Comparing For Improvement:  
Local Government Performance Regimes in England, Scotland and Wales  
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Comparing For Improvement: Local Government Performance Regimes in England, Scotland and Wales

Abstract

This paper describes the origins, operation and impact of three performance regimes in England (Comprehensive Performance Assessment), Scotland (Best Value Audits) and Wales (Wales Programme for Improvement). The comparative analysis produces a number of differences between the countries which includes their approach to publishing performance data (league tables) and the extent to which inspections are tailored to the local context. The paper concludes by highlighting a number of issues and challenges that will be of interest not just to researchers but also to practitioners and policy-makers in all three countries and beyond.
Comparing For Improvement: Local Government
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1. Introduction

Seen from an international perspective, the United Kingdom is an extreme outlier in terms of ‘top down’ surveillance of local government performance (Hood, 2007). Most overseas observers find the very idea of an improvement regime being imposed on localities by the centre bizarre. Phrases such as ‘earned autonomy’, which trip off the tongue of British public policy-makers, are virtually impossible to translate, and colleagues in many other westernized democracies are bewildered by the array of audit, inspection and performance management mechanisms in the UK and the speed with which they seem to come and go.

There are, of course, important structural reasons why UK governments have wanted and have been able to push improvement regimes so much further than their counterparts elsewhere. Public service improvement has been a much higher priority than in many other states and central government ministers have felt a greater level of responsibility for ensuring the delivery of ‘national priorities’ in services such as education and social care. This reflects in part the relative weakness of local government’s constitutional status and its dependence on central government grant for an abnormally large share of its funding base. It is also testimony to the British public’s aversion to local variations in either funding or service provision – witness the heroic pursuit of equalization (via our Byzantine system of local government finance) and the regular outbreaks of press hysteria at the slightest sign of a ‘postcode lottery’ in services. The history of distrust and at times outright hostility between local government and central ministries (much improved in recent years) has also undoubtedly played a part.

Thankful though they are that they are not subject to the same level of intense scrutiny, practitioners in many other countries are nevertheless intrigued by and eager to learn from UK improvement regimes. It is often the best value regime and English comprehensive performance assessment (CPA) that prove to be a source of particular fascination. But, of course, the real story
of improvement regimes in UK local government over the past decade goes well beyond these. It includes more traditional audit, a range of specialist service-based inspections, and both the Wales Programme for Improvement (WPI), and the best value audit (BVA) process in Scotland.

At first glance, CPA, the WPI and BVAs look very similar. They all derive from the duty of continuous improvement bound up in the concept of ‘best value’. And they have their roots in the same theory of improvement which contends that improvement in services does not depend simply on the skill of service managers and commitment of frontline staff, but also requires effective leadership and performance management at the corporate level. At the operational level, all three regimes are closely associated with audit and inspection, and their delivery has been entrusted to the key local government audit bodies to deliver — the Audit Commission in England, the Wales Audit Office in Wales, and Audit Scotland and the Accounts Commission in Scotland.

Yet there are significant differences between these three approaches, and each of them is situated in a wider context of public services reform in their respective countries which in certain respects are already markedly different. Partly in response to the changing contexts within which each of the regimes operate, they are already undergoing significant changes as the audit bodies that are responsible for operating them respond to demands for more holistic approaches which take more account of citizens’ experiences and priorities and place less of a ‘burden’ on local government. And they may well diverge further as a result of the election of non-Labour administration in Scotland and the acquisition by the National Assembly for Wales of new law-making powers.

In this paper, we offer an initial comparative analysis of CPA and its Welsh and Scottish counterparts. We describe the origins and operation of the three regimes and evidence about their impacts. We then highlight the similarities and differences between them, flagging up a number of issues and challenges that we believe are of interest not just to researchers but also to practitioners and policy-makers in all three countries and beyond.
2. Case Studies

2.1 Comprehensive performance assessment – the ‘harder edged’ test?

Context

External inspection of local government services is, of course, nothing new – the ‘audit explosion’, as Michael Power (1994) called it, was detonated by the Conservatives in the 1980s. But the Blair government rapidly increased the scale, scope and intensity of external inspection, believing it to be a powerful means of driving improvement in local services.

