
Best Value: how Local Authorities in Northern Ireland are consulting with stakeholders

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Abstract

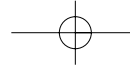
This paper investigates how local authorities in Northern Ireland have dealt with the consultation aspect of the Best Value initiative, with specific reference to engagement with stakeholders. Having briefly looked at the history of, and the rationale behind, Best Value and the requirements it places on local authorities, some of the disadvantages of the scheme are outlined. The paper then introduces some of the tenets of stakeholder theory, particularly those of Freeman, and investigates the wide range of stakeholders that any council will have. The responsibilities of a Northern Ireland local authority are then compared with those of one in England, and other differences pertaining to demographics are explored. Then the results of a document content analysis of both Corporate Plans and Best Value Performance Plans are presented, with each Northern Ireland local authority being placed in a certain category depending on how they are dealing with the question of consultation, and interacting with their stakeholders. The paper concludes by surmising that it is a moot point whether all stakeholders can ever meaningfully play their part in a local authority's decision-making process; however, there are encouraging signs that local authorities are making progress towards engaging with their stakeholders.

Introduction

Best Value was introduced by way of the Local Government Act of 1999 (DETR, 1999) and was seen as the latest in a line of initiatives to make local government more effective, efficient and economic. With regard to accountability, it succeeded the Citizen's Charter, which had been introduced by the Conservative government in the early 1990s. The Citizen's Charter had required local government authorities throughout the United Kingdom (UK) to publish performance information; Best Value however was more far-reaching and required the production of five-year development plans, in which local authorities were set out a five-year rolling programme of service review, including long-term objectives in each service area and the strategies for achieving them. Additionally, on an annual basis, councils were to issue, by way of annual reports or Best Value Performance Plans (BVPPs), detailed accounts of how they were achieving targets set for a particular year within the five-year cycle.

The essence of best value is the continuous improvement in service quality. In order to remain competitive, organisations need to know how well they are performing, what their strengths and weaknesses are and whether the quality of their goods or services is satisfactory or improving quickly enough. They also need to be able to identify trends in performance as soon as possible. One of the aims of successive Conservative governments from 1979 until 1997 was to make public sector organisations more competitive in their outlook and thus a regime of performance measurement was introduced. Whereas Margaret Thatcher focussed on the Civil Service, her successor John Major targeted local government and, due to his reforms, from 1992 onwards councils had to measure themselves against a series of performance indicators (PIs) prescribed by the Audit Commission (AC). The aim of these PIs was to give an authority a comprehensive baseline of performance against which they, and the people they serve, could judge the progress they were making, furthermore the government equally needed to ensure that the priorities on which it had been elected were being delivered and that standards were being met across the range of public services. These indicators were subsequently increased and superseded by those laid down by the Labour government's Best Value initiative.

There are two types of Best Value Performance Indicators (BVPIs) that local authorities use. Firstly, Best Value Corporate Health indicators provide a snapshot of how well the authority is performing overall (DETR, 1998a, p. 12). These indicators are designed to reflect the underlying capacity and performance of local authorities as both democratic or locally accountable institutions and bodies responsible for managing a significant share of public expenditure. Secondly, Best Value Service Delivery Indicators (DETR, 1998a, p. 12) reflect the national interest in the delivery of local services. These indicators are designed to enable comparisons to be made between the performances of



different authorities, including different types of authorities, and within an authority over time. A capacity to compare was one of the key pillars or 4 C's that formed the foundations of Best Value, the others being challenge, compete and finally consult, as in consult with the community.

Authorities were also encouraged to develop and use local PIs, in addition to those specified by the government. It was felt that local indicators would provide important measures of local performance and of the responsiveness of the authority to meeting local needs. They would, in theory, allow authorities to reflect local priorities and tailor Best Value to suit local circumstances as well as providing managers with better information. Initially however these local PIs proved to be problematic with indicators being chosen for which there was no accurate measure, over which managers had no control or simply because they were easy to collect (ODPM, 2001).

Best Value is not without its critics, the number of performance measures are felt by some writers to be excessive (see for example Ball, Broadbent & Moore, 2002 and Boyne, 2000), moreover the preparations for the constant rounds of inspections and the requirement to increase levels of consultation with all stakeholders is time consuming and resource intensive (Martin, 2000, 2002). There is also a feeling that after 18 years of a Conservative government, local authorities expected more independence under the Labour government that finally retook power in the May of 1997. One key Conservative initiative, known as Compulsory Competitive Tendering (CCT), was seen as ultimately wasteful, as local authorities often had to go through a process of bidding to provide a service for which they had previously been responsible, when there was no actual competition.

