Evaluation of the LGA's Corporate Peer Challenge Programme*, Local Government Association: London. PDF

[3.4] Downe, J., Bottrill, I., and Martin, S. (2017) *Rising to the Challenge: An Independent Evaluation of the LGA's Corporate Peer Challenge Programme*, Local Government Association, London. PDF

[3.5] Martin, S., Nutley, S., Downe, J., and Grace, C. (2016) Analysing performance assessment in public services: how useful is the concept of a performance regime?, *Public Administration*, 94 (1), 129-145 <https://doi.org/10.1111/padm.12206>

[3.6] Doering, H., Downe, J., and Martin, S. (2015) Regulating public services: how public managers respond to external performance assessment, *Public Administration Review*, 75 (6), 867-877 <https://doi.org/10.1111/puar.12400>

4. Details of the impact (indicative maximum 750 words)

4.1 Improving the LGA peer-led approach

The assessment of public sector organisations and the need to improve performance have been of increasing concern in recent years following significant reductions in public

expenditure. By providing the LGA, the UK Government, and local councils with an independent evaluation of peer challenge, the Cardiff team ensured that the peer-led approach is delivering effectively at a crucial time.

a. First phase (2012)

In 2012, only twenty councils in England had participated in a peer challenge. The Cardiff team recommended that the LGA should clarify the purpose of peer challenge and promote the benefits of taking part to encourage take-up [3.2]. The LGA responded by doing more to encourage council leaders and chief executives to volunteer. As part of this drive:

- the LGA redesigned their processes to collect examples of where peer challenge made a difference; Cardiff researchers wrote case studies – published as a brochure by the LGA – persuading councils to participate; and
- the LGA invited Martin to speak at five workshops around England to explain the benefits of peer challenge directly to councils. These were attended by large numbers of chief executives and council leaders and the brochure was distributed at those events.

The LGA confirmed the value of the first phase report: *“Having a summary of the experience of the first few local authorities to receive a CPC [Corporate Peer Challenge] was extremely helpful in promoting the offer to other councils”* [5.1]. The LGA published the report on its website, featured it in its magazine sent to all councils, and *“signposted numerous councils to [it] during our engagement with them”* [5.1]. Demand for peer challenge has increased significantly over time and more than three-quarters of councils in England (258) have now gone through the process.

In terms of assessing the effectiveness of the peer challenge methodology, the research gave *“confidence to DCLG [the then Department of Communities and Local Government], which provides core funding for the corporate peer challenge programme, that its investment in to the programme is delivering positive outcomes as part of the wider Sector-led Improvement framework both in reducing the risk of failure and supporting improvement in local government”* [5.1].

b. Second phase (2013-14)

The research allowed the LGA to refine and improve its approach. Responding to the second phase report in 2014, the LGA stated: *“We have continued to work hard since the first phase of Cardiff’s evaluation in late 2012 to continue to refine and improve peer challenge... Many of the recommendations in this second phase report are ones that we have implemented already, or are in the process of doing so, including: promoting the benefits of the offer, improved preparation, the on-going targeting of peers to focus on particular issues and sharing the learning arising from peer challenges”* [5.2a, p.26].

The findings have *“been used to demonstrate to a range of stakeholders – including councils, LGA leadership, and central Government – that the programme is delivering for the sector and is valued by those who have participated in it, and that it is having a real impact for local authorities”* [5.1].

c. Third phase (2016-17)

Changes implemented by the LGA directly following recommendations in the third phase report included:

- introduction of performance and financial briefings for all peer challenge teams (following the research recommendation that pre-challenge information needed to be improved) [5.2b];
- recruitment of 15 peers from the voluntary, health and business sectors in 2018/19 (following the recommendation that councils valued advice from reviewers with experience beyond local government) [5.2c];

- revision of LGA materials to include the reputational benefits of peer challenge (following the research finding that senior managers can use peer challenges to improve staff morale and public confidence by showing what they are doing well) [5.2b].

The LGA confirmed that *“the report provided a range of recommendations which have informed the improvement and development of the CPC [corporate peer challenge] process”* [5.3, p.12]. Councils also benefitted from research-based improvements, with 95% of chief executives that received a peer challenge confirming that it had a positive impact on their council’s performance [5.3, p.2].

4.2 Improving value for money

The UK Government’s previous system of external inspections, which cost £2B a year (estimated by the National Audit Office), was expensive and increasingly regarded as burdensome. Peer challenge’s alternative approach of sector-led and self-improvement is significantly less expensive, costing just £20M in 2018/19 [5.4a, p.3]. According to the LGA, councils have saved more than £100M through sector-led improvement in 2018/19, of which peer challenge is a key component [5.4b].

Cardiff research showed that nearly all respondents to the survey (94%) thought that the benefits of CPC outweighed its costs [5.2a, p.22]. The cost of conducting each peer challenge is approximately £20,000 [3.4, p.29] as the process largely relies upon officer peers who provide their time for free. The Cardiff team concluded that peer challenge is a good example of the sector helping itself by providing improvement support at relatively low cost [5.2a].