The Local Government Act 1999 placed a legal duty on local authorities in England and Wales to achieve continuous improvement by reviewing all of their services over a five-year period. The Audit Commission established a new inspection service to scrutinise councils’ reviews. As a result, a host of services, including housing, environmental services, leisure and ‘back office’ services, became the subject of inspection for the first time. The duty of best value also changed fundamentally the nature of inspection. In the past, auditors and inspectors checked for financial probity and that councils met minimum service standards. Under the best value regime they were required to assess not just current performance but also the ‘prospects for improvement’ (Martin, 2000).

The Audit Commission originally intended to scrutinise all best value reviews. But authorities conducted far more than had been expected and inspectors were soon struggling to keep pace. By summer 2001, a significant backlog of reports meant that senior figures in the Audit Commission believed that, as one put it, ‘we were really blowing it with best value inspection’ and had to find a way to make the inspection process more manageable. At the same time, early experiences of attempting to intervene in a small number of what were seen as ‘basket case’ councils was convincing officials that the root cause of many service failures was a lack of effective corporate leadership (Audit Commission, 2001). For both these reasons, the Commission decided that in the words of a former senior inspector: ‘we had to start to manage authorities from the top down, rather than getting bogged down in the detail of individual services’.
In its second annual assessment of the best value regime, the Audit Commission proposed a more risk-based system focusing on a council’s overall leadership and performance management. The 2001 local government white paper endorsed this, lifting the requirement for councils to review all of their functions and encouraging them to adopt a more strategic approach which focused on cross-cutting issues, rather than traditional service ‘silos’, and introducing regular assessments of each council’s services and ‘corporate capacity’ – known as CPAs.

**Methodology**

The arrival of CPA was the high water mark of inspection of local government in England. CPA scores increasingly determined the ways in which central government departments viewed authorities, triggering intervention in ‘poor’ councils and paving the way for ‘freedoms and flexibilities’ for those at the top end of the performance league table.

Section 99 of the Local Government Act 2003 requires the Audit Commission to report on the findings of its inspections and to categorise English local authorities according to their performance in exercising their functions. It does this through an aggregate CPA score based on ratings of a council’s use of resources, its services and corporate capacity. The first CPAs categorised councils on a scale from ‘poor’ to ‘excellent’. Since 2005, the performance categories have ranged from ‘no star’ to ‘four stars’.

The Commission has published CPAs for the 150 single tier and county councils in England each year since 2002. CPA has applied to district councils since 2003 and to fire and rescue authorities since 2005. The methodology has evolved over time. In 2004, judgements of partnership working and community leadership were introduced for the first time and in 2005 a ‘harder test’ included an assessment of each council’s use of resources. The 2006 CPA for single tier and county councils consisted of annual assessments of:

- ‘Direction of travel’.
- Use of resources.
- Environment, housing, culture, fire and rescue services (undertaken by the Audit Commission) and services to children and social care for young people and adults, and
benefits (undertaken by Ofsted, the Commission for Social Care Inspection and the Benefit Fraud Inspectorate).

- The results of a periodic assessment of its corporate capacity and partnership working undertaken once every three years.

In August 2006, the Audit Commission published proposals for a new performance regime to take effect from 2008. These took account of changes in councils themselves and in the wider context of reform and regulation of public services – in particular the need for a more ‘strategic approach to regulation’ (Audit Commission, 2003), government proposals on the future of public services inspection (ODPM, 2005) and the commitment in the 2006 Budget statement to reforming, rationalising and ultimately reducing the overall level of inspection (HM Treasury, 2006). The Commission proposed that the post-2008 regime should rely more on local authorities’ own performance management and provide area-based assessments, rather than focusing on individual organizations. The new regime should adopt a more targeted approach and also pay more attention to the perspectives of citizens, taxpayers and service users (Audit Commission, 2006). These proposals were reflected in the 2006 local government white paper (and the subsequent bill) which announced the replacement of CPA from April 2009 with comprehensive area assessments (CAA) based ‘on a combination of risk assessment, largely risk-triggered inspection and audit’ (CLG, 2006). In April 2007, the Audit Commission set out its proposals for the transition from CPA to a CAA regime to cover local government services, housing, health, education and community safety (Audit Commission, 2007a).

