
Editorial

Local Government Modernisation and Comprehensive
Performance Assessment

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Introduction

Since its election in May 1997, the Labour Government in the United Kingdom (UK) has prioritised the need to improve public services and, to this end, has emphasised the importance of modernisation. The policy context for the modernisation agenda has included a combination of macroeconomic reviews of public spending and essentially microeconomic measures to enhance political and managerial accountability. The former has involved periodic reviews of public expenditure priorities, now known as Spending Reviews, the outcomes of the most recent of which were published in July 2004 (previous outcomes were published in 1998, 2000 and 2002). The latter has led to the introduction of Public Service Agreements (PSAs), which have accompanied the Spending Reviews. PSAs involve numerous aims, objectives and performance targets, agreed with the Treasury, for each government department.

In the case of local government, the Government has introduced local PSAs and radical measures to change local authorities' political management arrangements (DETR 1998a). It has also sought to ensure explicit and measurable improvements in service delivery by introducing Best Value (DETR 1998b), a replacement of the previous Conservative governments' policy of Compulsory Competitive Tendering (CCT). The Best Value initiative is still presented as an important component of the Government's modernisation agenda (see, for instance, ODPM 2003) but it now needs to be seen within the broader context of the introduction of Comprehensive Performance Assessment (CPA). CPA is intended to be a rigorous and objective tool to be used by the Audit Commission for measuring the performance of local authorities in England. This article considers, within the context of modernisation, certain issues around CPA in the light of the Audit Commission's intentions for CPA in 2005 and beyond (Audit Commission, 2004a).

Modernisation

For the last twenty-five years a key feature of the public service environment, in the UK and internationally, has been the need to make the public sector more accountable and responsive to its client population. In the case of local government, this has involved jettisoning many of the old principles (Clarke and Stewart, 1990) upon which it was structured and adopting new structures, techniques, methods of delivery and attitudes. Traditionally, local government was concerned with direct provision of a substantial range of services and its structure and operation had the advantage of providing stability and continuity but the disadvantage, according to the pro-market and anti-bureaucracy critique of the New Right, of simultaneously leading to inefficiency, inertia and unresponsiveness. In the period 1979-97, successive Conservative governments sought to reduce the size of the public sector, to expose to competition those activities that remained in it and to achieve cultural change in the delivery of public services. This agenda led to the emergence of new public management (NPM) (Hood, 1991), intended not only to drive efficiency in the delivery of local services by introducing private sector competition but also to change the *raison d'être* of local government such that a local authority's central role would be to enable services to be provided rather than directly provide them itself. This objective led to the introduction of CCT, involving a statutory requirement to expose to external competition defined proportions of certain services that, traditionally, would have been delivered by the in-house workforce free from the threat of competition.

The election of a Labour Government in May 1997 saw the abolition of CCT but Labour also believed radical measures were needed to achieve political and managerial change. Blair (1998) stated that localities lacked a clear sense of direction and deserved clearer vision and leadership. He believed there was a lack of coherence in delivering local services, the quality of local services was too variable and that there was a compelling need to modernise local government, to achieve a new democratic legitimacy and to adopt new ways of working. These views were subsequently

reflected in the White Paper *Modern Local Government: In Touch with the People* (DETR, 1998a) which stressed (p.12) there was a need for change: to strengthen the links between councils and local people; to deliver high standards for local people everywhere; to spread best practice; to tackle serious failure. The White Paper wanted 'a better deal for local people', largely to be achieved through Best Value, and 'a bigger say for local people' by creating new political structures for councils. Councils needed to reform and modernise and 'a fundamental shift of culture throughout local government' (DETR, 1998a, p.5) needed to be achieved. The Local Government Act 2000 brought about a sharp distinction between the executive and representational roles of councillors and, to this end, councils had to implement new political management arrangements (involving either a directly elected mayor with a cabinet or a directly elected mayor with a council manager or a cabinet with a leader) and establish effective arrangements for the scrutiny of the executive. This concern to address public governance shortcomings supplemented the managerial changes introduced by means of the Best Value initiative (DETR, 1998b) and the implementation of the 4Cs, i.e. *challenge* why a particular service is needed at all; *compare* performance with other users across a range of relevant indicators; *consult* with local taxpayers, service users and the wider business community in the setting of performance targets; and *compete* in the sense of demonstrating that the preferred means of delivering a service has been arrived at through a competitive process. Best Value, established by the Local Government Act 1999, is 'a duty to deliver services to clear standards – covering both cost and quality – by the most effective, economic and efficient means available' (DETR, 1998a, p.64) but it now needs to be seen within the broader CPA context.

