
**Title: A Study into the Approach to
Benchmarking in English District
Councils under Localism**

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Abstract

English local government exists in a turbulent financial environment with increasing customer demands but tighter finances. It has a history of metrics benchmarking and was required to benchmark as part of the Best Value regime. Literature suggests that the public sector undertakes benchmarking both as a tool for improving performance and to gain legitimacy. The local government legitimacy paradigm is not a constant and has changed from New Public Management (NPM), with its expectations of competition and a private sector ethos, towards a new paradigm of New Public Governance (NPG). This thesis questions the approach to benchmarking as a tool for performance improvement, and the factors driving the way in which it is delivered in the public sector.

Literature about performance measurement in the public sector is reviewed together with historical analysis on the theory of benchmarking. The research is informed by Neo-institutional theory as a framework for studying organisational change. The concept of legitimacy is probed on the conforming elements of compliance and convergence of structures, cultures, and strategies.

The research questions are investigated using an exploratory case study employing 19 semi structured interviews with council officers, supported by documentary evidence, in a purposive sample of 18 district councils in England. The research took place during the administration of the Coalition government (2010-2015). The aim of the research being to provide a rich analysis of the methods used and the influences of coercive, mimetic, and normative forces on benchmarking practice.

The thesis details the public sector environment and ascertains the detailed factors which constitute the isomorphic pressures on the councils. The research finds that metrics benchmarking, as a tool of efficiency, relates to directly provided services during the legitimacy paradigm of NPM, but observes that the coercive pressures of that time have sedimented into the current organisational culture. The case study shows that isomorphic forces are present, but their influence is mitigated by benchmarking and organisational cultures, and the pressures to comply with coercive and normative forces is stronger than for mimetic forces. Evidence shows that councils are not converging in their structures and their benchmarking practices show some regional variations.

The study is exploratory and further research could be undertaken into the ways the wider public sector undertakes the measurement and assessment of performance improvement and how it manages the delivery of legitimacy under the new NPG paradigm.

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Glossary

ADCT	Association of District Council Treasurers
AGS	Annual Governance Statement
BVPI	Best Value Performance Indicator
CAA	Comprehensive Area Assessment. A comparative regime introduced in 2009 to replace CPA and abolished in 2010.
CCT	Compulsory Competitive Tendering
CIPFA	Chartered Institute of Public Finance and Accountancy
CPC	Corporate Peer Challenge
CPA	Performance Assessment. An assessment regime that ran from 2002 to 2009 that assessed local authorities.
DCLG	Department of Communities and Local Government (now MHCLG Ministry for Housing Communities and Local Government)
KPI	Key Performance Indicator(s)
LGA	Local Government Association. A body that is funded from top slicing the annual central government grant to local authorities and represents most councils in negotiations with central government.
LGMA	Local Government Modernisation Agenda
NAO	National Audit Office
NIS	National Indicator Set. A set of indicators used by central government to assess local government introduced in 2008 and abolished in 2011.
NPG	New Public Governance
NPM	New Public Management
ODPM	Office of the Deputy Prime Minister
PFI	Private Finance Initiative
PG	Public Governance
PPP	Public Private Partnership
RITP	Royal Institute of Town Planning
SoA	Statement of Accounts
SOLACE	Society of Local Authority Chief Executives
VFM	Value for money

1 Background to the Study

1.1 Introduction

This section introduces the study and outlines why this research is valuable both as contribution to theory and to practice. The context, timeliness and geographical location of the study is defined, and a review of current literature is provided. The research methodology is detailed and justified, and the structure of the dissertation is given.

1.2 Research Context

The context of this research is contemporary local government in England. As in most western countries, English local government provides a range of services categorised by Wilson and Game as ‘Need’ services (e.g. education, personal social services, housing benefit); ‘Protective’ services (e.g. community safety, emergency planning); ‘Amenity’ services (e.g. highways, street cleansing, planning, refuse disposal); and ‘Facility’ services (e.g. housing, libraries, refuse collection, recreation) (2011, p. 132). Appendix A(i) provides a schedule of types of local authority and the services for which they are responsible. Outside of the metropolitan areas, i.e. mainly rural areas of England, municipal services are delivered in a two-tier system of County and District councils and this research specifically focusses on the district or second tier level. District councils are democratically elected bodies delivering a range of statutory and discretionary services such as planning, refuse collection, housing and leisure and they are the level of public administration that is nearest to citizens (Economic and Social Research Council and Forum of Federations, 2013). This tier is of research interest because the timing of the reductions in government grant funding following the 2010 Spending Review had an earlier impact on that tier of local government (Appendix A(ii); (National Audit Office, 2014)).

This research examines the approach to benchmarking, which has been defined for public sector practitioners as “a process of measuring your service’s processes and performance and systematically comparing them to the performance of others in order to seek best practice” (Foot, 1998), during the period 2010 to 2015 when central government was a Conservative/Liberal Democrat coalition. Primary research was undertaken to explore the current approach to benchmarking and

whether the approach taken by district councils to use benchmarking as a tool to improve performance could be explained by Neo-institutional theory (DiMaggio and Powell, 1983).

The researcher's personal motivation to undertake this study is based on a career in local government, most recently at a high performing district with a nationally recognized record of innovation, combined with previous study of benchmarking in procurement. It was observed that some councils are making changes to their practices and structures, for example sharing services or sharing senior management, but these changes are not common to all. Some councils have outsourced services but other, similar sized, councils have not; some are making small changes whereas others are adopting new initiatives more quickly and to a much deeper level; there is no apparent homogeneity of approach whereas external factors would suggest that adoption of practices that had delivered improvements elsewhere would be beneficial. The rate and scale of adoption of innovative practices was inconsistent, even in a sector which has proved adept and resourceful in adapting to previous exogenous changes.

A requirement for councils to compare their performance with others 'for example through benchmarking clubs' (DETR, 1998, p. Part 3 S. 7.20) was initiated as part of the Best Value regime (*Local Government Act, 1999*) introduced by the Labour Government following the 1997 General Election. As local authorities had been compelled to undertake benchmarking in the late 1990's as a central government requirement this prompted an interest in exploring whether councils were continuing to undertake that activity and, if so, in what way did current practice differ – if at all – from the previous mandatory regime, and, further, how the consequences of that regime were impacting on current practice. Further, to determine if benchmarking was currently adopted as a technique and to examine whether or not it was used in aspiration to deliver 'best in class' services and structures, or whether the tool was now seen as a performance 'fad promulgated by consultants' (Watts and Mead, 2005, p. 15) that had faded from popularity.

The research is timely because, until 2010 and the start of the coalition government, the main focus on performance measurement in district councils came from the Audit Commission, a body funded by central government that was

responsible for the collection of a national dataset (National Indicator Set NIS) – a set of performance indicators from every council. The coalition government in 2010 disbanded the Audit Commission and, from 2012, transferred responsibility for auditing to private sector auditors. Research will address the extent to which this change in performance measurement has impacted on drivers for performance improvement.

The Localism Act gained Royal Assent in 2012 and gave new powers to local authorities e.g. Community Right to take over local authority services (Community Right to Challenge), social housing tenure reform, and greater power for neighbourhoods to control planning matters (Plain English Guide to the Localism Act (DCLG, 2011)). In addition, local authorities were granted a general power of competence to 'do anything – provided they do not break other laws' (DCLG, 2011, p. 4). The stated aim of the legislation is to give 'councils more freedom to work together with others to drive down costs' and 'to do creative innovative things to meet local people's needs' (DCLG, 2011, p. 4). Under Localism, the performance regime changed to a model where the development of benchmarking and target and standard setting were the responsibility of the sector as opposed to central government, though government ministers retained the power to intervene (Hughes, 2012).

Local Government in England continues to come under fiscal and political pressures. Central government funding is reducing (see Appendix A(ii)) but pressures to maintain services at a high level are increasing (Ashworth *et al.*, 2013). Although they share the current turbulent fiscal environment and have different political make up, district councils have significant freedoms over the way their services are delivered. Against this background any tool or business practice that would enable services to be delivered at less cost or, perhaps, better services for the same inputs would appear to be worthy of attention. The sector is facing increasing pressures to deliver 'more with less' as it faces diminishing government funding and increasing expectations to increase performance (Dalton, 2016). The performance regime has changed but the allegation that the regime of 'locally imposed targets, central reporting, Government office monitoring and external inspection has now largely been dismantled' (Carolyn Downs in

Economic and Social Research Council and Forum of Federations, 2012, p. 5) will be examined to see the extent to which that statement is perceived as true within the sector.

