

All Change? Performance Assessment Regimes in UK Local Government

Steve Martin, James Downe, Clive Grace and Sandra Nutley

Authors

Steve Martin is Professor of Public Policy and Management at Cardiff Business School

James Downe is Senior Research Fellow at the Centre for Local & Regional Government Research, Cardiff Business School

Clive Grace is Honorary Research Fellow at Cardiff Business School

Sandra Nutley is Professor of Public Policy and Management at the University of St. Andrews

Abstract

Contrasting approaches to assessing the performance of public services highlight important issues for policy makers and future research. We need systematic comparisons between countries. We should use a broader range of evidence. The public ought to have a greater role in designing performance criteria, and we need to know more about the impacts of assessments.

Keywords: Performance assessment; policy transfer; local government; audit

Introduction

The UK has been at the forefront of the ‘audit explosion’, but its passion for performance management has received mixed reviews. Some commentators believe it has blazed a trail that other countries would do well to follow. Others argue that imposing top down targets and external assessments on public services has proved costly and distorted behaviour, encouraging managers to concentrate on narrowly focused performance indicators and scoring systems to the detriment of the outcomes that matter most to citizens and service users. A third school of thought suggests that there is a need for a contextual and evolutionary approach whereby it is necessary to use a tough regime to get public services from ‘awful to adequate’, before bringing a more sophisticated combination of policy instruments into play to drive further improvement (Barber 2006). These debates have often, however, been rather abstract. There has been surprisingly little effort to test them empirically by analysing and learning from the contrasting approaches to public service reform and performance assessment which have been seen within the UK — across different sectors, between countries, and over time (Nutley et al. 2012).

Variations and Outcomes

The contrast between sectors has been particularly noticeable in the case of health and local government. In England, the Blair/Brown governments looked to competition and patient choice to deliver improvements in the National Health Service (NHS), but relied primarily on auditors and inspectors to drive local government reforms; markets and service users played only a minor role. In Wales, ministers sought to exert tight controls over the health service from the centre, but until quite recently have allowed local authorities considerable autonomy when it comes to performance assessment. In Scotland, auditors and inspectors have been instrumental in shaping performance improvement in local government, whereas their role has been far more muted in the NHS, possibly because centralised control has led to a greater emphasis on direct line management.

There have been similarly marked variations in approaches to corporate performance assessment in local government between different parts of the UK. Comprehensive Performance Assessment (CPA) in England was based on the premise that councils needed a powerful external prompt in order to identify and address weaknesses. It therefore provided annual assessments based on a standard scoring system which enabled the Audit Commission to name and shame 'poor performers'. The Scottish Government and Audit Scotland pursued a more consensual approach. Best Value Audits (BVAs) were attuned to local context and priorities; councils were only assessed once every three years; and there were no overall performance score (Downe et al. 2008). As a result, it was not easy for ministers and voters to make explicit comparisons between local authorities. Policy makers in Wales argued that improvement could not be forced from the centre; it had to come from within councils. The Wales Programme for Improvement (WPI) was tailored to local priorities and each authority's particular improvement journey. Local authorities undertook self assessments and agreed improvement and regulatory plans with the Audit Commission. Unlike England and Scotland, assessments were subject to bilateral confidential agreements between councils and auditors. This meant that it was very difficult for ministers or voters to differentiate between the good, the bad and the ugly (Downe et al. 2010).

A third important set of differences emerge from longitudinal analysis of approaches to performance assessment in England, Scotland and Wales. Pollitt et al. (2010) draw attention to the dynamic nature of performance regimes. They argue that regimes evolve as a result of a combination of external crises which produce 'punctuations' (sudden changes) in policy pathways and an internal 'logic of escalation' which means that once embedded it becomes difficult to abandon performance assessment. In the last ten years, none of the local government performance frameworks in the UK have stood still for very long. CPA was introduced in 2002 and revised within three years to provide what the Audit Commission called a 'harder test'. In 2008 it was abandoned altogether in favour of the broader Comprehensive Area Assessment (CAA). Hailed by the inspectorates as 'a fundamental change in our approach to the assessment of local public services' designed to reflect the way local public services 'are increasingly working together' (Audit Commission 2009, p. 4), CAA covered local government, health, police and fire services and required inspectorates to

reach joint judgements about the ways in which services were working together to achieve targets set out in community strategies and Local Area Agreements. The 2010 General Election produced an abrupt ‘punctuation’ in policy as the new Secretary of State for Communities and Local Government ordered an immediate end to all work on CAA and the abolition of the Audit Commission. CAA has been replaced by a voluntary programme of corporate peer challenges conducted by local authority leaders, chief executives and other senior officers (Downe and Martin 2012).

In Scotland, the BVA methodology, introduced in 2003, was overhauled in 2009. Like CAA, the second round of BVAs placed much greater emphasis on joint working between local government and other local service providers. Auditors now evaluated both the implementation of the duty of best value by local authorities and the achievement by Community Planning Partnerships of the targets set out in their Single Outcome Agreements with the Scottish Government. A methodology for auditing Community Planning Partnerships piloted in 2012 suggests that BVAs are likely to revert to their original focus on local authorities alone and will only be conducted in future by exception when risk assessments highlight potential performance problems or capacity issues.