**Impact**

The Audit Commission points to a steady improvement in CPA scores as evidence that the process is encouraging improvement. By 2004, 67% of authorities were rated as ‘excellent’ or ‘good’, compared to 51% in 2002. In 2006, under the ‘harder test’, 79% of single and upper tier authorities were rated as being in the top two performance categories (Audit Commission, 2007b). Independent research suggests that a large majority of local authority officers see CPA as a powerful driver of improvement in their councils (Downe and Martin, 2007).
But the regime has its critics. In the early days, questions were asked about its legal basis and a handful of councils threatened legal challenges to the reports they received. Many authorities have continuing concerns about the costs of the process and what they see as a lack of co-ordination with other inspectorates. Andrews (2004) and McLean et al. (2007) criticise the CPA methodology for failing to take account of the impact of deprivation on performance. Jacobs and Goddard (2007) and Cutler and Waine (2003) argue that aggregate measures like CPA scores mask the complex and multi-faceted nature of performance and that overall scores are highly sensitive to the weightings which are used.

The Audit Commission argues that star ratings are necessary because in order ‘for inspection to be relevant and motivate people to improve, it needs to speak clearly and simply about the judgments that it has made’ (Audit Commission, 2000, p. 8). However, the latest best value user satisfaction scores show that despite the improvement in CPA scores, public satisfaction with the overall performance of English local authorities has fallen by 11% since 2001 (CLG, 2007). Naming and shaming underperforming authorities undoubtedly grabs the attention of senior officers and councillors, but there is no evidence that local people have taken much notice of CPA scores or punish those leading poor performing councils at the ballot box. All the signs are that securing increased public engagement and interest in a future CAA regime will prove a considerable challenge.

2.2 Best Value Audit – winning without scoring?

Context

Scotland’s 32 local councils have had a best value framework since 1997, first on a voluntary basis as a quid pro quo for a moratorium on compulsory competitive tendering and from 2003 as a statutory duty.

In 1999, a best value task force set out the attributes of a best value council (Scottish Executive 1999). These echoed many of the key features of the best value regime in England and Wales. Councils had to put in place a performance management and planning framework (PMP), undertake best value (service) reviews and report on their performance publicly. PMP audits,
conducted by external auditors appointed by the Accounts Commission, were undertaken first at a service level (in 1999/2000) and then at a corporate level (in 2000/1).

The Local Government in Scotland Act 2003 also required councils to initiate, facilitate and maintain community planning to ensure that organisations work together to provide better public services and engage local communities in making decisions that affect them. The statutory guidance that followed this Act outlined 10 best value characteristics and a best value task force issued further guidance on the criteria against which authorities would be judged. The task force encompassed a range of key stakeholders, including representatives of Audit Scotland, the Convention of Scottish Local Authorities (CoSLA), the Society of Local Authority Chief Executives (SOLACE), and the Scottish Executive. The guidance built on the voluntary practices that had been developed since 1999 and established a regime of best value audit (BVA) which is descriptive rather than prescriptive, and emphasises the importance of flexibility in judging councils, in order to reflect the wide range of contexts and scales of local councils in Scotland.

The BVA regime has therefore been developed in a co-operative way and is seen as non-punitive compared to CPA. This reflects the broadly consensual nature of central-local government relations in Scotland, and the fact that most members of the Scottish Parliament have prior experience in local government (Midwinter and McGarvey, 2001; Haubrich and McLean, 2006). In designing and implementing BVA, the best value task force and Audit Scotland drew directly on the lessons learnt from CPA in England and the Wales Programme for Improvement. Audit Scotland was keen to ensure that BVA provided an overall assessment of a council’s corporate capacity, but avoided a CPA ‘rules-based assessment’. Nor did it want to produce an overall performance rating. The rejection of league tables was primarily one of principle, but there was also a recognition that the CPA approach could not have been transferred to Scotland at that time, even if it had been deemed desirable, because of the lack of requisite performance data (Grace et al., 2007).

The responsibility for conducting BV audits rests with the Accounts Commission and Audit Scotland. The Accounts Commission is a non-departmental public body, which is independent of local councils and of government. It was established in 1974 but in 2000 its staff were transferred
to Audit Scotland, so it is now a board that is serviced by Audit Scotland. The Commission has powers to report and make recommendations to the organisations it scrutinises, to hold hearings, and to report and make recommendations to Scottish Executive ministers.