Comprehensive performance assessment

CPA represents 'the most ambitious attempt to measure the performance of a set of public sector organizations in the UK (and possibly anywhere)' (Boyne and Enticott, 2004, p.11). Given the unprecedented scale of this initiative, and the actual and potential consequences of it, it is important to establish whether CPA can be legitimately regarded as an appropriate and objective tool for assessing the quality of local authority performance.

CPA, announced by the Government in December 2001 (DTLR, 2001), was intended to build on Best Value and local PSAs and in so doing constitute a 'framework for continuous improvement in the quality of local government services' (DTLR, 2001, p.23). Essentially, CPA 'is about helping councils deliver better services to local communities' (Audit Commission, 2002a, p.2). Initially, the Government (DTLR, 2001) emphasised the need to develop a means of assessing overall corporate performance, in the belief that such an assessment would provide Government, councils and the public with a clear performance profile which would enable a proportionate action plan to be agreed with each authority, inform negotiation of targets and freedoms (ODPM, 2002) through local PSAs and provide a robust basis for action to tackle poor performance and failure. The original intention was to categorise each authority as high performing, striving, coasting or poor performing. After consultation, however, these categories were changed to excellent, good, fair, weak and poor (Audit Commission, 2002b).

The first set of CPA results, relating to the 150 single tier and county councils in England (the 'top tier'), were published in December 2002 (Audit Commission, 2002b) and updated in December 2003 (Audit Commission, 2003) and December 2004 (Audit Commission, 2004b). The results for the 238 district councils in England were released on a rolling basis as the assessments were completed and all had been published by December 2004.

The top tier authorities were judged primarily on the basis of existing information sets in relation to two equally-weighted components, i.e. service performance and their ability to improve (often

referred to as their 'corporate assessment', 'corporate capability' or 'council ability') including judgements made by auditors on the financial standing, financial stewardship and performance management of the authority. In each case a score of 1 (lowest) to 4 (highest) was awarded and two scores determined an authority's location on a matrix and, in turn, the overall classification of the authority, from excellent to poor. CPA outcomes, original (December 2002) and updated (December 2003 and December 2004), are given in Table 1.

Table 1 CPA Outcomes: Single Tier and County Councils in England

	December 2002		December 2003		December 2004	
	Number	%	Number	%	Number	%
Excellent	22	15	26	17	41	27
Good	54	36	56	37	60	40
Fair	40	27	40	27	33	22
Weak	21	14	18	12	15	10
Poor	13	8	10	7	1	1
Total	150	100	150	100	150	100

Source: Audit Commission (2002b; 2003; 2004b)

With regard to district councils, at the time of writing, the results in respect of 224 out of 238 councils have been announced. The outcomes are as follows (with percentage of the number of authorities so far assessed in brackets): excellent, 36 (16%); good, 83 (37%); fair, 77 (35%); weak, 25 (11%); poor, 3 (1%).

In publishing these outcomes, the Commission aims to (Audit Commission 2004c, para 3):

- inform local people, local partners and stakeholders of the CPA categorisation for their council and what action the council is taking to improve local services;
- provide local people with an objective assessment of council performance, so raising expectations of local service standards; and
- raise awareness of the many excellent local authorities in England and help improve the image of local government as an effective deliverer of local services.