In Wales, new guidance issued in 2005 introduced greater flexibility concerning the nature and timing of risk assessments. The number of statutory performance indicators was also slimmed down. The 2009 Local Government Measure signalled more fundamental changes that linked performance assessment explicitly to community strategies and required councils to publish performance data. The secrecy surrounding the assessments made under the WPI had made it difficult for ministers to identify and address poor performance. The new framework aimed to provide a more effective early warning system since the Wales Audit Office now publishes annual analyses of whether an authority has achieved planned improvements and an assessment of its capacity to achieve future improvement. Interestingly, just as policy makers in Wales were embracing this more muscular approach to performance assessment, the Coalition government in London was busily dismantling the frameworks put in place by its predecessors in favour of a ‘sector led’ approach reminiscent of the framework previously tried by the Welsh.

Learning from Difference

So what can be learned from these contrasting and changing approaches to performance assessment which the UK has witnessed over the last decade? We highlight four issues for further analysis and debate.

First, there should be more systematic comparative analysis within the UK. As Bevan and Hood (2006) and Shortridge (2009) urge, England, Scotland and Wales now provide a natural experiment that potentially enables us to evaluate different and divergent approaches to addressing shared service delivery problems and concerns in countries with similar socio-economic, cultural and legal settings. In practice though, the politics of devolution have

impeded policy learning. Whitehall often seems indifferent to developments in the Celtic nations. Meanwhile the devolved administrations are eager to differentiate their policies from those developed in Westminster. Welsh ministers in particular have been fond of pointing out the ‘clear red water’ which has opened up between Cardiff and London. Of course this makes political sense. One of the principal drivers of devolution was the contention that Scotland and Wales needed home-grown solutions attuned to their own particular contexts and priorities. But policy makers then often miss valuable opportunities to learn about what works, where and how. There are also practical problems in conducting rigorous comparative analysis. A decade ago, England and Wales, and to some extent Scotland, shared similar sets of statutory performance indicators which made it possible to compare the performance of local public services across the three countries. But in recent years they have all developed their own unique national sets of measures — which has made it impossible to track performance over time or to compare between jurisdictions (Andrews and Martin, 2010).

Second, partly because of the problems of conducting longitudinal and comparative analysis based on statutory performance indicators, researchers and policy makers should consider what other evidence might be used to assess the performance of local government (and other public services). England, Scotland and Wales have all invested heavily in the development of inter-authority benchmarking in recent years. The Improvement Service in Scotland has developed a benchmarking scheme and toolkit covering services provided by Scottish local authorities. The Local Government Data Unit provides a similar service in Wales, and the LG Inform project developed by the LGA provides an on-line tool enabling local authorities in England to compile their own comparative analyses. All are significant resource- and data-hungry undertakings. They pay a great deal of attention to data quality and ensuring that the information supplied by authorities is valid, comparable and consistent. However, they all rely on a narrow band of metrics derived from administrative data and statutory performance indicators. As a result, whilst they provide evidence about internal processes and individual services, they have little to say about broader outcomes. Rather than searching for perfectly calibrated benchmarks, managers need to be more willing to work with data that are ‘good enough’. Often too much effort has been put into the ‘front end’ task of producing data and too little effort given to making sure it is used effectively. In our view, there is a strong case for broadening the range of evidence that is used for comparative analysis, including capturing ‘softer’ intelligence such as feedback from staff. This implies the need for a ‘whole systems’ approach that links up all of the different elements of a performance framework including self-assessments, peer challenge, statutory reporting and external inspections. To some extent this is what CAAs, BVAs and the WPI attempted to do. As these frameworks disappear or fade into the background it will be important to find new methods that facilitate rounded assessments.

Third, there are important questions about the role citizens play in assessing performance. Notionally, most assessments are undertaken in some sense on behalf of the public (or ‘in the public interest’), and there has been a lot of talk of putting the ‘citizen at the centre’ (in Wales) and of the importance of ‘armchair auditors’ (in England). In practice, however,

members of the public are usually peripheral participants in the assessment process. They are sometimes surveyed for their views but rarely involved in discussions about what outcomes matter most to them or what kinds of evidence they would like. There have been a number of attempts to make performance data available in more 'user-friendly' formats including, for example, star ratings and the 'Oneplace' website set up by the Audit Commission, both of which aimed explicitly at increasing public interest in, and understanding of, performance assessments. Citizens have shown much less interest in these data than policy makers hoped. Social media may offer a way for councils to engage more effectively with some sections of the community, but public services need to become better at tailoring performance data for different audiences. There seems to have been an assumption that the same information that is used to help managers improve services will also enable the public to hold those managers to account. There has also been a lack of attention to tailoring both the messages and the media to the needs and preferences of different groups. Policy makers and politicians need to be realistic about the level of engagement citizens want to have. But it seems to us that with the right engagement strategies it would be possible for the public to become more involved in designing measures that they consider important and meaningful.

Finally, we still lack a proper understanding of the impact of performance assessment on public services. As a result, potentially far reaching policy decisions, such as the scrapping of CAA and Audit Commission in England, appear to be based on political instinct, rather than rigorous analysis of the likely effects and possible unintended consequences (Walker, 2011). To fill this gap in knowledge there is a need for more 'real time' research about how different approaches to performance assessment operate in practice. It will also be important to find out more about assessments interact with other elements of the wider performance regime which they form part of. Do adverse assessments make matters worse by demoralising and demotivating the workforce, and making it more difficult to recruit and retain good staff? What happens when different kinds of evidence provide conflicting accounts about a council's performance? Other questions that would repay further research include how the role of assessment changes in an era of austerity and what can be learnt from international experiences? It is also important to find out more about the limits to performance assessment - what can it achieve what is beyond its reach - and how policy makers should respond if self assessment, external inspection, peer support and government intervention all fail to produce performance improvement?

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