Within Audit Scotland, the Controller of Audit has responsibility for preparing BVA reports. These are produced by a central specialist team with local external auditor input. The first BVA report was published in 2004 and the aim was to produce reports for all councils over a period of three years. By November 2007, reports on 20 of the 32 councils had been published.

The BVA approach has been adapted incrementally, mainly in order to improve evidence gathering tools and develop sharper and more focused audit reports. The Accounts Commission and Audit Scotland are currently reviewing the BVA approach with a view to developing proposals for a second round of audits (Grace et al., 2007). These changes will be informed by the broader public service reform agenda and, in particular, an independent review of regulation, audit, inspection and complaints handling of public services in Scotland (the Crerar Scrutiny Review), which reported in Autumn 2007 (Crerar, 2007).

**Methodology**

The key principles which underpin the BVA methodology are:

- Self-assessment as a starting point for the audit.
- No league tables or scores of performance.
- Assessing a council’s responsiveness to local context.
- Focusing on councils’ corporate arrangements.
- A three-year cyclical audit.
- Audit by a central audit team.
- A selective approach to detailed audit investigation.
- Drawing on information from other scrutiny processes.

The best value audit team uses each council’s self-assessment and information from other external sources — such as inspection reports, statutory performance indicators and information
from the council’s website — to decide the scope of the audit and where audit resources will be concentrated.

After detailed on-site audit work, the team produces a draft report which is sent to the council to confirm factual accuracy. The final report is presented to the Accounts Commission by the Controller of Audit. The Controller of Audit's report is a public report and is published along with a separate summary of the Commission's findings.

If the Accounts Commission has particular concerns about performance, it may direct the Controller of Audit to carry out further investigations and/or hold a hearing. Only one hearing has been held to date. This considered the BVA report for West Dumbartonshire Council and the Commission found that the council was not in a position to deliver best value and must accept external assistance.

Following the audit, the Accounts Commission requires each council to produce a detailed improvement plan, which should reflect the improvement agenda identified in the Controller of Audit’s report. The council’s local external auditor monitors progress on the council’s improvement plan. There are no explicit incentives for good performance. There is as yet no offer of ‘lighter touch’ inspection and no financial rewards.

**Impact**

There is little academic research on the impact of BVA. Research conducted for the Accounts Commission (Grace et al., 2007) suggests that the BVA approach has gained credibility and, in broad terms, has been effective. Even those who have significant criticisms of the BVA approach almost invariably argue that it needs to be fine-tuned, rather than abandoned.

BVAs have had positive impacts on all councils but impacts have been uneven. Nearly all councils report benefits from the initial process of self-assessment and the systematic review of processes and performance that this has entailed. But the greatest overall impact has been in those councils which have been judged to have inadequate corporate processes.
On the downside, BVAs seem to have had little direct impact on services or service users. They have been of limited value in terms of public reporting and there have been low levels of engagement with councils’ partners because BVAs have focused on councils’ corporate capacity rather than community planning.

There have been criticisms of the statutory performance indicators used in reports (Midwinter, 2006; Haubrich and Mclean, 2006) and complaints about a perceived lack of clarity about the criteria used to judge councils and what councils see as a lack of consistency in judgements made between authorities. Unlike CPA, BVA reports on individual councils cover different areas in detail and, as a result, the reports are not precisely comparable. There is an informal league table of councils’ BVA performance, but there appears to be little appetite in Scotland for explicit league tables or performance scores.

The future prospects for BVA will be influenced by the recommendations of the Crerar Scrutiny Review and by the unfolding political environment of minority government at both national and local levels in Scotland. It is early days, but it seems unlikely that Scotland will move substantially towards a more prescriptive framework for BVA assessments.