1.3 Outline of Study

The thesis commences with an outline of the research problem and specific research goals and then examines the current literature and exposes the gap in research in a specific branch of the public sector. Historical links to performance measurement regimes in the public sector are examined as a means of linking current attitudes towards performance improvement. The chosen research method is outlined and justified, together with the specific methods used to gain evidence. The practical issues involved in gathering data are explained together with the ethical issues that were addressed and the difficulties that were encountered and resolved during the research. The findings from the empirical research are examined at the level of organisational culture found at the research locations, and the examination of benchmarking practices through the lens of Neo-institutional theory. The thesis concludes with an analysis of the extent to which current approaches to benchmarking can be said to converge or show compliance and are thus explained by neo-institutional theory. Finally, the findings are examined for practical application for future performance improvement within the public sector.

1.4 Contribution to Knowledge and Practice

The research brings a unique contribution to knowledge because it builds on existing knowledge into both benchmarking (Bowerman, Ball and Francis, 2001; van Helden, 2005; Tillema, 2007) the convergence and compliance discussion from Neo-institutional theory (Ashworth, Boyne and Delbridge, 2007) and, also, the concept of sedimentation of isomorphic pressures (Cooper *et al.*, 1996). It will explore in depth, using an interpretive perspective, how the technique of benchmarking is undertaken and how the practice has evolved and become embedded within the organisational culture of district councils. Further it will examine the approach to benchmarking in the light of conformity to the changing legitimacy paradigm in public administration. The research will probe the drivers behind the use of benchmarking and attitudes towards performance improvement against a background of organisational change.

From a practitioner perspective the research is valuable because it will give a better understanding of the perceptions of the value of benchmarking as a technique which would guide benchmarking initiatives towards greater efficacy. The in-depth comparison of methods and attitudes will form a useful *benchmark* of the way other councils approach this activity. The effectiveness of wider sector-led initiatives on performance improvement will be studied for their perceived value in delivering better efficiency, effectiveness, or legitimacy. Where any barriers to benchmarking are exposed the reasons are examined to identify ways of removing such barriers and releasing potential to use the tool for performance improvement.

1.5 Structure of the Dissertation

The structure of the dissertation starts with a review of the literature which covers two distinct theoretical areas. The literature has been reviewed to ascertain how benchmarking has been treated within the context of public sector performance improvement, and also evaluates how the published research demonstrates that the approaches to benchmarking and the motivation for using that technique for performance improvement could be explained by Neo-institutional theory.

Chapter 2 begins with a review of the literature relating to performance measurement approaches and benchmarking in the public sector. The chapter encompasses a review of public management and tracks the underlying themes or paradigms of delivery of public services from Public Administration, through New Public Management (NPM) towards the theoretical perspective of New Public Governance (NPG), (Osborne, 2006; Osborne, Radnor and Nasi, 2013) or Public Governance (PG) (Hyndman *et al.*, 2014) as a means of operating public sector management.

The chapter explains the tool of benchmarking with its genesis in the private sector and its transfer to the public sector and consequent role in NPM. Literature is examined for evidence of the sector specific understanding of the concept of Legitimacy and a review of the legislative changes that have contributed to the legitimacy themes in the public sector.

Chapter 3 continues the review of the literature by exploring more specifically the reasons why organisations may be undertaking performance improvement measures. Neo-institutional theory and the concept of mimetic, coercive and

normative isomorphic pressures are examined as a theoretical framework to explain the organisational behaviours that are taking place. The chapter incorporates an assessment of the rationale for using Neo-institutional theory as a tool for investigation of these issues but also offers a critique of the theory as a suitable framework for this context. The concepts of convergence and compliance are examined, within the local government environment, as requirements for legitimacy. The concept of Legitimacy and theories explaining how this is managed are covered in depth. This is followed with an examination of research into the way that isomorphic pressures settle into the culture and practice of organisations in the process of sedimentation. The response of organisations to organisational change pressures and the theory of unfreezing and freezing into new structures is also reviewed. The chapter concludes with the conceptual framework and outline of questions that emerged from the review of literature.

Chapter 4 presents the chosen methodology of an exploratory case study for this research and considers the alternative research methods that were assessed for their appropriateness but rejected in favour of the case study. The case study methodology is justified as the appropriate method for this research and explanations are provided to reinforce why that method was chosen in preference to other design pathways. The potential risks and limitations of the methodology are discussed, and reference is made to the de-limits of the work. The scale and application of the study is outlined, and the scope and coverage of the fieldwork is explained and justified. The chapter explains in detail the method used and the ways in which assurance can be given of the external validity of this approach. The arrangements made to overcome the difficulties that were encountered in the fieldwork within English district councils are explained. Finally, the method for data handling and analysis of the results of the fieldwork are detailed.

Chapter 5 provides the findings of the study and how these answer the research questions. These have been analysed within a framework of isomorphic pressures. The chapter sets the scene for the research with an in-depth analysis of context of the fieldwork covering the political environment, the role of elected members and the perceptions of customers in these public sector organisations. There is an assessment of differentiation between public and private sector organisations. The

financial setting of the organisations is also highlighted. The findings initially show how benchmarking is undertaken in the districts then further sub analyses the constituent elements of the current exogenous isomorphic pressures as observed in the fieldwork at the sampled organisations, as seen through the lens of Neo-institutional theory. Following forensic examination of the factors making up the isomorphic pressures, the chapter gives an assessment of how these pressures were impacting on the organisations, provides examples of their responses to them and an assessment of the extent to which councils are undertaking benchmarking to display legitimacy.

Chapter 6 examines how the previous organisational responses to isomorphic pressures have sedimented into the culture of the organizations and more specifically into their benchmarking culture and the impact these have on the way benchmarking is currently carried out. This provides an analysis of how the process of sedimentation of the isomorphic pressures has occurred and how this affects performance measurement and organisational change.

Chapter 7 discusses the research findings and provides the facts on how this study has contributed to theoretical knowledge and to current professional practice. This final chapter also reflects on the limitations and weaknesses found in the study and makes recommendations for further research.

2 Historical Context to Performance Improvement in the Public Sector

2.1 Introduction

Local government was an early adopter of the technique of benchmarking, but its approaches have been affected by governmental pressures and been presented as comparisons of metrics, specifically in the field of management accounting, or delivering indicators for obligatory comparisons that have not achieved performance improvement (Bowerman, Ball and Francis, 2001; McNair and Watts, 2006). This chapter provides a review of literature from published sources on performance management within local government starting with an explanation of the underlying themes or paradigms found in the public sector and moves on to expand on the use made of benchmarks and the practise of benchmarking for best practice to improve performance. The concept of benchmarking is examined both in the private sector and its manifestations in the public sector. The chapter traces the influences on benchmarking from the early adoption as a tool of performance improvement; traverses the regime of New Public Management and the variety of externally imposed coercive assessment routines that have shaped modern day perceptions of the tool of benchmarking.

This section also examines the historical underpinning of benchmarking in the broader public sector and goes on to develop the issues that may explain how the contemporary approach to benchmarking is viewed and which led to the conclusions that local authorities have not made the transition from indicator benchmarking to ideas benchmarking (Tillema, 2010), nor developed comparison with structures and processes with other administration in the British Isles (Downe *et al.*, 2010), and that local authorities are an outlier when it comes to benchmarking (Economic and Social Research Council and Forum of Federations, 2013; Grace and Fenna, 2013).

Statutory requirements to produce a comprehensive set of Performance Indicators (BVPI) were imposed on local government as key element part of the Best Value regime (Ashworth, Boyne and Delbridge, 2007) but these are no longer required in that format, however a new regulatory framework exists from the current audit regime which requires evidence of value for money and financial resilience.

2.2 The Public Administration Themes

The nature of legitimate behaviour in public administration has evolved over time. Osborne (2006) suggests a time-line from the late Nineteenth Century to the late 1970s when the dominant mode for the public sector was based on Public Administration which had theoretical roots in political science and public policy and where the key features were values based on the public sector ethos, with an emphasis on policy implementation. This paradigm shifted in late 1970s to 1980s with the move to the New Public Management (NPM) model. The new paradigm, codified by Hood (1991), introduced the management techniques such as competition, that had previously been associated with the private sector and with them an inherent assumption that the private sector management methods were superior to those traditionally used in the Public Administration model (Osborne and Brown, 2011). The doctrines required under NPM were introduced because of a perceived lack of customer orientedness of public policy. Government bureaucracies were not seen to be adopting innovative behaviour in adopting managerial techniques (Verhoest, Verschuere and Bouckaert, 2007). NPM brought in the concepts of disaggregation of public services to their basic units and a focus on cost management and a regime described as 'management by numbers' (Hood, 2012). Hyndman et al (2014) writing in a context of accounting reforms in central governments, noted that NPM stressed the need for accruals accounting, (which had been adopted by the local government sector many years earlier (Jones, 1985), as well as output and performance oriented systems.

