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Public sector impact studies

# Local Government: The Corporate Peer Challenge and Transformation Support





## The problem

Local government operates in a complex environment where councils are individually accountable to their residents yet face shared structural challenges such as financial precarity and rising service demand. Historically, performance management in the public sector has relied on top-down inspection regimes. While necessary, these can foster a culture of defensiveness, where organisations hide their weaknesses rather than addressing them, and where innovation is stifled by a fear of regulatory failure.

Furthermore, without a mechanism to share knowledge, councils frequently duplicate improvement work by spending time and public money trying to understand problems that a neighbouring authority has already cracked. If one council fails, it damages trust in the sector as a whole, yet isolated leadership teams often lack the objective mirror needed to spot their own blind spots before a crisis hits.

**This public sector impact study is based on a talk at Productivity Pitches, a series of events hosted by the Institute for Government and The Productivity Institute, which aims to share and support ways to improve public sector performance levels. The talk is available to watch on the [Institute for Government's website](#).**



## The innovation

The Local Government Association (LGA) supports councils through a sector-led improvement model that helps them improve their own performance while sharing lessons across the sector. The cornerstone is the Corporate Peer Challenge, where experienced council leaders and officers from other authorities review a council, identify strengths and areas to improve, and provide constructive, practical feedback. Its three key components are:

*The universal offer:* Every council is entitled to a corporate peer challenge every five years, making it a normal part of business improvement rather than a response to failure. This review is delivered by peers who spend four days on site conducting interviews and observing operations.

*The peer team:* By using fellow practitioners rather than external auditors or consultants, the model replaces the potentially adversarial nature of inspection with a supportive environment of mutual professional respect and challenge. This reduces the defensiveness that typically blocks improvement. Leaders are more willing to accept challenging feedback from peers who are experienced and understand the reality of the job.

*Transformation support:* Recognising that diagnosis is only the first step, the LGA provides a structured ecosystem to help councils implement change. This includes a Transformation and Innovation Exchange for benchmarking, a Capability Framework to define necessary skills, and active Officer Networks (e.g., via Teams channels) that facilitate the continuous sharing of tacit knowledge and practical solutions.

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## The impact

The programme has demonstrated that a voluntary, transparency-based model can drive significant productivity and performance gains:

- *High impact implementation:* The model achieves high follow-through rates, with approximately 80-86% of recommendations made during peer challenges being progressed by the recipient councils.
- *Value for money:* The transformation team has delivered improvement support valued at nearly £8 million to councils at no direct cost to them. This represents a significant efficiency saving compared to the cost of private consultancy or statutory intervention.
- *Capacity building:* Evaluation showed that 100% of delegates reported improved expertise and confidence, and 95% reported an improvement in their own skills, knowledge and development.

**“Top-down inspection regimes can foster a culture of defensiveness, where organisations hide their weaknesses rather than addressing them, and where innovation is stifled by a fear of regulatory failure.”**



## Takeaways

**This case study demonstrates the central role that tacit knowledge plays in driving productivity in the public sector. Funding, technology, and organisational structures are important assets, but their value depends on how effectively they are used in practice.**

Tacit knowledge, embedded in professional judgement, experience, and day-to-day problem solving, enables leaders and officers to apply these assets in ways that reflect local context and operational reality. It is therefore not an alternative to investment in systems or resources, but the mechanism that allows those investments to translate into improved performance.

Because tacit knowledge cannot be easily written down or standardised, it is difficult to transfer through traditional improvement tools such as reports, frameworks, or external consultancy. Sector-led improvement addresses this gap by enabling practitioners to learn directly from others who are dealing with similar challenges. Peer challenges, action learning, and officer networks allow councils to see how change has actually been delivered elsewhere, including the compromises and risks involved. This reduces duplication, shortens learning curves, and increases the likelihood that improvement activity leads to real operational change.

However, practical insight on its own is not enough to support long-term productivity improvement. Peer learning is particularly strong at explaining how change can be implemented, but it needs to be complemented by robust quantitative evidence that demonstrates whether interventions improve outcomes and represent value for money. Methods such as benchmarking and experimental evaluation provide this assurance. The most effective improvement systems therefore combine empirical evidence with practitioner experience, using data to guide priorities and peer expertise to ensure delivery is realistic and sustainable.



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The Productivity Institute is an organisation that works across academia, business and policy to better understand, measure and enable productivity across the UK. It is funded by the Economic and Social Research Council. (grant number ES/V002740/1).

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