4.3 Informing UK Government support for the peer-led approach

The UK Government has been a clear research beneficiary. As the only independent source of evidence on the effectiveness of the peer-led approach, the research had a direct impact on the UK Government’s decision to continue supporting the approach in England.

The third phase report was cited in the Memorandum of Understanding (2017) between the Ministry of Housing, Communities and Local Government and the LGA regarding provision of support and assistance to councils for 2019/20. This stated: *“The Corporate Peer Challenge (CPC) has recently been refreshed and strengthened...we are currently implementing a number of the recommendations from the recently published independent evaluation from Cardiff University – including, for example, how we can use ‘impact stories’ to promote and market CPC and how we can draw out and widely share good practice. There is an expectation that all councils will have a corporate peer challenge or finance peer review over a 5-year period”* [5.5].

An example of the importance of peer review is the case of Northamptonshire County Council. A financial peer review (a form of specialist peer challenge that dovetails closely with corporate peer challenge) of the Council’s financial management found that it was burning through financial reserves and failing to present financial information transparently [5.6]. This peer review was one of the main sources of evidence which led Ministers to order direct intervention in the Council.

The Government’s confidence in peer challenge is further reflected in a 2018 statement by the former Local Government Minister Rt Hon Rishi Sunak MP, that the *“Government is clear that the Local Government Association’s corporate peer challenge process is an effective and efficient means of delivering peer-led improvement support to local authorities”* [5.7]. Sunak further endorsed the peer challenge programme by stating: *“Whilst the process is voluntary, I would expect and encourage every authority to take part in the peer challenge programme and the overwhelming majority of local authorities have hosted corporate peer review”* [5.7].

4.4 Shaping Welsh Government policy

While the research was designed to shape policy in England, the research has also directly informed the Welsh Government’s introduction of a new performance and governance regime. Realising that lessons learned from the LGA work could be applied to Wales, Downe organised a roundtable event with the Welsh Government, various inspectorates, and councils

to discuss early findings on peer challenge in England. Cardiff research was subsequently cited in *Power to Local People* [5.8], the 2015 White Paper setting out Welsh Government proposals for reform in this area. Downe and Martin met with senior Welsh Government officials (January 2019) to outline how the findings from the LGA research could shape Welsh policy development. Of particular relevance were findings on the need for support for peer challenge teams and the advantages and disadvantages of a compulsory process [3.2-3.4].

David Willis, a senior Welsh Government official, confirmed: *“Through your research and in discussion with yourselves you were able to challenge some of our assumptions and identify areas, such as including Member peers, which would...better support the outcomes we were seeking. As a result, we are now proposing to include a requirement for a member peer as part of the statutory guidance to accompany the Local Government and Elections (Wales) Bill”* [5.9].

The draft Bill, including this requirement, was introduced in November 2019 [5.10]. Willis noted that *“early co-production work with local government on the guidance to accompany the new regime which has been informed and influenced by the Corporate Peer Challenge research has yielded significant positive responses in the understanding the value of the proposed approach”* [5.9].

Having previously been minded to introduce a mandatory, uniform approach, the Welsh Government concluded: *“Following consideration of your research we have ensured that we build in as much local flexibility into the process as possible to ensure that it is owned locally”* [5.9].

In summary, Cardiff’s research and recommendations i) underpinned the LGA’s drive for sector-led improvement across local government in England and ii) informed the introduction of a new performance regime in Wales. They shaped the ways in which peer challenge has become a highly effective and trusted tool and, in doing so, built the ongoing capacity and capability of the local government sector to improve and reform.

5. Sources to corroborate the impact (indicative maximum of 10 references)

[5.1] Testimonial from Paul Clarke, Programme Manager (Local Government Support), Local Government Association (LGA) – March 2014

[5.2] Supporting Councils to Succeed, Peer Challenge Programme:

a) Independent Evaluation **b)** Recommendations and responses, **c)** The LGA’s Annual Report 2018/19, Local Government Association: London

[5.3] LGA (2018) Evaluation of sector-led improvement: Interim summary report, London: LGA

[5.4] Sector-led improvement in 2018/19: **a)** Local Government Association 2019 Report, **b)** ‘LGA sets out sector-led improvement offer’, LGA Website (5 Jul 2019)

[5.5] Memorandum of Understanding (MoU) between the Ministry of Housing, Communities and Local Government (MHCLG) and the LGA

[5.6] Northamptonshire County Council Best Value Inspection, January – March 2018

[5.7] Rt Hon Rishi Sunak MP, Hansard, 23 April 2018

[5.8] Welsh Government White Paper: Reforming Local Government: Power to Local People (2015)

[5.9] Testimonial from David Willis, Local Government: Transformation and Partnerships Division, Welsh Government – 2 October 2019

[5.10] Local Government and Elections (Wales) Bill [as introduced to the National Assembly for Wales, 18 November 2019]