Under NPM the public sector was expected to embrace markets, competition and contracts, and this new paradigm worked on the value base of 'Efficacy of competition and the market place' (Osborne, 2010, p. 383). Advocates of NPM expected that the new requirements would transform bureaucrats into managers and this would result in better management (Hyndman *et al.*, 2014). NPM was intended to 'embed private sector practices within a public sector context so as to make the organisations more customer focussed' (Brunetto and Farr-Wharton, 2008, p. Abstract) (they continue by suggesting that their findings found that practice was contrary to that aim), and implied 'that government organizations would perform better if they behave like private organisations that compete with rivals to meet consumer demands' (Walker *et al.*, 2011, p. 707). That phase of

NPM with the focus on market orientation was transitory. Increasingly the achievements and legacy of the NPM reforms is being questioned 'in terms of outcomes, and there is an ongoing movement away from the implicit requirements of NPM at the turn of the 21st century towards the new theory of New Public Governance (NPG) (Osborne, Radnor and Nasi, 2013) but also referred to as Post-NPM (Christensen, 2012), or Public Governance (PG) (Hyndman *et al.*, 2014).

Walker et al (2011) noted that the market orientated reforms of NPM have been adopted and institutionalized in the public sector, and, similarly, Ashworth et al (2013) have identified that the sedimentation of previous pressures have led to 'a hybrid model of public service governance where forms of bureaucracy, market and network operate simultaneously' (2013, p. S12) which is described as Public Governance (Hyndman *et al.*, 2014). Osborne, however, presents an alternative view and posits that the traditional models of PA and NPM are 'failures' and not able to 'capture the complex reality of the design and delivery of management of public services in the 21st century' (Osborne, 2009, p. 5). Lapsley criticises the NPM more strongly saying that 'in terms of outcomes, the failure, generally of NPM, makes it a cruel disappointment' (Lapsley, 2009, p. 2). Lapsley is particularly critical of the costs of the oversight regime of NPM in local government.

NPG is considered to answer the needs of a more diverse society and acknowledges the increasing complexity of public sector objectives. The Local Government Act 2000 introduced a new ethical framework for Local Government with new obligations regarding the conduct of elected members, obligations regarding declarations of members interests and a requirement to appoint a Monitoring Officer to oversee standards (Cowell, Downe and Morgan, 2011). The cultural implications of this change to the introduction of new themes such as public consultation, citizen engagement, learning and partnership; co-operative networks (Bovaird and Loffler, 2002). Consultation is now taking place on a revision to that legislation relating to ethics (Committee on Standards in Public Life, 2018). Other writers have added the requirement for a new focus on service effectiveness and outcomes and inter-organisational relationships (Osborne, 2006), and a 'more value based management using ethical guidelines and a greater

employee commitment to the public cause' (Christensen, 2012, p. 647). However, Hyndman et al (2014) present a different slant by suggesting that the new requirements of NPG do not replace the previous discourses but 'supplement rather than supplant them' (Hyndman *et al.*, 2014, p. 388) and this concept of sedimentation of management ideologies will be addressed in a later chapter.

Understanding the historical background to performance measurement and assessment is important in viewing how the approach to benchmarking has been shaped by imposed regimes.

2.3 Development of Performance Management within English Local Government

Within the public sector, Callanan (2010) explains that performance measurement has three aims:

- to inform service users and citizens about the service(s) provided by democratically elected bodies;
- to provide politicians and management with information to inform strategy and decision making;
- to satisfy needs of external regulatory bodies e.g. central government who wish to monitor performance.

However, these aims suggest that the public sector is not measuring performance with the explicit aims of improving that performance, but rather to both inform internal and external decision makers and to satisfy regulators. This latter view suggests there is ambiguity in the drivers for performance measurement and questions whether organisations are undertaking the performance regimes motivated by a desire improve performance or solely to conform with norms promoted by the state as a means of presenting their legitimacy (Ashworth, Boyne and Delbridge, 2007). However, they were basing their conclusions on local government activity under the Best Value and they may no longer apply as the performance regime has changed. The issue of performance is also increasingly complex from the perspective of delivery because local authorities are now delivering services through other providers rather than direct provision (Walker and Boyne, 2009) meaning that service users such as tax payers will be judging

the local authority on services provided by other agents.

2.3.1 *Development of comparative performance techniques in the Public Sector*

Comparison of performance information is not a new activity in the public sector. The Treasury used comparative data from the Ministry of Education as a benchmark for the schools building programme in the 1950's (Cutler, 2013). The Chartered Institute of Public Finance and Accountancy (CIPFA) was co-ordinating comparative statistics for the public sector in the 1970's and thus pre-dates comparisons driven by New Public Management and the centralised collection of performance metrics under the auspices of the Audit Commission. Groups of financial professionals in geographical areas would collate metrics for their area for comparative purposes in informal benchmarking networks and clubs (Audit Commission, 1995; Bowerman, Ball and Francis, 2001). Benchmarking, with its roots in management accounting (Siverbo, 2014), was described as a re-branding of old techniques and giving a modern name to well established local authority practices (Bowerman, Ball and Francis, 2001). However, the early comparative work and informal clubs were voluntary within the sector and not introduced as a tool of central government assessment until the Best Value initiative.

2.3.2 *Central Government Assessment*

External examination of local authority performance (Callanan, 2010) began in the 1970s with the Value for Money regime which encompassed the three E's (Economy, Efficiency and Effectiveness), through Compulsory Competitive Tendering [for services such as refuse collection] (CCT) (1980s) and Best Value reviews (1990s). The concept of Best Value was included in the Local Government Act 1999 (s.3.1) (Grubnic and Woods, 2009) as a duty 'to make arrangements to secure continuous improvement in a way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness' (*Local Government Act, 1999, p. s.3 (1)*). The Best Value initiative expected that the regime would lead to changes in structure, culture and the processes and content of strategies and was a major driver in the plans for modernisation of local government (Ashworth, Boyne and Delbridge, 2007). Local councils were expected to shift away from traditional rigid structures and become less bureaucratic, more decentralised and move to flexible structures that were more

responsive to citizens' demands (Ashworth, Boyne and Delbridge, 2005) whilst at the same time improving relations between managers and staff (Ashworth, Boyne and Delbridge, 2007). Relations between central and local government at that time were tense, with perceptions that central government did not trust local government and was imposing 'top-down' bureaucratic control and councils were seen as resisting reforms where they conflicted with local priorities (Döring, Downe and Martin, 2015).

Central government assessment of local government performance continued until 2010 when the Tory Lib-Dem coalition ended the external regime.

2.3.3 *Sector Led Performance Initiative*

In 2011 the Local Government Association (LGA) launched their sector led performance and improvement offer, the Corporate Peer Challenge (CPC). This scheme followed consultation within the sector to set up a form of self-regulation and improve upon some of the weaknesses seen in the previous centrally imposed regimes (Local Government Association, 2011). Although the requirements of the CPA were not popular, the ready adoption of this CPC initiative suggests that practices have become embedded in the culture of local government (Döring, Downe and Martin, 2015). Under the initiative, a team of peers from local government (officers and elected members), and in some cases someone from the private or voluntary sector, facilitated by the LGA, would visit a council and give feedback on their current situation and make recommendations for further development. The aim of the initiative is to focus on the future, and was designed to meet a need from councils for assurance about their plans in the absence of other external checks (Downe, Martin and Döring, 2014). The aim of the CPC team is to act as 'critical friends' to the council. Reports are not graded or scored, and do not assess comparative performance but focus on more strategic issues such as leadership and corporate capacity. Comparative performance assessment is considered to be particularly important where there is a 'vertical fiscal imbalance' i.e. where those governments or other agencies such as business, are not directly aligned with the citizens or other recipients of those services (Grace, 2013).

The CPC is continuing with a greater focus on leadership of Place, and financial sustainability; a Finance Peer review, described as a Financial Health check, was

introduced in 2014. The challenges, which are highly regarded within the sector, are optional, but a review of the scheme undertaken on behalf of the LGA in 2017 recommended that every council should have a CPC (or a Finance Peer Review) every four or five years (Downe, Bottrill and Martin, 2017). Although the CPC is said to be valued it is significant that some councils still have not had a challenge visit (Local Government Association, 2018) and the reasons for this are unclear. It would be worth further research into understanding whether the lack of take up is based on active decisions and whether these are driven by Members or by Officers. Similarly, further research would be useful from an institutional perspective, to determine whether councils regard the Peer Reviews are undertaken because they are the expected norm for the sector, or whether the recipients inherently value them and want to participate in the Challenges.

In the wider context of sector led improvement, a survey for the LGA (BMG Research, 2018), showed there were significant differences in attitudes towards sector led improvement being the correct approach in the current context, with Chief Executives (88%) in agreement, but only 66% for Chairs of Scrutiny suggesting that further research into the reasons underlying these differences could be worthwhile.