In publishing the results, the Commission uses its website (HYPERLINK <http://www.audit-commission.gov.uk/cpa> www.audit-commission.gov.uk/cpa) as the main channel for making information available. A section of the website will hold information, including (Audit Commission, 2004c, para 20):

1. A scorecard for every authority. This will give the following information:
 - an overall score for every authority of excellent, good, fair, weak or poor
 - 180 words describing a council's progress against the improvement priorities set previously, and the 'direction of travel' (see below)
 - a score for 'how well the council is run' on a scale of 1 (lowest) to 4 (highest) and
 - scores for each key service area (i.e. education, social care, housing, environment, libraries and leisure, benefits and use of resources).
2. Visitors will be able to drill through this scorecard to find further information used to reach the overall and service scores (for instance, links to other inspectorates, including OFSTED).
3. From each scorecard, there is a link to 'historical results', which take visitors to the authority's scorecard for previous years' results.
4. Visitors will also be able to make comparisons, year on year and with other authorities.

There is little doubt that such information is comprehensive and easily accessible. With regard to

that which they reveal, the outcomes as announced in December 2003 showed general improvements across the board, with the most significant being in the bottom two categories. However, the results also caused considerable controversy in certain cases (see, for instance, *Municipal Journal*, 8 April 2004; *Local Government Chronicle*, 16 April 2004) as some authorities complained that their rate of improvement had not been adequately recognised.

The results announced in December 2004 showed further improvements, i.e.

- Single tier and county councils have continued to improve. Fifty-two councils improved sufficiently to move up at least one CPA category, including five that have moved up two categories. This is twice as many councils as went up a category from 2002 to 2003. Only two councils have moved down a category.
- Of the 52 councils that have gone up, five have moved up at least one category for the second year in a row.
- Many other councils have made improvements to their services, but the change was not enough to trigger a change in category. There are noticeable improvements in scores across all service areas (apart from benefits), most importantly in services for children and young people, and vulnerable older people.
- There has been most improvement in overall category among those councils previously categorised as poor or weak.
- County councils remain the best performers overall with more than 80 per cent of them in the 'good' and 'excellent' categories, while two-thirds of all unitary councils are in these top two categories, those most upward movement in the year ending December 2004 has been in metropolitan councils.

The assessment of district councils has also led to some disagreements. The headline of one of the reports in the *Local Government Chronicle*, 5 November 2004 (p.8), was 'Angry Boston considers legal route after CPA 'fair' rating'. The report stated that Boston Borough Council 'has unleashed a furious attack on the Audit Commission's conduct of its comprehensive performance assessment'. The council had considered legal action to support its claim that it should have been categorised as 'good' rather than 'fair' and accused the Audit Commission of a 'scrappy and subjective inspection, compounded by the lengthy and less than independent appeal process'. The leader of the council said 'It was disappointing that instead of facing high quality and rigour, we received a poorly thought through and ill-executed inspection'. The chief executive said that councils should 'expect more from a body that purports to stand for excellence in public services'. The Audit Commission's response was that it had found no grounds to change the rating and that its 'highly skilled inspection team strictly adhered to the detailed inspection methodology'.

This exchange between Boston council and the Audit Commission may be exceptional but is not unique. It is perhaps unsurprising that occasionally such disputes arise given the nature of what the Audit Commission is attempting to achieve, and given the sensitivity of local authority officers and members to having their authority categorised in such a way. Despite this, in the main CPA has been reasonably well-received, though Boston's response, irrespective of the intrinsic merits of its case, also illustrates some ongoing misgivings as to whether CPA can truly claim to be a comprehensive assessment of performance.

Fundamentally, the policy of grading an entire authority in one of five categories, can be challenged in principle (Broadbent, 2003; Wilson, 2004; see also Cutler and Waine, 2003) and on the available empirical evidence (Boyne, 1997; Boyne and Enticott, 2004). Irrespective of the possible consequences, and questionable inherent validity, of a single-word description of large organisations providing a range of services under different local circumstances, there are methodological problems with such an approach. As Wilson (2004, p.66) states: 'Aggregating

possibly flawed information, for instance, may further distort the picture in respect of an authority's performance...It may, for instance, lead to 'gaming' (Pollitt, 1989) such that authorities may prioritise those services which are given most weight in the determination of overall core service score, i.e. education and social services, at the expense of, for instance, libraries and leisure.' These concerns are enhanced given the value judgements involved in determining scores for core services and council ability. In the case of the latter, for instance, scores are given for attributes that are very difficult to measure, including 'ambition', 'focus' and learning'.