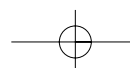
In Northern Ireland (NI), which is governed by UK legislation, there are 26 local authorities, consisting of 12 borough councils, ten district councils, and four city councils. There are no county councils in NI, though given that it has a population of only 1.7 million there is a feeling that there is a surfeit of local governance structures. As Carmichael (2002) remarks, a thorough examination of the whole system of public administration in NI is long overdue; as part of the Programme for Government, the NI Executive has commissioned a Review of Public Administration (RPA). This body (RPA) has been tasked with the consideration of aspects of how the devolved institutions relate to the extended system of sub-regional governmental arrangements (Carmichael, 2002); naturally, local authorities in NI form a key constituency within these sub-governmental arrangements. A further complicating factor influencing the workings of local government in NI is the establishment and presence of the devolved institutions in recent times: as Carmichael (2002) notes, the onset of political devolution within the UK since 1998 more generally has meant that government and policy in Britain have become messy. As he cogently points out:

Centralisation coexists with fragmentation and interdependence. The policy intentions of central government often drown under unintended consequences. The attempted centralisation of political power operates in tandem with decentralisation of delivery. Government is increasingly characterised by diversity, power interdependence and policy networks. (2002, p. 4)

The complexity of local governance arrangements in NI need not, however, be a limiting factor in conducting research into the efficacy of local governance. As Carmichael (2002) further notes, NI provides a fascinating 'working model' of multi-level governance arrangements in practice, with many actors involved in the delivery of public services; it is for this reason it was selected as the research setting for the study into Best Value.

Methodology

The stated objective of Best Value is to bring about continuous improvement in service delivery that reflects the needs of the community; this will be tested by way of an empirical study that addresses the topic using the conceptual framework of stakeholder theory - in particular Freeman's (1998) typologies will be of especial interest. He posits that stakeholder theory can be approached from



two different perspectives: an analytical approach, which is concerned with how managers take stakeholder interests into account in managing their organisation; and a narrative approach, which is concerned with normative techniques that prescribe what managers ought to be doing in relation to their stakeholders.

A survey strategy (employing a document content analysis in the first instance) was employed to assess the degree to which consultation is being conducted by local authorities in NI. This involved reviewing the contents of the five-year development plans and BVPPs and assessing the level of interaction between local authorities and their various stakeholders. This process assisted in identifying whether a local authority has merely stated an intention to consult or is including relevant measurements as part of its BVPIs. The document content analysis provided insights into Best Value from the analytical perspective of Freeman's typologies and also established a basis for further developing the research from the narrative approach, as also advocated by Freeman. By adopting a stakeholder analysis approach, light will be thrown on the adequacy and efficacy of the nature of stakeholder relationships in the implementation of Best Value in NI.

To reduce subjectivity, two individuals, using the agreed framework, independently and separately conducted the document content analysis of both corporate plans and BVPPs before discussing and agreeing the results. As Denscombe (1998, pp. 163-164) states, a content analysis of government publications provides a source of information that would appear to be authoritative, objective and factual, however he warns against treating all statistics contained in such documents as objective facts'. Nevertheless research based on documents can be valuable providing it 'incorporates as wide and inclusive data as possible' (Denscombe, 1998, p. 100). In the case of this survey, 25 out of the 26 local authorities in NI either provided the necessary documentation or had it available on the internet, with participation by the remaining council being constrained for logistical reasons, therefore the data used was both wide and inclusive.

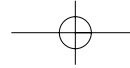
Best Value

Best Value was seen as the centrepiece of the new Labour government's wide reform agenda aimed at modernising local government. It replaced two Conservative initiatives, the Citizens Charter, which emphasised the publication of performance information, and CCT, which focussed on innovation, responsiveness and continuous improvement. According to Ball *et al.* (2002, p. 9) it placed 'considerable, yet ambiguous demands on local authorities' capabilities'. Local authorities have to work with a complex area of measures including 18 corporate health indicators, 104 service delivery indicators and a number of local indicators laid down by the authority itself. The corporate health indicators are used in order 'to provide a snapshot of how well the authority is performing overall' (DETR, 1998a, p. 12) and would be categorised under the following areas:

- Planning and measuring performance
- Customers and the community
- Management of resources
- Staff development
- Partnership working

In order to ensure the service delivery indicators gave a balanced view of performance the government adopted five dimensions of performance (DETR, 1998a, p. 12). These are:

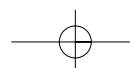
- **Strategic objectives:** why the service exists and what it seeks to achieve;
- **Cost/efficiency:** the resources committed to a service and the efficiency with which they are turned into outputs;
- **Service delivery outcomes:** how well the service is being operated in order to achieve the strategic objectives;
- **Quality:** the quality of the services delivered, explicitly reflecting users' experience of services;
- **Fair access:** ease and equality of access to services.