2.4 Benchmarking

Benchmarking as a tool for performance improvement has its roots in the manufacturing sector (Francis and Holloway, 2007) and the definition provided by Camp describing work at Xerox was 'a continuous process of measuring our products, services and practices against those of our toughest competitors or companies renowned as leaders' (Camp, 1993 p. 24). Camp (1993) identified four major types of benchmarking: internal, functional, generic and competitive. He described the features of these four distinct types in the following way:

- internal, meaning within the organisation where different departments compare their similar practices to bring standards up to those of the best;
- functional, where an organisation compares their processes against other organisations doing similar tasks or functions;
- generic, where the whole processes of the organisation are compared to

those in unrelated industries;

- competitive, where practices and methods are compared with those of direct competitors.

Watts and Mead (2005) offer a similar taxonomy:

- internal – focussing on the elimination of activities that do not add value for the customer;
- direct competition – identifying the strengths of the competition and using that to plan future strategies;
- industry – developing the competitive advantage by comparing with organisations that show best practice;
- best in class – using businesses in different sectors by separating the business from the product.

The direct competitive type of benchmarking has been considered as more applicable to the commercial sector where organisations note the weaknesses of competitors to enable them to build their competitive strategies; industry benchmarking where organisations would be looking for trends and aiming to improve against industries producing similar products or providing similar services, and finally the 'best-in-class' where an organisation will benchmark against a similar product from a separate part of the industry (McNair and Watts, 2006). McNair and Watts (2006) compare the progression of these four steps of benchmarking to a journey from simple functional benchmarking to a strategic focus on achieving world class status. Significantly, these writers, though not specifically focussing on the public sector, have used an institutional theory in analysing the drivers and motivations for organisations to undertake benchmarking and this model will be used as a framework for understanding benchmarking in district councils.

2.5 Benchmarking in the Public Sector

The technique of benchmarking transferred to the 'white collar' parts of the service sector and it became a popular management tool, with Zairi and Al-Mashari (2005) noting that it was in use in Health services, Education and government.

Internationally it has been used as an improvement tool for schools in the USA (Schober, 2013); children's services in Canada (Thomson, 2013), and in Australia (Fenna, 2013).

There are two approaches or drivers that have encouraged or exerted pressure on the public sector to undertake benchmarking exercises to assess their comparative performance or improve their practices, processes and structures. Firstly, an approach at a micro level as learning aimed at improvement described as 'bottom-up' benchmarking which Marques and de Witte (2010) call 'bottom up benchmarking'. The second, or macro, approach, is defined as 'top-down' benchmarking, and comes from controlling or regulatory bodies who define and is imposed as a means of hierarchical control.

Karkatsoulis (2000) suggested that benchmarking stands a better chance of succeeding in public administration in 'Anglo Saxon countries where there is a stronger tradition of competition and where the state is more subsidiary in character' (Karkatsoulis, 2000, p. 468). The potential for generalising his statement to English councils is rather limited as the tradition of formal benchmarking only started in the UK following the end of the CCT requirements of the 1980's.

Camp's taxonomy of benchmarking has been suggested for the public sector as:

- internal – internal comparisons
- functional – with other councils
- generic – similar processes regardless of industry or sector
- comparisons with competitors

Source: Association for Public Service Excellence (APSE) (Hughes, 2012)

Within the UK various public sector organisations and professional groups have organised benchmarking and benchmarking clubs e.g. CIPFA, the Planning Advisory Service (PAS), Housemark for social housing, Society for IT Managers (SOCITM) for IT services (Hughes, 2012). However, the motivation for benchmarking in the public sector is different from that in the private sector

because, generally, the competitive dimension is missing (Kouzmin *et al.*, 1999), even though NPM encouraged local authorities to act in a competitive way.

Boyne (2002) noted that critics of NPM felt that the differences between public and private organisations were so great that business practices should not be transferred to the public sector. Under the theme of Public Governance Hughes (2012) suggests that the focus of benchmarking should be changing away from the cost comparisons towards a greater focus on the demands and requirements of citizens which seems at variance with the requirements of austerity when extra effort would be expected on economy of inputs and efficiency of outputs, however he stresses that benchmarking has to cover ‘outcomes, policies and objectives’ as well (2012, p. 7). In a series of papers for the Forum of Federations Grace et al advise that public sector benchmarking should be an active tool that not only compares services to others, or one's own sector over time but should be ‘coupled with the intention to learn and improve’ (Grace, 2013, p. 7), suggesting that in the post NPM era the motivation to benchmark should shift from the extrinsic imposed narrow model of responding to indicator requests, to an intrinsic desire to improve .

Within the public sector it might be expected that, with an absence of direct competition, sharing and transparency of performance information would be simplistic, however the propensity of local authorities to divulge information that enabled comparisons is questioned by Bovaird and Davis (1999) who, in the context of strategic benchmarking, noted that some authorities were unwilling to share more sensitive information and they advanced the concept of an 'information exchange', where an authority wishes to have access to certain more sensitive information, it should be required to deposit an amount of its own information in exchange. In their research (Bowerman and Ball, 2000a) observed the political risks that followed benchmarking where their interviewees feared that Members and senior staff would use the results of benchmarking exercises to cut costs or use the results in staff appraisals.

Bowerman et al (2001) suggest that the underlying driver from central government was to compare local authority performance with that of alternative providers, but the Labour Government in the early 21st century, 'New Labour', was overt in encouraging benchmarking to improve services. Bowerman and Ball (2000a)

describe the aim of benchmarking from the local authority perspective to 'provide reassurance that things are being done well and promoting a feel good factor', which suggests a fundamental difference in ideology between local and central government. Despite their suggestions that benchmarking was just done for 'reassurance,' local government performance under the Best Value regime did improve, though there was criticism of the costs involved in driving that improvement (Bovaird, 2000).

2.5.1 *Barriers and Risks to Benchmarking Effectiveness*

Explanations given to explain why benchmarking has been slow in the public sector have included difficulties in finding other benchmarking partners (Longbottom, 2000), and staff resistance and confidentiality (Hinton, Francis and Holloway, 2000). Historically, the drivers for benchmarking in the public sector have been influenced by the requirements for CCT and the results of defensive actions to the Best Value and CPA regimes (Dunne, 2016). This legacy of using mechanisms based on government collected data or measures focussed on an old Audit Commission regime that is no longer relevant for the demands of their citizens suggests that the sector is not using comparative arrangements that are sufficiently active and high frequency to suit the demands of the modern local government paradigm, as Hughes explains 'little use proving you have the best apples if citizens need oranges' (Hughes, 2012, p. 5). In his statement, Hughes captures the disparity between delivery of performance that meets the first two of the VFM '3Es, efficiency and effectiveness, but fails to meet effectiveness or equity in citizen focussed objectives. The suggestion from Hughes could also be interpreted as applying to a measurement only of the current position and is not sufficiently forward facing as a technique.

2.5.2 *Moving towards the average*

A further criticism of benchmarking in the public sector is that instead of building on performance to become 'best in class' there is a tendency to converge towards the means of national performance bands' (Davis, 1998, p. 264) or 'cluster around the mean' (Francis and Holloway, 2007, p. 183), and looking at reasons for [comparative] discrepancies in performance rather than improving performance (Bukh and Kjaergaard, 2009). In the health care sector, it is questioned whether

government set targets, are motivating organisations to improve, or having the unintended consequence of organisations aspiring to the 'average' performance (Northcott and Llewellyn, 2005). Referring to research into the local authority administration of UK elections, James (2013) found that election officials noted that the standards 'encouraged them to drop their performance to being at the standard' (James, 2013, p. 51). Bowerman and Ball also observed the local authorities in their study were only 'doing what was achievable, rather than what is ideal' (Bowerman and Ball, 2000a, p. 36). Their research did not pursue the reasons why local authorities stopped at the 'achievable' and were not motivated to apply more effort to get to 'best in class'. Further deterrents to benchmarking are the demoralising effect of seeing a large and unbridgeable performance gap between the organisation and 'best - in - class' and, for that reason, organisations could be better comparing with 2nd or 3rd best (Fedor, Parsons and Shalley, 1996).

Contrary to expectations from a mechanism aimed at improving performance, evidence from Sweden suggested that the weaker performers blamed flaws in the mechanism, and excellent performers 'used results to reduce performance' (Knutsson, Ramberg and Tagesson, 2012, p. abstract). Knuttson et al subsequently refers to the risk that, paradoxically, benchmarking may create a norm of performance 'thus levelling performance rather than enhancing it' (2012, p. 28). In a similar observation, it has been argued that 'benchmarking only allows organizations to catch up with the leader, not to leap-frog them' (Cox and Thompson, 1998, p. 11). Seddon puts the case more strongly saying 'Benchmarking is the fastest way to mediocrity' (Seddon, 2012, p. 29). Despite these apparent demerits, central government continued with benchmarking for improvement as a recommendation under the CPA regime.