These problems are reflected in the available empirical evidence. Boyne (1997) (quoted in Wilson, 2004), for instance, following a detailed investigation of local authority performance indicators, particularly relating to service coverage, quality, speed and administrative effectiveness, concluded that:

There is very little evidence to suggest that levels of performance vary together across services. For example, an authority which processes benefit payments quickly is as likely to deal slowly as rapidly with planning applications; and there is no tendency for councils with a high quality housing service also to have a high quality refuse collection or planning service. These results imply that performance is not driven by the general characteristics of local councils, but by the circumstances, organisation or ethos of specific service departments. It is therefore inappropriate to categorise councils into 'high performing' and 'low performing' groups across all services.
Boyne (1997, p.40).

Boyne and Enticott (2004) reach a similar conclusion following an investigation of the internal characteristics of local authorities across the 5 CPA groupings. They identify five characteristics that should differentiate between authorities in the five CPA groupings: effective leadership; management arrangements; clear priorities; links between local needs and priorities; cross-cutting/partnership working. On the basis of an extensive questionnaire survey of local authority officers, they conclude that 'just over one quarter of the evidence is consistent with the view that these five internal characteristics vary systematically between CPA groups....The majority of the statistical evidence....suggests that the poor are not only organisationally indistinguishable from the fair and the weak, but also from the excellent and the good' (Boyne and Enticott, 2004, p.16).

It may be argued (Wilson, 2004) that the potential inappropriately to categorise an authority has actually been increased in the case of the top tier authorities given the, somewhat arbitrary, methodology to be adopted in relation to threshold scores differentiating one category from another. This fact contributed to the concerns being expressed at to the approach the Audit Commission was to pursue. Following extensive consultation, however, the Commission published (Audit Commission, 2004a) its intended way ahead for CPA from 2005. This involves the creation of a 'strategic regulation architecture', combining again both corporate and service assessments.

The corporate assessment (CA) will include a judgement on local achievement in the light of the local community strategy (even though, as the Commission concedes, the Community Strategy is not the strategy of the council but of the Local Strategic Partnership), basically an attempt to assess the extent to which a council has contributed to improved quality of life for local people. The CA will also include a judgement on 'capacity', i.e. the extent to which the authority has maximised its capacity to deliver on its ambitions and priorities and thereby maximise its 'impact' on its locality. This will also include an assessment of 'partnership working'. A revised 'use of resources' judgement will focus on financial management and value for money issues. With regard to service assessments, further consultation is to take place, not least on the 'service block scores' and the influence on the overall scores of changes in performance in individual services. The Commission is also seeking to align arrangements for the assessment of district councils with those for the

assessment of single tier and county councils. It also anticipates introducing, from December 2005, a 'Direction of travel' judgement, which is seen as (Audit Commission, 2004a, para 60): important to users and councils; giving an up-to-date perspective on council performance; an incentive for councils (and their staff) to improve further; an encouragement to authorities that are close to re-categorisation. Other issues are also being researched, not least the issue of deprivation and its influence on council performance. Clearly, the Audit Commission is committed to CPA, and to refining and improving it.

Conclusion

Labour has implemented radical change in the political management arrangements of local authorities and introduced wide-ranging managerial changes by means of Best value and CPA. With the possible exception of Best Value, which was introduced five years ago, it is too early to reach definitive conclusions as to the impact of Labour's agenda, including CPA, and there is a need to establish more empirical evidence (see Wilson, 2005). However, although the Conservative Party is committed to abolishing CPA, it seems reasonable to assume that the outcome of the next general election, perhaps most likely to be held around May 2005, will, given the existing Labour majority and the psephological swing required by the Conservatives, see Labour returned. This would mean that CPA will remain the dominant assessment framework for the foreseeable future. It is now the centrepiece of the drive for managerial modernisation and reinforces the measures introduced to achieve political modernisation. Whether it succeeds in its most basic objective of helping councils improve the services they deliver to local people is perhaps still open to question and will remain so for some time.

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