

## Best Value Improvement Board

TITLE	AUTHOR	ITEM NO	Meeting Date
<b>LGA Corporate Peer Challenge Proposal</b>	Afazul Hoque, Interim Service Manager Strategy, Policy & Performance		<b>11<sup>th</sup> September 2017</b>

### **1. INTRODUCTION/SUMMARY**

- 1.1 The Secretary of State wrote to the Council in March 2017 stating that he had revoked the Directions issued in December 2014 and removed the Commissioners that were involved in the governance of the Council. The Secretary of State also issued new Directions one of which required the Council to set up a new Best Value Improvement Board which includes external representation by the Local Government Association (LGA) to provide suitable challenge to improve all Council activity.
- 1.2 As the Council builds momentum in delivering on its Best Value action plan an opportunity has arisen to drive further improvement across the organisation in the form of a Peer Challenge.
- 1.3 This report outlines the purpose of and the process involved in undertaking a Peer Challenge by the LGA. It also sets out a provisional date for the review – June 2018.

### **2. RECOMMENDATIONS**

- 2.1 MAB/ Best Value Improvement Board is asked to:
  - Provide steer in terms of the timing and the process of the Peer Challenge;
  - Comment on prioritising upto two additional areas of focus from the best value areas detailed in paragraph 3.11.

### **3. BACKGROUND**

- 3.1 The Secretary of State wrote to the Council in March 2017 stating that he had revoked the Directions issued in December 2014 and removed the Commissioners that were involved in the governance of the Council. The Secretary of State also issued new Directions one of which required the Council to set up a new Best Value Improvement Board (BVIB).
- 3.2 The new BVIB met for the first time on 14th June 2017. The Board meets quarterly, in public and membership includes Cabinet Members,

opposition group leaders, and external representations by the LGA to provide suitable challenge to improve all Council activity.

- 3.3 In addition to supporting the Best Value work the LGA has been working with the Council on other programmes including Members Peer support as well as informing the Council's work on developing a successful Children's service.
- 3.4 As the Council builds momentum in delivering on its Best Value action plan an opportunity has arisen to drive further improvement across the Council in the form of a Peer Challenge.
- 3.5 Peer challenge is a tried, tested and trusted tool to support improvement. An independent evaluation of the current Corporate Peer Challenge programme, 'Rising to the challenge'<sup>1</sup> (February 2017) concluded that peer challenge is an effective tool for improvement, and has a positive impact for participating Councils and the sector as a whole.
- 3.6 The LGA has been conducting Corporate Peer Challenges across councils since 2011. The LGA has delivered over 700 peer challenge reviews including the London Boroughs of Lewisham, Hackney, Redbridge and Southwark. The Department of Communities and Local Government (DCLG) has been clear that they wish to see all councils taking up the LGA's Corporate Peer Challenge once every 4-5 years.
- 3.7 The Peer Challenges are co-ordinated by LGA officers, with peer teams comprising members and officers of local authorities and, where required, additional expertise from private and third sectors, and central government. They are provided free of charge to LGA members, with the only cost to the Council being office accommodation and daytime refreshment costs during the on-site visit.
- 3.8 Key principles related to Peer Challenges are:
  - Peer challenge is not an inspection, it is a tool for improvement – an external, independent, 'critical friend' review.
  - Peer challenge is undertaken at a time which is most appropriate for the council and focuses on what is of most importance to a council.
  - The process is designed to be proportionate – minimising the burden, focusing on making appropriate preparation and maximising the benefits.

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<sup>1</sup> <https://www.local.gov.uk/rising-challenge-independent-evaluation-lgas-corporate-peer-challenge-programme>

## What does a Peer Challenge focus on?

3.9 Every peer challenge includes the following core components:

- **Understanding of the local place and priority setting:** Does the Council understand its local context and place and use that to inform a clear vision and set of priorities?
- **Leadership of Place:** Does the Council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
- **Organisational leadership and governance:** Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
- **Financial planning and viability:** Does the Council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- **Capacity to deliver:** Is organisational capacity aligned with priorities and does the Council influence, enable and leverage external capacity to focus on agreed outcomes?

3.10 This enables the council to demonstrate its openness to 'critical friend' challenge, considered on comparable terms to other councils.

3.11 There is also the possibility for councils to choose specific areas of focus in addition to the core components. As part of the scoping work with LGA the Council will look to identify other potential areas of focus.

3.12 The choice of additional areas of focus is entirely a matter for the Council, and will be agreed following discussion with relevant stakeholders and a detailed scoping meeting with the LGA.

## The Peer Challenge Process

3.13 If the Council agrees to proceed, the LGA proposes at least a 6 month lead-in to the visit. This is longer than normal but would allow for the confirmation of appropriately high calibre peer team members.