These BVPIs partly superseded those prescribed by the AC that all local authorities had to both use and disclose since 1992. However, despite this large number of indicators Boyne (2000, p. 9) felt that not all areas of local government performance were covered and although there is a constant reviewing of the indicators a more comprehensive set of measurements would not necessarily improve the situation. This is in stark contrast to the number of measures recommended to organisations, commercial and otherwise, using performance measurement frameworks such as Kaplan and Norton's (1992, p. 72) Balanced Scorecard (BSC), where recently (Parmenter, 2003, p. 15) it has been suggested that 20 is an ideal amount or managers have too much information. There is also the problem, which is common with performance measurement, that whilst trying to achieve the longer-term aims of quality and continuous improvement, local authorities are having to demonstrate improvements against a wide range of short-term, prescribed PIs. Furthermore, the 'one size fits all' approach fails to appreciate the different environments that local authorities work in, 'urban councils generally face more complex and dynamic environments than rural councils, because service needs tend to be more diverse and revenues less stable' (Boyne, 2001, p. 82). This latter argument however, is countered by Brooks' assertion that 'national performance targets will be set by government although locally agreed corporate plans will acknowledge territorial variation' (2000, p. 598). Furthermore the top performing councils should face a more relaxed level of regulation than the poorer performing councils under the government's four-point scale of overall performance (i.e. high-performing, striving, coasting and poor performing). A subsequent White Paper (DTLR, 2001) did acknowledge that changes in Best Value were needed; BVPPs were to be simplified and better focused, reviews were to become fewer in number and inspections were to be more proportioned and co-ordinated, in other words the whole process was to become more streamlined.

Whilst there has been a definite shift away from the market-driven, CCT approach of the Conservative government, the Labour government that came into power in 1997 has continued to keep pressure on local government and therefore the political tension that previously existed between central and local government has not abated. The central-local relationship under the Conservatives could probably be summarised by what Stewart (2000, p. 94) calls the strange phenomenon of a local perception of increasing control and a central perception of a lack of control; thus the impression was created, over the 18 years the Conservatives were in power, that, were Labour to return to government, there would be greater levels of freedom for local authorities. Labour as a party has always enjoyed the support of many local government employees and is supported by the leadership of the Local Government Association as a government (Brooks, 2000, p. 594), nevertheless, despite some early enthusiasm for Best Value (see Martin, 1999), Labour's policies have not necessarily turned out to be the panacea that local authorities expected. For one thing as Boyne, Gould-Williams, Law and Walker observed (1999, p. 23) 'the Best Value framework itself contains a strong emphasis on competition and implies a continuing role for competitive tendering in local government' although guidance on this issue has been ambiguous and at times contradictory. Furthermore the continuous improvement aspect of Best Value, which aims to make local authorities continually seek ways of improving quality and reducing costs has confused some local government officers, especially when they feel no further improvement is possible (Ball *et al.*, 2002, p. 12). With regard to central government and Next Steps agencies, optimum levels were recommended when it came to target setting, these levels then became the goals 'and the agency need not, and in some cases should not, strive to go beyond that goal' (Next Steps Team, 1995, p. 79).

Best Value requires a more strategic planning approach yet the external regulation mechanisms of PIs, audit and inspection, constrain the behaviour and the performance of the local authority (Boyne, 2000, p. 7) thereby restricting their freedom. Ball *et al.* (2002, p. 11) further highlighted this contradiction in that Best Value tries to restore a local authority's freedom in the way it delivers services whilst at the same time requiring it to demonstrate quantifiable improvements. Midwinter is sceptical about Labour's entire modernising agenda, stating that there is little new about it, he feels that there is 'similarity of the approach to right-wing think tanks in the Thatcher era' with the



case for change being asserted, not made, and the benefits of reform assumed, not demonstrated' (2001, p. 313). Jones & Stewart (1999, p. 8) thought that the emphasis on the whole issue of performance measurement was flawed and that the 'concentration on exposing defects may degenerate into an endless and negative process of criticism', whereas scrutiny can be positive. A final criticism is that the cost of collection all the performance information outweighs the benefits (Boyne, 2000, p. 11). The gathering and auditing of such a wide range of indicators is a time-consuming and often costly exercise. New jobs have been created under the banner of Best Value, members of staff have had to be retrained and as some authorities have adopted additional frameworks such as the BSC, management consultants have been employed. Martin also makes the point that:

Many practitioners are finding themselves swamped by initiatives and some authorities are buckling under the sheer weight of reforms as resources that might otherwise been devoted to the provision of better services and more effective community governance are having to be diverted into the apparently never-ending task of responding to the latest new initiatives from the centre. (2002, p. 305)

The question of community governance is returned to later in this article, but first some differences in the way that Best Value operates in NI are explored.