2.5.3 *Importing the private sector model*

Research has warned against a simple import of the private sector benchmarking model into the public sector because the relationship with customers in the public sector differs from that in the private sector, as for most, but not all, services, local authorities are not in direct competition with each other for customers (Marques and De Witte, 2010) (though there is a contrary view that local authorities might want to attract in more businesses (Villadsen, 2011)), simply because the public

sector works differently from the private sector (Bukh and Kjaergaard, 2009). However, this latter study covered utility undertakings, which are the responsibility of local government in some countries in Scandinavia and northern Europe, and does not fully identify the reasons that might justify a different model of benchmarking for the UK public sector.

In Camp's examples (Camp, 1998), benchmarking took place with organisations from other sectors, but there is little evidence of this in the public sector. Bowerman and Ball (2000a) noted that most initiatives to benchmark were either internal or with similar authorities and they note that the local government practice of benchmarking was 'rather more modest in its scope than the industry best practices in Camp's definition' (Bowerman and Ball, 2000a, p. 36). This view was supported by the article written by the Chief Executive of the Association for Public Excellence advocating the use of benchmarking but pointing to its value as:

*“...allow local authorities to test their service performance against other comparators within the sector.... enables councils to share intelligence in order to learn from each other” (O'Brien, 2013)
[researchers emphasis]*

Likierman encouraged the use of benchmarking for service areas across industry boundaries advising 'And, if others in your sector won't exchange information, go outside – it's astonishing how many service functions in dissimilar industries have similar problems' (Likierman, 2006, p. 76). Whilst Likierman acknowledges that the points are also applicable to the public sector it is a limitation of his work that he doesn't explore that application in detail. Considerations of commercial advantage inhibited the use of benchmarking in the public sector (Francis and Holloway, 2007) and this was particularly true in the era of Compulsory Competitive Tendering (CCT) as in an example given by Bowerman and Ball: the link to CCT mitigated against some external benchmarking with a competitor with one authority explaining 'For me to tell CSL [a potential competitor] what we do would be suicide' (Bowerman and Ball, 2000b, p. 24). The work by Bowerman and Ball reinforces the point that CCT was based strictly on a criterion of cost and not quality measures. Under that legislation the authority was obliged to contract the service to the lowest bidder. Where the council put in the lowest bid they would

be awarded the contract. Some writers have suggested that savings from in-house contracts did not arise from efficiency, an approach that might have suggested benchmarking, but from employees pay and conditions (Wilson and Game, 2011).

2.5.4 *Economic Risk to Benchmarking*

There is a risk to associated with benchmarking where it used to reduce costs and thus resources leaving organisations with no 'slack' that could be used to generate future innovations or provide organisational resilience (Kouzmin *et al.*, 1999). This issue is reinforced by explaining that an organisation, following budget pressures, had large staff reductions but had 'few staff left to innovate, even when innovation was deemed essential' (Kouzmin *et al.*, 1999, p. 311). A similar phenomenon was observed in the Danish power industry where practitioners opined 'you could save yourself to death if they kept the cost level too low' (Bukh and Kjaergaard, 2009, p. 19). These studies, however, suggest two issues that need to be addressed within English local government: the staff reductions and impact on innovation. Firstly, the evidence confirms there have been staffing reductions as the staffing in local government has reduced by 21% from 2010-11 to 2016-17 (National Audit Office, 2017), though this may not be fully explained by reduced numbers as some services that were previously in-house may have been outsourced and now count as service costs. Further, there is no evidence to explain whether the reductions came from benchmarking or from any of the other market related performance improvement measures. Secondly their report of the risk to innovation is not supported by the evidence from sector as seen in the case studies on innovation publicised by the LGA.

2.5.5 *Post Coalition Government*

The current nature of collaborative benchmarking includes benchmarking clubs organised by professional bodies such as CIPFA which has a range of membership clubs which have been running for a decade (Grace, 2012). Evidence from Adebajo and Mann (2008) covering Benchmarking clubs in New Zealand and the UK, however, showed that the networks tended not be sustainable over long periods due to changes in personnel within member organisations, and perceived cost compared to value received. Although informal networks may not be sustainable in the long term the Association of Public Sector Excellence, and more

recently, the LGA have introduced benchmarking arrangements (LG Inform) which may resolve short-termism. Grace (2012) comments that these groups offer 'an approach emphasising professional front line leadership of service improvement' (Grace, 2012, p. 52) though he does not overtly address the perceptions of cost and value. Studies based on the evidence from Best Value and CPA do not address the perceptions of cost and value of the sector led networks in the time of austerity, and it would be worthwhile investigating the opinions and perceived benefits of the LGA offer.

2.6 Performance Assessment

Performance measurement grew in the UK public sector during the 1990's with Government using it as a goad to efficiency and effectiveness (Bird *et al.*, 2005), though other writers, possibly writing with the insight of a longer period of CPA experience, have pointed to the ineffectiveness of that compulsory initiative (Wilson and Game, 2011). Public sector organisations that were not in competition with each other for customers were expected to collaborate (Nutt, 2000). The nature of benchmarking during that decade became associated both with the 'compete' element of the Best Value regime and a desire to defend the authority's performance when compared to others, rather than using it to improve performance. The Audit Commission had power to 'intervene' where a local authority was perceived as failing to meet its statutory obligations and this link between intervention and compulsory benchmarking did not encourage its voluntary use. This led to a growth in performance measurement described as the emergence of a 'performance measurement industry' (Johnsen, 2005, p. 9). The inspection heavy approach to performance assessment and the cost of providing the required information was a major criticism of the central government Best Value initiative (Wilson and Game, 2011).

In 1998 the Local Government Management Board proclaimed that 'benchmarking is the most frequently proposed method for [performance] comparisons' (Davis, 1998, p. 260). In that decade there were a number of benchmarking initiatives such as the Local Government Benchmarking Reference Centre; the Inter Authorities group and Core Cities Group (Davis, 1998) and benchmarking was undertaken widely in the public sector (Triantafillou, 2007). Benchmarking was

more popular within some professional areas, particularly those that had been subject to Compulsory Competitive Tendering, Davis (1998) noted that in areas where professional membership was weak, such as economic development, benchmarking and other collaborative approaches were less likely to take place. At the end of the 20th century, before the spread of shared services, outsourced delivery models and other responses to financial austerity pressures, UK public sector organisations were more similar in structure and practices and this homogeneity meant that comparison of benchmarks was a good method of highlighting relative efficiency. As Berg (2007) stated:

“metric benchmarking quantifies the relative performance of organisations.....and identify performance gaps” (Berg, 2007, p. 2);

though it should be noted that his research related to the public utilities which had a more homogeneous structure than the district councils under Localism.

Collection of national local government performance indicators began within the advent of the Comprehensive Performance Assessment regime in 2002 (Grubnic and Woods, 2009). This was the latest initiative from central government to improve the performance of local government following the New Public Management (NPM) reforms (Hood, 1991), (though Hyndman et al (2014) note that instruments such as performance measurement were on the public sector agenda before NPM), has been described as a set of doctrines as a response to perceived lack of results and customer orientatedness in the public organisations that delivered services to the public, and to force public sector managers to innovate by competing with private sector for operation of services (Verhoest, Verschuere and Bouckaert, 2007).

Performance was shown to be an important factor in senior management turnover in local authorities (Boyne, *et al.*, 2010; Boyne, *et al.*, 2011). Pollitt identified performance targets and standards as one of 'the six core features of NPM driven reforms' (Pollitt, 2000, p. 183) and continued that external inspection is a loss of faith, by politicians and public, in the traditional forms of bureaucratic and professional control.