3.14 During this period, the following will be undertaken:

- i) **Preparation of a position statement by the Council (members and officers):**  
Around 10-15 sides of A4 that tells the Council's story. This should provide general contextual information about the Council and summarise strengths and weaknesses in relation to the corporate themes and any additional areas of focus. Background

information should also be collated and sent in advance e.g. Corporate Plan, MTFs, key corporate and partnership strategies and plans.

**ii) Compilation and selection of the Peer team:**

The Peer Team consists of a team of approximately six peers, picked for their relevance to the scope and the place. The team is likely to consist of at least:

- Mayor or Leader
- Chief Executive
- LGA Programme Manager
- Senior Managers x 2

In places where challenging politics has been part of the Council's recent history, the LGA recommends consideration of additional member peers in the team: in the case of Tower Hamlets, this would mean a Conservative and an Independent member peer, as well as, potentially, an additional Labour member.

**iii) On-site visit of 4 days to include a programme of meetings with:**

- Mayor
- Cabinet
- Opposition Group Leaders
- Chief Executive
- Corporate Leadership Team (CLT)
- Focus groups of frontline Councillors, scrutiny members, middle managers and frontline officers
- Key external stakeholders and partners

**iv) Final day:**

On the last day on site, there will be a presentation of the peer team's findings (usually to a meeting of Cabinet and CLT).

**v) Report:**

The draft report will be provided by the LGA around 3-4 weeks after the visit: the Council will have the opportunity to review this and request amendments before signing off the final version. The Council is strongly encouraged to publish the report.

**vi) LGA Follow-up:**

The LGA will meet with the Council following the peer review to discuss any further support relevant to any areas for consideration. The Council will have the opportunity for a follow-up visit to take place between six and eighteen months after the review, to consider progress made.

## Further considerations

3.15 It is suggested that, in order to comply with the DCLG direction to commission an independent review of achievement, to be submitted to the Secretary of State by 1 August 2018, the Challenge is conducted on-site early in June 2018. This will take place immediately after the local elections and consideration will need to be given to the appropriateness of the timing of the Review. An outline timetable is detailed below:

<b>Activity</b>	<b>Timeline</b>
Review Scoping	Sep – Dec 2017
Final Meeting to agree scope	Jan 2018
Preparation of position statement	Feb-May 2018
Submission of position statement to LGA	Early 2018
Council Elections	3 May 2018
Council AGM	Mid May 2018
On-site Visit	Early June 2018
Draft Report	Early July 2018
Final Sign Off by Best Value Improvement Board	End of July 2018
Action Plan development	Aug-Sept 2018
Submission to DCLG	1 <sup>st</sup> Aug 2018
Follow up visit	Jan 2019 Dec 2019

3.16 In order to facilitate the planning of the Corporate Peer Challenge, the Council will be asked to provide a lead contact for oversight, and an administrative lead to co-ordinate the on-site programme.

## **4 COMMENTS OF THE CHIEF FINANCE OFFICER**

4.1 The Secretary of State has directed the Council to set up a new Best Value Improvement Board which includes external representation by the Local Government Association (LGA) to provide suitable challenge to improve all Council activity.

4.2 There are no direct financial implications arising from this report. If the findings of the peer review give rise to actions which have financial consequences, officers will then be obliged to seek appropriate approval through the Council's financial approval process.

## **5. LEGAL COMMENTS**

5.1 The Council is a best value authority within the meaning of Part 1 of the Local Government Act 1999. As a best value authority, the Council has an obligation under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" (the best value duty).

- 5.2 Where the Secretary of State is satisfied that an authority is not meeting its best value duty, the Secretary of State may: (1) direct the authority to take action to bring itself into compliance with that duty; (2) direct that specified functions be carried out by the Secretary of State or a nominee and that the authority follow the Secretary of State's instructions and provide such assistance as may be required (Local Government Act 1999).
- 5.3 The Secretary of State issued fresh directions on 28<sup>th</sup> March 2017 to the Council for it to take specific action which it considered necessary or expedient to secure the Council's compliance with its best value duty without specifying that specified functions be carried out by the Secretary of State or a nominee. These include setting up a new Best Value Improvement Board, chaired by the Mayor, with cross party representation and external representatives to provide suitable challenge to improve all Council activities.
- 5.4 The new directions are enforceable by the Secretary of State, who may seek an order in the High Court requiring the Council to remedy any breach. In the circumstances, it is appropriate for the Peer Challenge to be undertaken.
- 5.5 Further, all the focuses of the Peer Challenge as set out in paragraph 3.9 of the report touch on core principles of good governance. "Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk. All authorities should aim to meet the standards of the best and governance arrangements should not only be sound but also be seen to be sound."<sup>2</sup>
- 5.6 It is therefore also sound from a good governance perspective for the Peer Challenge to be undertaken.

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<sup>2</sup> Section 1.2 of the Delivering Good Governance in Local Government Framework – CIPFA/SOLACE