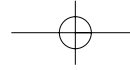
Best Value In Northern Ireland

There are some significant differences between the model of Best Value that operates in England and that of NI. For one thing the ambit of influence of the local authorities in NI is nowhere near as extensive as it is in Great Britain (GB). According to Dickson (2001), NI local government organisations are typically responsible for environmental health, noise, nuisance, consumer protection, litter prevention, the enforcement of building regulations and the licensing of street trading, but not for substantial expenditure spends such as housing and education services, as would commonly be the case in GB. The rather limited ambit of influence of local government stems from the publication of the Macrory report in 1970, which examined the future of local government in NI. At the time of its publication, the anticipation was that the other functions commonly administered by local authorities in GB, would be transferred to bodies at a NI wide level, to be administered by central departments or board arrangements. As Carmichael (2002) notes, however:

Throughout, the existence of a regional government at Stormont as a sine qua non (prerequisite) in a future administrative structure underpinned the Macrory recommendations. In the event, implementation of Macrory was overtaken by the deteriorating political situation. Direct Rule effectively stymied most of Macrory's proposals leaving Northern Ireland as the limiting case of central control and residual local government in the UK. (2002, p.16)

The situation regarding enhanced levels of local accountability (as foreseen in the Macrory report) were not given full expression until the end of Direct Rule in 1999 and the subsequent devolution of executive powers to the new Northern Ireland Assembly. The RPA is currently considering the refinement of these accountability mechanisms, but in the interim, the historically restricted role played by NI local authorities remains.

Due to this historically restricted remit of NI local authorities, within the context of Best Value, there are a smaller number of PIs - councils in NI currently collect data for 57 indicators but these are currently under review and could soon be reduced to around 40. Furthermore the Beacon Council scheme only applies in England and NI local authorities are not subject to the aforementioned four-point scale of performance, thus they will not be immediately affected by the more recently introduced comprehensive performance assessments (CPAs). However, a Best Value Steering Group, established in 2002, is to produce guidance on a number of key issues by early 2004, and it is expected that this will include the role of CPAs in NI.



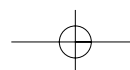
Most benchmarking in NI is between councils within the province; Boyne (2002, p. 23) felt a similar situation developing in Wales could lead to a limited degree of comparison. The one exception would be Belfast, which does benchmark against other UK cities via the Association for Public Service Excellence (APSE) performance networks. The APSE is determined to increase the amount of comparisons between NI local authorities and those in other parts of the UK and is making some headway. The NI Local Government Audit Branch from the Department of the Environment is responsible for scrutiny, thus once again this is all conducted at a local level.

The population breakdown of NI is also very different to that of England with comparatively very little ethnic diversity. This issue has an impact on the types of stakeholders a local authority will have and influences the way they respond to their needs. For example, if Belfast is compared with the majority of English cities the number of members of ethnic minority groups, and the range of such groups, is far less. Indeed the figures provided by the 2001 census indicated that the population of NI was 99.15% white (Northern Ireland Statistics and Research Agency, 2002). Thus when community issues are mentioned, they are mainly concerned with the integration of Roman Catholics and Protestants in the so-called flashpoint or interface areas. For example in the corporate plan of Antrim Borough Council for 2002–2006, one of the strategic objectives is to 'encourage agreement in the approach to flags emblems and murals throughout the borough' (2002, p. 22). Although dealing with such community problems is a demanding task, it is one which local authorities are used to dealing with. Compare this with a local authority in London having to cope with a wide range of Eastern European or African stakeholders who will have vastly differing needs and will have to be treated with great sensitivity when it comes to issues such as housing.

Stakeholder Theory

Stakeholder groups are defined as being 'any group or individual who can affect or who is affected by the achievement of a firm's objectives' (Freeman, 1984). Much debate has taken place on the different perspectives of what it is to be a stakeholder, but they are broadly divided into three principal groups: claimant definitions, requiring some sort of claim on the services of a business or organisation; influencer definitions, requiring only a capacity to influence the workings of the business; and combinatory definitions, allowing for either or both of these requirements (Kaler, 2002). As Bryson, Cunningham and Lokkesmore (2002) point out; the importance of the stakeholder has been acknowledged on a widespread basis in public and nonprofit management (Freeman, 1984; Roberts & King, 1991; Nutt and Backhoff, 1992; Boschken, 1994; Bryson, 1995; Finn, 1996; Rowley, 1997; Eden and Ackermann, 1998). More specifically, the importance of stakeholders in the process of implementing decentralised reform initiatives in local government settings cannot be underestimated: as Jones (1999) remarks, one of the key mistakes made in a study of local government reform initiatives in an Australian setting was marginalising or alienating certain key stakeholders. As Mower (2001) further points out, there are growing demands by stakeholders that local councils improve their performance in the areas of corporate responsibility and accountability. He warns that failure to address these demands is likely to prove damaging to local government's most important asset after its people: its reputation. He further posits that a strategic approach to reputation assurance needs to be based on listening to stakeholders, addressing their concerns, providing self-evaluation and third-party assurance and reporting of results. Indeed, he sees the management of an organisation's reputation in the future as being likely to become a key business process alongside quality assurance, financial management and customer service. Part of this 'reputation assurance' framework advocated by Mower necessarily involves looking at the area of stakeholder analysis.