2.3 Wales Programme for Improvement - improving from within?

Context

The WPI shares with CPA its roots in the best value duty of continuous improvement. Indeed, since the legislation was enacted before devolution, the legal platform was initially identical for both England and Wales. But by the time best value was evolving into CPA in England, devolution made it possible (and perhaps even essential) for Wales to take a different path. CPA provided an explicit model to be avoided in Wales, partly in aversion to the muscular centralism and top-down performance management of local government in England, but also connected to the small number (22) of unitary authorities in Wales and the strong partnership ethos between the Assembly and local authorities. Thus there was no numerical scoring, no publishing of scores, no centrally orchestrated hit squads for failing authorities, and no standardised detailed external assessment framework. And there is potential for even greater divergence in future, because developments in Welsh governance since the start of WPI and the Government of Wales Act
2006, in conjunction with provisions in the new Local Government Bill, mean that what is now the Welsh Assembly Government and Senned will have virtually unfettered competence in relation to local government matters.

The key institutions in Wales have worked very closely together on WPI. It was underpinned by an explicit and signed memorandum between the Welsh Assembly, the Welsh Local Government Association, and the Audit Commission in Wales, thus making the body responsible for external assessment of local authorities a formal party, including ongoing participation in a tripartite Improvement Board.

The WPI was developed against the backdrop of a distinctive strategy for public service reforms set out in Making the Connections strategy (WAG, 2004), a key policy statement which explicitly rejects the English model of improvement through competition and customer choice and emphasises the need for collaboration — between national and local government, between councils and other local agencies and between neighbouring authorities — to provide more efficient, citizen-centred services (Martin and Webb, 2007). This approach was endorsed by an influential review conducted by Sir Jeremy Beecham in 2006 and it is central to the Assembly Government’s 2007 local government policy statement (WAG, 2007). Important early manifestations of the emphasis on ‘joined up’ policy-making and service delivery include the introduction by the Audit Commission of relationship managers to act as the focal point for its dealings with councils and the merger in 2005 of the Audit Commission in Wales and the Welsh wing of the National Audit Office to create the Wales Audit Office (WAO). This has a joined-up policy impact too — the Auditor General for Wales is currently embarking on a major review across the Welsh public sector to establish the extent to which public services are meeting the challenges of the overall agenda for change in Making the Connections. Like WPI, the ‘approach will be a collaborative one rooted and grounded in self-assessment…The Wales Audit Office will work with widely constituted steering and development groups…and will examine issues such as objective and target setting, efficiency gains, performance measurement and validation, and citizen focus and leadership’ (quotation from the WAO website 2007).
This background reveals the important interplay between the ‘three forces of improvement’ which shape local government improvement regimes. These are:

- Developments in authorities themselves as they respond to the stimulus and external assessment of a programme such as WPI.
- The overall approach to public services reform, the framework through which key assumptions in the WPI are legitimated and further developed.
- The methods of external audit and inspection which are used to conduct these assessments.

Emerging from this interplay is a series of understandings by the key players in the drive to improve Welsh local authorities, and a corporatist approach which is embedded in the thinking of all of them. These understandings or theories of improvement include:

- A recognition (shared with CPA) that corporate effectiveness in a local authority is fundamental to long-term success and to long-term positive service outcomes.
- A theory of intervention which has both drawn on the experience in Wales to date of occasions when intervention has taken place, and which legitimises the collaborative style of intervention and the relative reluctance with which intervention has been used as a way to drive further improvement (WAG, 2007).
- A theory of public services reform motivation linked into a theory of small country governance.

The overall picture is one of a developed and integrated set of ideas which taken in the round are quite different from the approach in England. Even where similar words are used, for example, an emphasis on public value or the importance of citizen centric services, the policy and institutional context give these words quite different implications and even meanings (Brand, 2007).

**Methodology**

The WPI was introduced in 2002 and came fully into effect in 2003/2004. At the outset of the regime, every authority undertook a whole authority assessment of its capacity to achieve continuous improvement across both corporate and service functions. In the light of this assessment, each council agreed with the Audit Commission a joint risk assessment which then
formed the basis of an improvement plan and a regulatory plan tailored to each authority’s priorities and ‘improvement journey’. The risk assessment and the plan are updated regularly and the WAO produces an annual assessment of the overall progress which is being made. It submits this report on overall progress to a partnership council made up of representatives of the Assembly Government and Welsh local government.