2.6.1 *Effectiveness of Performance targets in enhancing performance*

Performance targets have had a mixed effect on service improvement. Whilst the early CPA rounds detected the poorest performance they did not have much effect in driving up performance from councils who were already performing well, and they were criticized for having a low degree of sensitivity towards the local context (Downe *et al.*, 2010). Despite the great activity on performance assessment, the overall satisfaction (from a citizen's perspective) fell by 11% between 2001 and 2006 (DCLG, 2007). By themselves, the CPA rounds and performance assessment mechanisms do not appear to have had the intended effect of driving up performance to the standard of the best, but the CPA did not take place in times of stasis and other factors were continuing to impact on the abilities of local authorities to improve their services such as; changing service needs; economically deprived populations; changing political and managerial leadership (Andrews, Boyne and Enticott, 2006). Changing organisational structures also impacted on performance levels, and research by Andrews and Boyne suggested that structural change was likely to be associated with 'a dip in organizational performance' (Andrews and Boyne, 2012, p. 299). Their research was undertaken at county councils, but it seems likely that similar performance changes would happen in other authority types, but further research would be required to test the time-scale and magnitude before the performance levels would be restored, and the extent to which organisations factor in the potential for performance loss when planning their organisational changes. Political incentives for local authorities to improve their performance depended on the base line performance level. Although performance assessment was a high priority for central government at the time of CPA, there is evidence that enhancing performance that was already good did not influence voters (James and John, 2006). There was a negativity bias with an incentive for administrations that were performing badly to move to good performance but there was no electoral reward for high performance (Boyne *et al.*, 2009). The lack of strong justification for using performance measurement, particularly externally imposed measurements implies that another force that might explain the adoption of performance indicators. In 1993, prior to the imposition of central government selected performance indicators, research found that although there were pressures on local government to perform, the emphasis

was actually on enhancing accountability rather than driving change (Sanderson, 2001). This perverse effect of government imposed performance information is not limited to the UK; Mimba, Helden and Tillema (2013) observed that local governments in Indonesia were concentrating more on completing performance information reports and ensuring that deadlines were met, rather than actively using the information to improve performance. Watts et al (2010) undertook research in Australia and argue that 'performance indicators were adopted as a symbolic gesture to satisfy the needs for externally conferred legitimacy' (Watts, McNair and Baard, 2010, p. 6). It could be argued that under the Best Value initiative a council would have lost legitimacy if they failed to produce a statement of their performance indicators, it seems unlikely that the simple act of producing the numbers achieved much legitimacy gain.

The overall effectiveness of any of the 'management by numbers' initiatives including targets and rankings is now being questioned (Hood, 2012). The potential ineffectiveness of performance measurement can be summed up by a quotation, referring to the Best Value regime:

“At the end of the day we say to councillors that we need to make presentations on these kind of things to keep the auditors happy. There is an audit compliance strategy rather than striving for excellence” (Arnaboldi and Lapsley, 2008, p.38).

NPM, which was the dominant discourse from the late 1980's to the early 2000's (Hyndman *et al.*, 2014), was intended to reform public management and deliver a results-oriented approach focussing on performance indicators and performance management (Boyne and Walker, 2010) but was not without criticism; Pollitt and Bouckaert (2000) challenged the effectiveness of the approach, whilst Power (2010) refers pejoratively to 'the audit society'. With the movement to NPG in the 21st century it is suggested that a new type of performance information will be required; Bovaird and Loffler (2002) refer to this as a new generation of governance benchmarking (2002, p. 20).

2.6.2 The Role of the Audit Commission

The Audit Commission was established in 1983 (Local Government Finance Act

1982), and although Kouzmin et al (1999) suggested that it was difficult for public sector organisations to identify 'best in class', the Audit Commission attempted to do this when they developed the concepts of 'Best Value' and Beacon councils. The four features of Best Value were to compare, challenge, consult and compete, and it was this legislation that introduced benchmarking as an official recommendation to local government with a White Paper advising:

“Authorities will be expected to compare their performance with the best using national performance indicators and, for example through benchmarking clubs” (DETR, 1998)

The Best Value regime had expectations on the type of organisational forms that authorities were expected to follow with the expectation that those structural changes would bring about improved performance. Under the framework authorities were able to bid to become pilot sites and benchmarking was part of the bidding criteria. The Audit Commission's endeavours to develop Performance Indicators were not without criticism (Bovaird and Davis, 1999), and a consequence of the audit driven regime was that benchmarking became associated with accountability and a blame culture rather than inspiring performance improvement (Bowerman and Ball, 2000b).

CPA, operated through the Audit Commission, collected performance indicators from all councils in both absolute performance measures and an assessment of expected future performance ('direction of travel'). Councils were assessed in one of five categories (poor, weak, fair, good or excellent, but subsequently amended in 2005 to a star rating with 4* meaning excellent) (Grubnic and Woods, 2009). This rating of performance gave rise to comparative positions seen as league tables. The assessment regime was criticized by Luton (2007) for a lack of objectivity particularly in the context of aggregation and weighting of index scores into an overall measure. CPA was a very complex regime described as 'unprecedented level of sophistication, complexity, formal structure and prescription' (Haubrich and McLean, 2006, p. 271) and was originally intended to provide high performing authorities with greater freedoms (greater autonomy and light touch inspections) but these did not materialise. Chief Executives had, however, seen a positive benefit to the CPA regime because of the insight it gave:

“[Chief Officers].....ask where they can share ideas and insight now they have lost the formal structures like the Audit Commission and CPA for reporting success, failure and improvements” (Zurich Municipal, 2016, p. 3).

CPA ceased in 2008 (Haubrich and McLean, 2006) and was replaced by the Comprehensive Area Assessment (CAA) – a more subjective measure that compared public assessment of the municipal provision in their area on a three-yearly basis. CAA was abolished in 2010 by the newly elected coalition government (Hughes, 2012).

2.6.3 *Efficacy of Performance Indicators in accurately reflecting Performance*

The scale of collection of performance indicators (PIs) in the UK increased significantly during Best Value and CPA. Governments have invested much time and money (quoted as £2.5 billion excluding the costs incurred by local authorities themselves (Haubrich and McLean, 2006, p. 272)) in collecting performance data with the expectation that it will improve performance (Moynihan and Pandey, 2010). The cost of auditing local government was quoted as 2.1% of the expenditure audited (Haubrich and McLean, 2006), and, writing some decades earlier, Power (1994) warned of an ‘explosion of audits’. The impact of the growth in performance measurement activities led to the suggestion that 'delivery of services is undermined by the time, effort and management expertise deployed to cope with ever more elaborate forms of NPM' (Carvalho *et al.*, 2006, p. 166), and there is some scepticism about their accuracy in reflecting the true position of public sector performance and their usefulness in driving up performance. The power and influence of [regulatory] audits was considered a threat that might 'distort the behaviour of managers as they seek to be seen to discharge their duties' (Lapsley, 2008, p. 89). Andrews *et al.* (2011) in researching performance measures concluded that many surveys were:

“designed by public management researchers and therefore (implicitly or explicitly) reflect their values about what constitutes good or bad performance...and not the aspects of service that they [the managers] would prioritize” (Andrews, Boyne, and Walker, 2011, p. 4).

A further criticism of the regulatory regime came from Freer (2002) who questioned the doctrine of inspectoral infallibility pointing out the danger that the inspectors [of performance] may not necessarily be correct in their assessments. It has also been suggested that there was a tendency to over report performance achievement (Andrews, Cowell and Downe, 2011).

2.6.4 *The impact of League Tables*

The efficacy of league tables and performance standards in inspiring organisations to improve is doubted, and research has found that they can actually conspire against the process of improvement and learning (Hinton, Francis and Holloway, 2000; Northcott and Llewellyn, 2005; Haubrich and McLean, 2006; Tillema, 2007; Local Government Association, 2011). However, their studies do not go into depth in determining the ideology behind the promotion of league tables and the implications they had for the governance and trust relationships between central and local government (Bevan and Wilson, 2013; Fenna, 2013). The value of league tables can also be questioned on a practical level because knowing the organisations position in a league table does not explain how better performers gained their status or how to move up the table (Goldstein and Spiegelhalter, 1996; Kouzmin *et al.*, 1999; Northcott and Llewellyn, 2005; Francis and Holloway, 2007). Ball, Bowerman and Hawksworth (2000), identified the paradox that if league tables are intended to inspire better performance, the results of the league tables are not available until after the performance has been recorded. The contradiction of comparative position in performance league tables is that relative positions cannot be exactly determined by performance activity because the organisation's position in the table is affected by the actions of others. An example from the Danish power sector has 'if a company improves its cost structure, its ranking in the benchmarking is evidently influenced by the performance scores of other companies that might or might not attempt to minimize costs' (Bukh and Kjaergaard, 2009, p.20). Their research captures a frustration arising from league tables as performance improvement mechanisms, and similarly, the reaction in UK local government was also negative in that league tables and quartile positions seen under CPA failed to help underperforming councils and discouraged collaborative working (Local Government Association, 2011).

Northcott and Llewellyn (2005) are also critical of the league tables imposed by regulatory bodies believing that they promote the activity of indicator benchmarking at the expense of ideas benchmarking and thus demote the potential of creativity. In their research of the health sector they refer to the expectation from central government that league tables would inspire poorer performing organisations [Trusts] to 'raise their game' and improve their performance up to those of better performers, whereas the practical results tended to be hospital managers seeking to justify their positions on the league tables and emphasising the 'differences rather than the deficiencies' (2005, p. 426). The concept of 'beacon hospitals' as paragons of exemplar practice, that were intended to serve as target performers for weaker organisations, only led to the 'Tall Poppy Syndrome' articulated in the NHS Modernisation Agency 2002 as 'if you stick your head up to say 'look what we are doing', people resent you for it and are keen to cut you down' (NHS Modernisation Agency quoted in Northcott and Llewellyn, 2005, p. 428). Nevertheless, the imposition of league tables and the star rating system under which the worst performing hospitals were 'named and shamed' was successful and, overall, hospital waiting times were reduced (Bevan and Wilson, 2013).