As Freeman (1998) remarks, two perspectives can be adopted in stakeholder theory: the analytical approach and the narrative approach. The former of these holds that the organisation needs to be analysed at three levels of analysis: how the organisation fits into its larger environment (rational); how the organisation relates to its environment as a matter of standard operating procedures



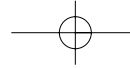
(process); and how the organisation executes transactions, that is the actual provision of services (transactional). The narrative approach, on the other hand, moves the issue to a more normative model, arguing that stakeholder theory can be 'unpacked into a number of stakeholder theories, each of which has a 'normative core''. This latter approach deals with the way in which corporations should be governed and the ways in which managers should act.

Of the two models proposed by Freeman (1998) above, the first, the analytical approach will be of especial interest in the context of the paper. The first level of the model (rational) will involve stakeholder identification, along with a representation of the nature of the relationship between the stakeholder and the organisation. The second level (process) will focus attention on operating procedures the local authorities and councils have; these will identify the organisational processes that they use to achieve a fit between its activities and the external environment. This exercise is key in coming to an understanding about how the organisations manage their stakeholder relationships in practice. And thirdly, the transactional part of the model will focus attention on the transactions the management and the organisations have with their stakeholders. In formulating a response to this part of the model, the following issue needs to be addressed: how does the organisation and its managers measure interaction with stakeholders? Before using Freeman's analytical approach, the paper investigates the possible reasons why UK councils are already finding that stakeholders' interests can be complex and often contradictory (Mower, 2001).

Stakeholders And Local Government

The concept of the stakeholder approach is still more relevant to the public sector than to the private sector. Despite recent initiatives such as sustainability reporting (Adams, 2001) the private sector still tends to focus on satisfying the shareholder/owner of a company, whereas the public sector has always aimed to satisfy a broader range of groups. As Hartley, Butler & Bennington (2002, p. 399) indicate 'goals for public sector organisations, including local government are often ambiguous, contradictory and subject to contestation through the political process'. In an attempt to make service provision more demand driven, rather than just relying on the traditional activities carried out by the various departments and sub-units of a local authority, one of the four C's that formed the cornerstone of Best Value was consultation with a range of stakeholders, such as local taxpayers, the service users and the business community (DETR, 1998b). Furthermore the government placed a requirement on local authorities to develop community planning as 'a comprehensive strategy for promoting the well-being of their area' (Blair, 1998, p. 81) and described this as a process 'in which local stakeholders can be brought together to identify the needs and aspirations of local communities and improve service provision in response to those needs and aspirations' (DETR, 1998c, p. 36). According to Martin and Boaz (2000, p. 47) public participation was 'promoted as an important means of achieving this shift of power and influence away from bureau-professionals and front line staff towards citizens and service-users'.

Another aspect of Best Value that involves a more participatory form of decision-making and service delivery was the emphasis on 'structuring services around 'cross-cutting issues' such as community safety, regeneration, public health, environmental sustainability, or the needs of specific client groups – for example older people, disaffected youth, ethnic minority communities and people with learning disabilities' (Martin, 2000, p. 219). This came about due to a realisation that one department or organisation could not, and should not, be responsible for what Clarke and Stewart (1997) refer to as 'wicked issues' such as the environment, crime and disorder, racial discrimination and drug abuse. Finally there is the UK's commitment to Local Agenda 21, a worldwide initiative originating from the Earth Summit in Rio de Janeiro, Brazil in 1992. Local Agenda 21 is about identifying local distinctiveness and enhancing and maintaining local quality of life for present and future generations. It supports development, which balances economic growth, environmental protection and social equity. Local authorities are required to engage in process of consultation in order to gain views on how this process should be developed.

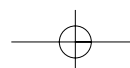


As with other elements of Best Value there are resource implications; Martin (2000, p. 223) felt that 'the requirement for in-depth consultation with local communities can be time consuming and resource intensive'. Sanderson (2001, p. 311) however, thought there was a need to involve stakeholders in the decision making process, and that various groups needed to play their part in the setting of performance measures, otherwise the whole exercise would 'degenerate into a mechanistic process, a superficial 'paper-chase', subject to manipulation and avoidance tactics and become thereby discredited, making culture change even harder'. When it comes to the stakeholders of any local authority however, it is difficult to draw a boundary around them, as even within a fairly small environment such as NI they are difficult to categorise with any great precision. In the Local Government (Best Value) Act (NI) they are defined as:

- Persons liable to pay rates in respect of hereditaments in the district of the council;
- Persons who use or are likely to use services provided by the council; and
- Persons appearing to the council to have an interest in the district of the council. (2002)