Risk assessments are subject to bi-lateral confidentiality agreements between the WAO and the authority concerned. This means that, in stark contrast to England and Scotland, ministers in Wales have no formal way of knowing which councils are considered to be at risk of failing to improve. The WPI is therefore driven by authorities’ own priorities and relies heavily on their performance management and commitment to improvement. Compared to England, it is noticeably lacking external drivers of improvement such as sanctions or rewards. The approach to intervention is seen by the Improvement Board as ‘bespoke and individualised’ although to outside observers it has often had a ‘softly, softly’ appearance, involving as it does action ‘behind the scenes’ which is often led by the WLGA rather than regulators or central government.

**Impact**

Policy-makers in Wales believe that public criticism and performance comparisons are not necessary for improvement and may in fact demotivate rather than inspire public service managers and their staff. The result is a system of regulation of local government which now makes it almost impossible to assess whether there has been improvement.

In its most recent report, the WAO concludes that the WPI process provides ‘partial assurance that services are improving, but there are weaknesses in its application’ (WAO, 2007). It has led to the development of business and planning assessment processes such that authorities now review their performance and the risks facing them annually. What is ‘less clear is the impact of the risk assessments and the actions that authorities take as a result’. At the same time, the most thorough comparison of local public services performance between Wales and England to date concludes that ‘analysis provides no evidence to support the theory that there is a link between improved performance and devolution. Policy-makers in Wales have developed a distinctive approach to public services delivery, but this has not so far delivered better performance or faster
rates of improvement. Indeed, the evidence suggests that in many cases services in Wales have performed less well and improved more slowly than their counterparts in areas of England’ (Andrews and Martin, 2007).

The question of how to monitor performance is central to the future of the WPI. Revised guidance published in 2005 (circular 18/2005) led to a cull of audited national performance indicators. In its current form, the WPI is unable to generate a standardised score or judgment which can be used to compare performance between authorities or over time in the same council. And there are no systematic surveys or independent assessments of performance. If citizens really are to be at the heart of public services reform in Wales, they will need access to much better information. There is growing support for a national set of minimum standards, and there are some people in the local government community who are willing to contemplate the publication of comparative performance information (not least because the press now compiles its own unofficial league table using the limited data that are published). But, at present, there is no agreement on a framework which would allow service users and regulators systematically to assess performance.

3. Discussion: emergent themes and issues

CPA, BVA and WPI: common themes, contrasts and future challenges

Our analysis highlights some significant similarities between CPA, BVA and WPI. All three regimes reflect the importance that has been attached to public service improvement right across the UK during the last decade. All three have their roots in a statutory duty on local authorities to secure continuous improvement (as opposed simply to meeting basic minimum standards). The delivery of all three regimes has been entrusted to the main local government audit bodies (the Audit Commission, Audit Scotland and the Accounts Commission, and the Wales Audit Office). All three highlight the desire of policy-makers to drive (or ‘support’) improvement at the local level using the tools of audit and inspection and signify a lack of faith in the ability of the professional norms and networks, which were the mainstay of many local government services in the second half of the 20th century, to achieve this. And they are all rooted in the same implicit
theory of change which holds that sustained improvement in service outcomes is only achievable where there is effective leadership and robust performance management of the whole council.

Yet, while they might come from the same root stock, the three regimes have diverged and might now be seen as distinct branches of inspection. This is because, as they have evolved, each of the regimes has been shaped by the distinctive approaches to public services reform which have begun to emerge in England, Scotland and Wales, and have been informed by the level and character of improvement on the part of councils themselves. Councils have in part at least been shaped by those regimes, and the regimes in turn have also themselves helped to shape what has followed.

**Differences and divergence**

Some of the differences between the countries are difficult to pin down. They are often reflected in differences in assumptions about the role of government and how best to stimulate improvement and in the tone of policy debates and informal exchanges between local and central government. But there are more tangible differences as well.

The most eye-catching difference is in the approach to publishing comparative performance data. While both Scottish and Welsh policy-makers have turned their backs on the use of English star ratings to judge an authority’s overall performance, there are important differences between their respective approaches. Although there is no overall league table in Scotland, it is clear from BVA reports which authorities are considered to be the top performers and which are struggling. BVA reports make extensive use of statutory performance indicators to compare the performance of the 32 councils and Audit Scotland and the Accounts Commission have shown themselves willing to publicly name and shame authorities that they believe lack effective leadership and corporate capacity. By contrast, the dearth of performance data in Wales makes it impossible to identify top performers on any systematic basis and the low key approach to intervention means that failing councils can go largely unnoticed by the press or public.