2.6.5 *Dysfunctional Behaviour*

The key performance indicators (KPIs) regime has been criticised as leading to dysfunctional behaviours such as gaming (Wiggins and Tymms, 2002; Pollitt, 2011; Sanger, 2013), because they give the opportunity to show the 'right' results without actually delivering any real improvement in performance (Grace et al., 2013), and a mechanistic process or 'a paper chase, subject to manipulation and avoidance tactics and thereby discredited' (Sanderson, 2001, p. 311). In a further example evidence from work undertaken on the introduction of standards in UK elections found that some officials admitted 'marking themselves low to begin with to show improvement' (James, 2013, p. 51). In that standards initiative however, the overall result was considered to be an improvement in electoral arrangements and also an effective learning exercise.

The efficacy of performance indicators in accurately assessing performance has been questioned by research showing that potential benefits might be offset by

dysfunctional behaviours and data manipulation (Lapsley and Mitchell, 1996; Pidd, 2005; de Bruijn and van Helden, 2006) and, Lapsley (2008) referring to experiences in the health sector. Tillema expands on this practice explaining 'organizations respond to stakeholders' expectations of improved performance by taking actions that improve their reported performance (i.e. benchmarking scores), but that leave their *actual* performance, at best, unchanged' (2010, p.71). Similarly, there is evidence that some authorities actively managed their responses to performance indicators by providing documents and evidence to satisfy the regulators and to get a high performance score 'without actually improving the quality of the underlying service' – described as 'procedural compliance' (Haubrich and McLean, 2006, p.277). Their research provides a further example of a mismatch between the authors of performance indicators and the recipients in a practical example a performance indicator required the number of visits to the library – but the authorities aim was to increase the use of internet facilities. The research continues with another example of perverse consequences of performance indicators for school attendance; a school might be more inclined to close on a snowy day – rather than declare poor attendance when the school was open. Pidd (2005) expands on dysfunctions by referring to unintended consequences of publishing performance data in the public sector, including gaming, where managers under achieve on a first round to secure a lower target in subsequent rounds; and 'tunnel vision' where managers concentrate on the easiest targets and ignore the rest. Furthermore, Lapsley held that 'performance measurement will continue to exhibit dysfunctional and contentious effects which will not be resolved in the foreseeable future' (Lapsley, 2008, p. 86). However, more recent writings suggest to the contrary, with Kuhlmann and Jäkel (2013) proposing that a voluntary approach, rather than compulsory league tables, would prevent gaming strategies. Quirk (2013) however, writing from the perspective of a practitioner, also noted the potential gaming effect and suggests that this should be countered by frequent changes to the approach to performance measurement and avoidance of an over reliance on quantitative measures.

2.7 Conclusion

There is ambiguity in the use of definitions of benchmarking within the public sector, and the term is used widely to cover both the comparison of benchmarks,

and best practice for improvement, leading Tillema to conclude that the link between benchmarking and public sector improvement is 'not straightforward' (Tillema, 2010, p.70). A weakness in the public sector use of benchmarking is that it is focussed on the metrics (the benchmarks) rather than the processes (Ammons, Coe and Lombardo, 2001) and referred to as *performance* benchmarking rather than *best practice* benchmarking by Adebajo and Mann (2008).

Similarly, Hinton et al (2000) observed that a great deal of benchmarking in the UK was 'results' benchmarking and not 'process' benchmarking. However, the work of Hinton was not specific to the public sector. Lapsley refers to the difficulties that have been experienced with benchmarking in the public sector saying '[benchmarking] hinges crucially on comparing different organisations or parts of organisations, but genuine comparability can prove elusive' (Lapsley, 2008, p.86). This study will address the issues that district councils face in their search for comparability and the role of benchmarking in performance improvement.

3 Isomorphism and Legitimacy in the Public Sector

3.1 Background to Neo-Institutional Theory

This chapter provides a review of current literature from published sources on Bureaucracy and the theoretical construct of Neo-institutional theory and how research has shown this might apply to organisations within the local government sector. This theory provides the theoretical underpinning for the research into the mechanisms driving performance management in local government post Localism Act 2011. The theory is utilised to see if the current behaviours of local authorities are consistent with the theoretical framework (Ashworth, Boyne and Delbridge, 2005). The chapter provides an assessment of how benchmarking might be considered as a tool for the pressures outlined under Neo-institutional theory; as coercive from government and regulatory bodies in the form of delivery of benchmarks; as a mimetic pressure by copying ideas from similar organisations, and normative from professional organisations.

Neo-institutional theory offers a conceptual framework to explain the reasons behind organisation change and advises that organisations make changes to their structures and processes that 'are not intrinsically motivated by the aims of improving efficiency and effectiveness but rather driven by changes in 'prevailing notions of how best to organise' (Entwistle, 2011, p. 661).

3.2 Theoretical framework - Bureaucracy

Institutional theory in the early to mid-20th century focussed on the work of Max Weber, who, in his work *Economics and Society* (Weber, Roth and Wittich, 1978), discussed leadership and organisational styles and concluded that the bureaucratic means of administration was the most rational way of exercising power over people, and determined the bureaucracy to be 'technically superior over any other form of organisation' (Weber, Roth and Wittich, 1978, p. 973) and that the advance of the bureaucracy was predicated on this technical superiority.

Weber described bureaucratic organisations that ran with machine-like efficiency and outlined the key features of bureaucracies including hierarchical chain of command based on the belief in the authority of the office; all business in writing and documents ('the files') preserved in their original form; training in specialisation; rights and duties of officials (who had special examinations as a

prerequisite of their employment) being prescribed and proscribed in regulations; salaries fixed by contracts; and division of duties based on functional specialisms. In terms of efficiency, Weber held that 'Precision, speed, knowledge of 'the files',....reduction ofcosts, these are raised to the optimum point in the strictly bureaucratic administration' (Weber, Roth and Wittich, 1978, p. 973). The bureaucracy, which could be described as an organisation whose existence is predicated on rules (being laws and administrative regulations) and knowledge, became the model for corporations (both public and private) during the inter-war period¹. Weber contended 'that bureaucracy, the rational spirits manifestation, was so efficient and powerful a means of controlling men and women that, once established, the momentum of bureaucratization was irreversible' (Weber quoted in DiMaggio and Powell, 1983, p. 147).

For bureaucracies that were not in the private sector, Weber noted that 'a stable system of taxation is the precondition for the permanent existence of bureaucratic administration' (Weber, Roth and Wittich, 1978, p. 968). A further feature was complete neutrality, in that Bureaucracies would remain impersonal in their dealings with the public:

'bureaucratic officials are inclined to treat people in terms of 'cases' rather than as individuals and, under these circumstances, they remain impersonal in their contact with the public' (Morrison, 2008, p. 383).

In addition, there would be administrative secrecy with professionals increasing their superiority by 'keeping secret its knowledge and intentions' (Weber, Roth and Wittich, 1978, p. 992).

Weber reasoned there were two consequences of bureaucracy that were incompatible with democracy. Firstly, he described the 'rise of economic interest groups who lobby state officials to advance their interests by manipulating the structure of power' and, secondly the 'tendency to develop secrecy especially in regard to the knowledge they hold and to their intentions and plans' (Morrison,

¹1919 to 1939

2008, p. 386).

In his work *The Protestant Work Ethic and the Spirit of Capitalism*, Weber described capitalism using the phrase *stahlhartes Gehäuse* which was translated by Talcott Parsons as 'iron cage'. This expression has become widely familiar as a concept to typify a capitalist bureaucracy (Baehr, 2001). The causation of bureaucratisation of organisations, according to Weber, was competition among capitalist firms in the market place; competition among states and an increasing need of rules to control their staff and citizenry (DiMaggio and Powell, 1983) but, writing in 1983, DiMaggio and Powell felt that although bureaucracy remained the common organisational form, these causes had changed.

3.3 Theoretical framework – Neo-Institutional Theory

In their seminal paper, *The Iron Cage Revisited*, an allusion to the bureaucratic 'iron cage' of Weber, DiMaggio and Powell (1983) argued that the causes of bureaucratization and rationalization have changed away from the drivers of competition and the need for efficiency, to a new model whereby 'forms of organizational change occur as the result of processes that make organizations more similar without necessarily making them more efficient' (DiMaggio and Powell, 1983, p. 147). They further observed the paradox whereby individual efforts to deal with uncertainty often lead 'in the aggregate to homogeneity in structure, culture and output' (DiMaggio and Powell, 1983, p. 147). Two separate types of isomorphism are described; competitive, deriving from competition, and institutional, involving organisational competition for political and institutional legitimacy, (as in Mizruchi and Fein, (1999)), and the latter type of isomorphism is the type analysed within this research. DiMaggio and Powell (1983) defined the theory as a process of homogenisation where isomorphism takes place as 'a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions' (DiMaggio and Powell, 1983, p. 149) and they further propose that the primary shapers of contemporary institutional forms are the nation state and the professions (Ashworth, Boyne and Delbridge, 2007). Within Neo-institutional theory the actors are 'bound by a logic of appropriateness very often communicated in roles, routine, obligations standard operating procedures and practices' (March and Olsen, 1996, p. 252).