Although the above summary is both concise and all encompassing it merely masks the fact that theoretically the number of stakeholders for a local authority are limitless. Stewart (2000, p. 113) points out that as well as 'communities of place, which may seek to maintain the distinctiveness of their area, there are also communities of interest, of background and of concern' and each presses its views upon the local authority. In their integrated county development strategy 2010, Fermanagh District Council (1999) – with a population of 57,527 - included what it referred to as a stakeholder's map, on which 138 different stakeholders were identified. Furthermore the local authority had placed what could be a large number of stakeholders into single categories, for example 'visitors to Fermanagh', 'voluntary organisations', 'businesses' and 'community'. This underlines a major problem of using the stakeholder approach in assessing the efficacy of the workings of local authorities- how can a local authority consider consulting with such a large range of diverse groups when it is making decisions about service provision and delivery? Even Simon's (March and Simon, 1958) theory on satisficing (making satisfactory rather than optimal decisions when faced with constraints) is inappropriate in such a situation as it would not even be possible to do this with such a broad range of stakeholders. Local authorities therefore appear to face a dilemma; on the one hand they are expected to include all stakeholders when making decisions and yet on the other they do not have either the resources or the capabilities to consult with all interested parties.

A similar problem does not exist with other organisations, such as private sector companies, where the definition of stakeholders would appear to be not as amorphous. In 1975 the then accounting regulatory body, the Accounting Standards Steering Committee included in its Corporate Report six different groups that had an interest in the annual reports of public limited companies (plcs), this was later reduced to four following a report by McMonnies on behalf of the Institute of Chartered Accountants of Scotland (1988, p. 10). Subsequently the regulatory body that came into force in 1990, the Accounting Standards Board suggested that shareholders (the providers of risk capital) are the primary stakeholder group and that all other groups are subservient to their needs (1991). Therefore according to the accountancy profession the number of private sector stakeholders is on the decline whilst Freeman (1984) would argue that it is increasing. Notwithstanding these opposing views, the concept of customers is very different in the private sector where this group would only include direct customers, that is people or groups to which the plc supplied goods or services. The definition of a customer for a local authority would include anyone living in the area, whether they contributed to the revenue of the council or not, and anyone visiting the area for any length of period. If a customer is not satisfied with the goods or services provided by a plc they can go elsewhere; moreover, a plc is under no obligation to provide goods or services for a particular interest group and probably would not do so if it felt it would be unprofitable. Such market conditions do not exist in local government. However, if the term customer is difficult to define with any great precision, the word consult can be equally ambiguous and is often misleading. A dictionary definition (McLeod, 1991, p. 209) provides the following guidance: to ask for advice; to



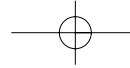
refer to for information; to have regard for a person's feelings, interests etc.; and to consider. What this definition does not include is any reference to action, that is acting on someone's advice, using the information provided or taking into account a person's feelings or interests when actually making a decision. Such a state of affairs is in keeping with characteristics commonly evidenced in local authorities, as they are, in the view of Brunsson (1994), political organisations: organisations which focus on talk, rather than action. This paper will now look at how local authorities in NI have approached the whole area of consultation with stakeholders and to what degree it forms part of their performance measurement process.

A Document Content Analysis

The corporate plans of the 25 local authorities that took part in the survey ranged from a glossy brochure with a minimum amount of information to a large, text-only document which was very specific about how the council intended to achieve its many objectives. All contained some reference to consultation and stakeholders although it differed in the level of detail with a range of different terminologies being used for how the authority was going to fulfil its obligations. Alongside the usual visions, values, aims, objectives and targets there were references to action plans, key or strategic issues, guiding principles, themes, statements of purpose, challenges, planned achievements, commitments and priorities. Three councils reflected consultation in their mission statements with one stating it would 'represent the interests of all the people of the borough' another saying that it would 'provide leadership, services and facilities that are reflective of the needs of the people' of the district, and the third aimed 'to improve the well-being of its people by the provision of Best Value services to meet their identified needs'. From November 2000 to February 2001 a survey of 10,000 residents of 25 council areas (approximately 400 each) was undertaken centrally by RES, a private research company, and the majority of corporate plans reported on the findings of the survey that were relevant to their area with eleven providing a comprehensive strengths, weaknesses, opportunities and threats (SWOT) analysis. A summary of where references to consultation and stakeholders could be found in the corporate plans is provided in Table 1.

One group of stakeholders that were constantly referred to throughout the corporate plans were the employees of the local authority. This is not surprising as the commitment of the workforce in any period of change is essential, furthermore Boyne (2002, p. 18) felt that staff satisfaction might be a precondition of customer satisfaction. This latter point is particularly important in local government where front line members of staff are generally poorly paid and can face conflict situations with the people they are trying to serve. There were many references to training, informing, appraising and developing but also, via one of the corporate health indicators and seven other PIs, monitoring attendance in order to measure the proportion of working days lost to sickness or unauthorised absence.