Another key area of difference and divergence is in the design and continuing oversight of the three regimes. Although the architects of best value inspection and CPA in England had worked
in senior positions in local government, the regimes were largely developed by the Audit Commission in consultation with central government. Subsequent refinements of the CPA methodology were, of course, informed by discussions with representatives of the local government community, but again they were driven by the Commission in consultation with ministers and their officials. CPA is therefore rightly regarded as a ‘top down’ regime. By contrast, for good or ill (or perhaps a combination of the two), the WPI and BVA were both developed on a much more consensual basis. As described above, a task force involving representatives of the main stakeholders played a key role in the design of the best value criteria in Scotland. As Sheffield and Bowerman explain: ‘the emphasis in Scotland has been on allowing local authorities to develop their own cultural definition of best value to suit their own organisational needs’ (1999, p.71). However, changes in the BVA approach, although made in consultation with local government, have been driven by Audit Scotland and the Accounts Commission. The WPI emerged from what was in effect a process of negotiation between local government, central government and the Audit Commission. Subsequent developments and refinements to the approach have been decided on the same tripartite basis, although the Audit Commission and its successor the WAO have often been ‘on the back foot’.

These differences of approach in part reflect the differences in scale. It is relatively easy for Scottish and Welsh policy-makers to consult with and involve 32 and 22 authorities respectively. In-depth consultations with almost 400 councils in England would not be feasible and so the Audit Commission has to operate at arms length. But this is only part of the answer. The contrasting approaches to managing the regimes also reflect important differences in attitudes to local government and in the relational distance between local councils and the regulators.

Another important contrast is in the degree to which inspections are tailored to local context. CPA, BVA and WPI all involve an element of self-assessment, but in England, central government determines what is inspected and the weightings attached to different services. Notwithstanding the relatively minor differences in the methodology applied to districts and single tier/county councils, the CPA is, in effect, a ‘one size fits all’ approach. The Scottish model allows for a greater degree of flexibility in response to local priorities. Authorities are able to use their self-assessments to set the agenda for the audit team’s visit by spelling out what they
believe to be the most important issues locally. But each BVA team nevertheless uses the same best value criteria and each report covers the same broad issues and has a similar format. By contrast, the Welsh model has gone much further down the road of local determination. Risk assessments are tailored to each authority’s individual circumstances and it is very difficult to make comparisons between them.

These differences present each of the three countries with their own particular challenges. But interestingly, in spite of important differences of emphasis and approach, CPA, BVA and WPI face some very similar challenges over the next two to three years.

**Similar challenges**

The level of inspection activity in the UK, its cost and the burden which it places on local government have all increased dramatically in recent years. Treasury figures show that, between 1997 and 2003, the direct costs of inspection of public services in England more than doubled from £250 million to £550 million (OPSR, 2003). By 2005, the direct cost of inspecting English local government was in excess of £90 million per annum (ODPM/HM Treasury, 2005). Scotland has created 10 new inspection agencies since 1999, pushing the annual direct costs of public services inspection towards the £100 million mark. Local authorities in all three countries continue to voice concerns about the direct costs of running inspectorates, as well as the indirect and opportunity costs to the inspected bodies – a survey of local authority chief executives found, for example, that on average councils in England devoted 597 staff days per annum to preparing for and managing inspections (LGA, 2005).

It is not therefore surprising that policy-makers and regulators in all three countries are seeking ways of reducing the burden and maximising the effectiveness of inspection. England and Wales have both cut back on the numbers of national performance indicators and plans required from local authorities. And there is a shared interest in developing more targeted (or proportionate) approaches to inspection. Wales has already gone a long way down the road of self-assessment, and the English local government white paper and the Audit Commission’s proposals for CAA signal a growing interest in the potential for regulation from within the local government sector itself. Some observers in Wales see this as evidence of cross-fertilization from the devolved
administrations to England. Others regard it as being a powerful testimony to the effectiveness of the English regime – performance advances in local government mean that authorities have now earned the trust of central government and can be given more autonomy.

A second important shared concern has been the fragmented nature of public services inspection. CPA, BVA and WPI are holistic approaches, but most other inspection bodies focus on individual services. The result is that local authorities complain of being asked to provide the same information in slightly different formats to different agencies and of being pulled in different directions by different inspections. Wales has already merged some inspectorates and England is set to follow suit. The Crerar Review in Scotland goes so far as to suggest that the implementation of its proposals will ultimately lead to a ‘single national scrutiny body’ (2007, p.7). But it is clear that regulators in all three countries will have to overcome significant institutional and cultural barriers to reconfiguration if they really are to develop more joined-up inspection which is able to focus on cross-cutting issues.

A third, and perhaps even more intractable, problem is that of achieving citizen focus. The inspectorates in all three countries are seeking to involve the public to a much greater degree than in the past. There are a range of possible ways to achieving more citizen-centred approaches (Grace, 2005), but it is not easy to see how they can be applied in the case of overarching inspections such as CPA, BVA and WPI (as opposed to inspection of individual services).

Fourth, the increasing recognition of the importance of partnership working presents a considerable challenge for regulators across the UK. The logic of public services reform in all three countries – from local area agreements in England, to the Welsh emphasis on collaboration, to the duty of community planning in Scotland - suggests that CAA, a second round of BVAs and future WPI assessments must focus far more on area-based inspections and much less on individual organisations and sectors. Again though, it is clear that this presents formidable challenges and that none of the performance regimes has yet developed a satisfactory solution.

Finally, regulators in all three countries are struggling to balance the competing demands of their roles as ‘watch dog’ and ‘guide dog’. In the past, inspection was seen primarily as a means of
providing public assurance. Inspectors were expected to keep their (relational) distance in order to retain their independence. In recent years, they have come under growing pressure not just to diagnose failure but to work with inspected bodies to help them to improve. It has been a feature of the WPI from the outset that regulation should support improvement, acting as part of the solution, rather than simply identifying the problem, and the WAO is currently in the process of re-directing a significant proportion of its staff time and other resources to disseminating good practice and away from audit and inspection. Regulators in England and Scotland face similar pressures, although they have not yet taken such drastic action as their Welsh counterparts. But becoming more directly engaged in helping to implement improvement poses major challenges. Inspectors and auditors may not have the skills needed to act as ‘consultants’ and, even if they do, there is a very real risk of politicisation as inspectors step into arenas that have previously been the preserve of service managers and local politicians (Martin and Davis, 2001). As a senior inspector put it: ‘There are clearly dangers for us in being spotted too often at the scene at the crime’. It is for this reason that BVA teams in Scotland currently draw the line at ‘holding councils to account for improvement’, or put another way advising on the ‘what’ and even the ‘why’ but not the ‘how’ of improvement.

The differences in context

It is important not to overstate the extent of the differences between the three countries – especially as viewed from abroad - but our suggestion is that the emergence in different parts of the UK of different responses to similar challenges does raise the possibility that policy-makers and practitioners might gain useful insights from cross-national comparisons. There is a real danger that while ‘devolution has led to substantial policy innovation …. it can also lead to insularity and hinder cross-border collaboration’’ (Hockridge, 2006). The purpose of our own preliminary analysis is to try to avoid this insularity by beginning to identify shared concerns and possible lessons. Policy-makers, practitioners and regulators need to know more about which approaches to inspection are most effective in encouraging improvement and providing public assurance. They need to find ways of reflecting the interests of service users and taxpayers in inspections. They need to know more about the potential of and the limits to self-assessment. And they have to find ways to develop effective area-based approach to regulation. It is clear that responding to these challenges is a tall order. But these issues need to be addressed if we are to
make best use of the considerable time, expense and expertise that are being devoted to inspection.

Our ongoing research for the ESRC is investigating this issue. Perhaps the biggest question concerns ‘effectiveness’. Is one regime ‘better’ than the others at improving council performance regardless of the particular state of local government in each jurisdiction and the particular philosophy of public services reform holding sway in each nation? Or is the effectiveness of each regime contingent on these and perhaps other factors? The difficulty is that the lack of longitudinal and comparative performance data across the three countries makes it very difficult to provide a definitive assessment of the differential impact of their improvement regimes.
4. References