When the 57 prescribed indicators are referred to, it can be seen that eleven refer to either resident, citizen or user satisfaction. One of these is the overall corporate health indicator, with one, for citizens or residents, coming under each of the eight service areas. Two service areas, indoor leisure and parks and open spaces, have a further indicator for user satisfaction. As far as consultation goes these are the only prescribed indicators that could be linked to the involvement of stakeholders in the decision making process, the theory being that if residents or citizens are not satisfied with the service, changes will have to be made to its content or delivery. Overall satisfaction with services provided by individual councils in NI ranged from 46 per cent to 86 per cent, with the highest levels of satisfaction being in refuse collection, ranging from 84 per cent to 97 per cent, and the lowest in maintained sports grounds (38 per cent to 59 per cent). However these indicators in themselves do not necessarily tell the complete story. Obvious questions that could be posed concern the services that are not being provided; the representativeness of the sample chosen; the extent to which the questionnaires are free from bias; and the impartiality of the questionnaire analysis.



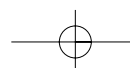
Several corporate plans included an identical section entitled 'Managing and Resourcing the Strategy' in which five target groups and their involvement in the planning process were identified. One of these target groups was labelled citizens/community and their involvement was deemed to be through 'consulting and involving the community and publication of an annual report based on the Best Value Performance Plan and including a report on the previous year's performance' (see, for example, North Down Borough Council, 2002, p. 41). However the method of consultation and involvement, beyond satisfaction surveys, was not always specified and it is doubtful whether large numbers of stakeholders read any of the documents listed.

Some local authorities did specify how they intended to consult with and involve the community, but if these various methods are not being measured to see the impact on future decision-making could they be interpreted as nothing more than token gestures, engaged in to legitimise their own continued existence? As Meyer and Scott (1992) point out, the complexity of local government structures, their relationship to funding, oversight and central government agencies make these types of organisation particularly susceptible to a need for legitimacy in relation to their external controlling environment. The level of interaction with that environment will therefore be analysed using Freeman's three-point scale of rational, process and transactional engagement. If a local authority had merely identified the fact that it has to consult with its stakeholders, that would equate to rational, if consultation appears to have become part of its operating procedures, that would equate to process and finally, if, as desired, councils are actually measuring consultation and displaying the results in their BVPPs, this would equate to transactional, the highest form of stakeholder engagement within Freeman's analytical model. Due to the fact the measuring satisfaction is prescribed this alone will not constitute a process or transactional level engagement, however it is clearly part of a local authority's operating procedures.

The level of interaction alongside some examples of actions that fall into all three categories are summarised in Table 2. As can be seen, 19 (76 per cent) local authorities have made consultation part of their working practices with six (24 per cent) measuring either levels of consultation or improvements in the general level of usage or awareness. However, 25 (100 per cent) of the local authorities were identified as engaging at the relational level, involving stakeholder identification, along with a representation of the nature of the relationship between the stakeholder and the organisation.

Ballymena Borough Council, which had relevant measurements in three main areas: perception of council and communication with residents, staff training and communications and community relations, provided one of the best examples of a transactional level of consultation. Extracts from its Best Value Report are provided in Table 3. Elsewhere other local authorities were not as comprehensive, as they were only measuring consultation in certain areas, for example the establishment of a database of consultees, the setting up and monitoring of focus groups or the identification and implementation of appropriate consultation procedures. In some cases the measurement of a the consultation process was more implied, for example one authority stated that it has as a target 'increased numbers of female/disabled users at a golf club'. This had evidently come from some form of consultation where members of these groups had stated that they felt excluded from a certain sporting activity.

Although Table 3 provides a snapshot of the kind of work being done in Ballymena Borough Council to improve consultation and make their service delivery as inclusive as possible, it cannot be said that it or other local authorities that are at a transactional level are consulting with all stakeholders about all decisions being taken on the design and delivery of council services. As stated previously such an activity, even in a fairly limited environment such as NI, is both impractical and unfeasible. Local authorities only have limited resources and cannot use up large amounts of money and staff time with endless consultation that will eventually reach a



decision that upsets the least amount of people. Some form of qualification has to be placed around the term 'consult' as a local authority has such a wide range of ever-changing stakeholders, for example potential tourists, that it cannot hope to even make them all aware of decisions being taken. Ballymena is probably typical of many other local authorities in that it does the best it can with the resources it has at its disposal and consults with as many stakeholders as practically possible.

Conclusions

After some initial signs of support, many feel that the Best value initiative introduced by the Labour government in 1999 has become too cumbersome and resource intensive for local authorities all over the UK. The expected freedoms after 18 years of a Conservative administration have not materialised and councils have been inundated with a number of reforms. One of the cornerstones of Best Value was the need to consult with a local authority's various stakeholders in order to ensure that service provision really did reflect the needs of the community it served. Stakeholders are defined by Freeman (1984) as those that either have an affect on the achievement of an organisation's objectives or are affected by them, thus both types are relevant to local authorities where stakeholders are entitled to services whether or not they make any contribution to their provision in the form of taxation or rates or vote at local elections. Consultation has been very hard to put into practice with any great effect as, even in NI where the population is not particularly diverse, a council has such a large number of stakeholders it is impractical to consult with them all about policy decisions. Freeman (1998) has identified three levels of stakeholder interaction: rational, process and transactional. A document content analysis has revealed that all of the local authorities in NI are engaging in this process at a stakeholder identification level, with a clear majority (76 per cent) having further made consultation part of their standard operating procedures; with regard to the measuring of results, evidence was less persuasive. It was found that this process had begun, but with only a significant minority (24 per cent) engaging in this type of activity and therefore interacting at the transactional level. It has to be stated however, that in all cases this was to a fairly limited degree and no local authority was measuring consultation with all possible stakeholders. Perhaps this is a manifestation of the 'messiness' suggested by Carmichael (2002) that exists between government and policy in Britain. Local authorities in NI may be simply engaging in what Meyer and Rowan (1977) term as 'sagacious conformity'; the organisation portraying itself as tidy and orderly to maintain its position and to continue its survival (Lapsley and Pallot, 2000). With regard to Best Value and its operations, these points are, as yet, unproven, though there are encouraging signs that local authorities are making progress towards engaging with their stakeholders in a way they had not been previously. As Mower (2001) notes, the challenge facing local government will be deciding how to pursue Best Value without sacrificing the interests of any of its stakeholders, though in reality it would be extremely difficult to make decisions that satisfy the wide range of stakeholders that a local authority has.

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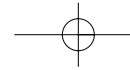


Table 1
References to Consultation and Stakeholders in Corporate Plan

Section of Corporate Plan	Number of councils (percentage out of 25)
Mission Statement	3 (12%)
Vision	7 (28%)
Values	20 (80%)
Aims	5 (20%)
Objectives	18 (72%)
Targets/action plans (not performance indicators)	11 (44%)
SWOT	11 (44%)
Other (e.g. themes, challenges, priorities)	12 (48%)

Table 2
Level of Consultation with Stakeholders Using Freeman's Analytical Model

Level	Rational	Process	Transactional
Number of councils	25 (100%)	19(76%)	6 (24%)
Examples	<p>The council will endeavour to consult with the users only of its services</p> <p>The council is to consult with a wide range of bodies so that its decisions are representative of local people</p>	<p>Measuring satisfaction</p> <p>Improved communication (one-way process only)</p> <p>Setting up of focus groups with no target</p> <p>To build on existing relationships with community groups (no target)</p> <p>Regular attendance at the meetings of the majority of representative bodies in the region (no measurements)</p>	<p>Consulting as to which services are deemed to be important, then measuring satisfaction and calculating differential. Process repeated every 2 years to monitor process</p> <p>Moving to a higher quartile (NI average) with regard to consultation</p> <p>Contact with number of established community groups measured</p>

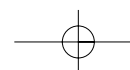


Table 3
Examples of Transactional Level Consultation by one Local Authority

Area 1: Perception of council and communication with residents			
Service	Percentage	NI average	Target 2003
Provision of good information	59	51	Top quartile
Responsiveness to needs of local people	43	41	Top quartile
Good communication with residents	44	39	Top quartile
Fair treatment of all local people	72	69	Top quartile
Consultation about budget expenditure	32	32	Top quartile
Area 2: Staff training and communications			
Indicator	Progress	Indicator	Achieved
Improve internal communications with centre	Hold weekly management meetings with staff	Actioned	Achieved
	Meet all staff via full staff meetings every 12 weeks	Actioned	Achieved
	Ensure core brief and local brief is communicated to all staff	Actioned	Achieved
Area 3: Community relations			
Objective	Projects measures	Performance results	Performance
To ensure that all Council decisions on the design and delivery of services adequately consider the potential implications for: people in different racial groups and people from different cultural traditions	Introduce/implement a policy which ensures that these considerations are taken into account in the design and delivery of all council services and the design and use of all council amenities	Formal documentation of procedure Evidence of its acceptance with Council Evidence of its regular and appropriate use within Council	Programme sponsored Popular Belief Exhibition Grant to aid community forum with appointment of borough ethnic minorities co-ordinator
To support and advise locally based projects, which encourage a positive awareness of difference and diversity both between and within communities	Work in partnership with others to initiate and support projects that: challenge negative stereotypes which sustain division and conflict and explore identities and culture in a manner, which promotes inclusive division and debate	Composition and representativeness of the partnerships formed/enabled to discuss these issues Number of projects initiated by this partnership	Council has engaged Counteract to research the continuing issue of the protestant communities feeling of lack/loss of identity

Source: Ballymena Borough Council (2002)

Performance Measurement in the UK Public Sector: understanding performance indicators

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