3.4 Isomorphism

Within Neo-institutional theory the components of isomorphism can be defined as having three pillars: coercive forces that are external to the organisation, and mimetic and normative forces that are internal to the organisation. Coercive forces have also been described as 'vertical' and mimetic and normative forces as 'horizontal forces' (Villadsen, 2013). Each of these forces may drive changes in structure, culture, strategy process and strategy culture (Ashworth, Boyne and Delbridge, 2007), however they do not necessarily work in concert and Bovaird and Downe (2006) observed that actions from one force may counteract those from other forces. They point out that there may be local differences in the external environment from political, economic, and social forces that will cause organisations to react differently to central coercive forces; they refer, as an example, to local authorities with a bigger revenue base, or to regional resistance to central government pressures and initiatives.

3.4.1 *Coercive Isomorphism*

Coercive isomorphism, the first of the three pillars, has been defined as 'driven by resource dependency relationships extending beyond the organisation' (Christensen and Parker, 2010, p. 251) or more basically, as political influences and a primary exertion of control from outside the organisation. Such pressures can be applied to organisations from the state or from regulatory bodies, or from other organisations upon whom the organisations depend for funding, and organisations feel they must change their structures to meet the institutionally prescribed expectations (DiMaggio and Powell, 1983). The main driver causing organisations to respond to these coercive pressures is political influence and the force of legitimacy (Khadaroo, 2005). Practical examples of the coercive pressures could be 'fiscal years, annual reports and financial reporting requirements [which] ensure eligibility for the receipt of federal contracts or funds' (DiMaggio and Powell, 1983, p. 150).

3.4.2 *Mimetic Isomorphism*

Mimetic isomorphism in this context is the copying of other organisations in the same sector, believing their structures or processes to be better (Meehan, 2011) or 'where a clear course of action is unavailable, an organisational leader may decide

to that the best response is to mimic a peer that they consider to be successful' (Mizruchi and Fein, 1999, p. 657). A recent example of encouragement towards mimetic force was expressed as 'you don't need to relinquish localism to have the same basic structure as a dozen other councils across the country' (Jameson, 2013).

Mimetic Isomorphism, or modelling, is a standard response to uncertainty (Khadaroo, 2005) and is said to take place when 'organizational technologies are poorly understood...when goals are ambiguous, or when the environment creates symbolic uncertainty' (DiMaggio and Powell, 1983, p. 151). Entwistle (2011) describes this as environmental turbulence, whilst Currie (2012) stresses that uncertainty is a 'powerful force that encourages imitation' (Currie, 2012, p. 237) or 'drives organisations to mirror other organisations that are, in effect, both successful and worth copying' (Hassan, 2005, p. 127). Using an early example, Care (2011) suggests that mimetic pressures were employed to institutionalize accounting practices in the public sector. In practical terms mimetic isomorphism can be interpreted as organisations modelling themselves upon other organisations that they perceive to be more successful. Christensen and Parker describe mimetic isomorphism in an example relating to the adoption of accruals accounting in New York State as 'motivated by a tendency to mimic an apparently successful peer' (Christensen and Parker, 2010, p. 251). Currie and Suhomlinova (2006) observed this phenomena within the academic sphere noting that universities sought to follow more laboratory based research because that was the pathway taken by the high performers in that field. In addition to modelling successful peers, it can also be achieved through the transfer of staff from one organisation to another, or through organisations using the same firm of consultants (Slack and Hinings, 1994), and (Connolly, Reeves and Wall, 2009).

3.4.3 Normative Isomorphism

Normative isomorphism, the third isomorphic pillar, has been described as inducing institutional conformity by 'organisational members' shared professional norms, values, disciplinary education and professional networks' (Christensen and Parker, 2010, p. 251) and is predicated upon professionalisation of a workforce, where 'members of a profession share a common understanding and knowledge base' (Guerreiro, Rodrigues and Craig, 2012, p. 171), or education and certification

basis of accredited professional bodies (Ashworth, Boyne and Delbridge, 2007). Meyerson (1994), suggested that, although practitioners within the same profession are likely to exhibit commonalities, the same commonalities do not necessarily cross professional boundaries. DiMaggio and Powell (1983) hypothesised that the greater the reliance on academic credentials and the participation in trade and professional associations, the more likely that organisations would become like others in their field. Guerreiro et al (2012) offer an example of the professional accounting bodies that agree [i.e. set] international accounting standards and they become an important normative pressure in changing to new standards.

3.5 Benchmarking and Isomorphism

The isomorphic pressures plus a desire for organisational legitimacy have been argued as providing an explanation for undertaking benchmarking (Watts and Mead, 2005). Research has noted that universal practices emerge when firms benchmark against each other (Farndale and Paauwe, 2007) and this suggests competitive isomorphism (DiMaggio and Powell, 1983). The process of isomorphism has been used to explain institutional similarities such as structures, cultures and outputs, (Bovaird and Downe, 2006; Connolly, Reeves and Wall, 2009; Christensen and Parker, 2010) and the process takes place through coercive, normative and mimetic forces (Meyer and Rowan, 1977; Watts and Mead, 2005). Hinings and Greenwood noted that 'mimetic, normative and coercive processes come into play strongly when a new organisational form is legitimated by powerful actors, leading organisations, professional associations and interest groups' (Hinings and Greenwood 1988 cited in Slack and Hinings, 1994, p. 806) though DiMaggio and Powell (1983) contend that isomorphism is largely driven by the state and the professions. The propensity of organizations to follow the practices of other organisations has been referred to as the 'learning organisation' (Currie and Suhomlinova, 2006), or inter-organisational learning (Bovaird and Downe, 2006). The different types of benchmarking practised and the drivers behind those practices have been linked to isomorphic pressures and evidence suggests that different pressures impact on organisations to undertake different types of benchmarking along the continuum from internal benchmarking to best-in-class benchmarking (McNair and Watts, 2006). Coercive isomorphism has been argued

as the driver for internal benchmarking because it demands improved performance measures or, where a dependency relationship exists, and in the public sector this could be interpreted as the dependant on say, government funding where that is a significant fiscal source, greater performance is required to maintain funding levels. Mimetic isomorphism however, which is seen as the need to mimic the practices of others which they perceive to be superior, is associated with competitive benchmarking; and is associated with three levels of benchmarking, competition, industry and best in class. The third type of isomorphic pressure is normative and associated with industry benchmarking and best in class benchmarking. McNair and Watts (McNair and Watts, 2006) offer an example of the later where the adoption of accounting standards across a variety of industrial settings where the accounting profession has undertaken normative behaviour to deliver a best in class outcome through the perception of a value added process.

3.6 Application of Neo-institutional theory to the Public Sector

Application of New institutional theory is not just confined to the profit sector and has been used within the public sector in the UK to analyse Human Resource functional forms (Truss, 2009); Introduction of major IT systems in the NHS (Currie, 2012) and Local Management of Schools (Edwards *et al.*, 2000); and procurement (Bovaird and Downe, 2006). In an international public sector context it has been used in Norway (Performance Measurement in local government) (Johnsen, 2008); in Denmark (Danish mayors and expenditure allocation) (Villadsen, 2011); Indonesia (Performance measurement systems) (Akbar, 2012); Portugal (municipal corporations) (Tavares and Camões, 2010) and in USA (health care organisations) (Scott *et al.*, 2000); (education) (Schober, 2013).

3.6.1 Uncertainty within the Public Sector Environment

DiMaggio and Powell (1983) refer to organisations in uncertain environments, and researchers have provided evidence that the public sector is influenced by varying environmental pressures, (Frumkin and Galaskiewicz, 2004; Ashworth, Boyne and Delbridge, 2007; Christensen and Parker, 2010). Following research to investigate whether either of the isomorphic forces exerted a greater pressure on governmental organisations, Frumkin and Galaskiewicz (2004) found that Government organisations were more susceptible to the coercive, mimetic and normative forces

than other organisations. They also argued that the essential features of public sector organisations 'made them potentially very vulnerable to these.....pressures' (Frumkin and Galaskiewicz, 2004, p. 286).

The nature of the public sector environment and the uncertainty that it faces, e.g. national economic trends, ageing population, rising user expectations, technological change in service delivery, multiplicity of stakeholders, extent of central government; localism agenda; welfare reform (Bovaird and Downe, 2006) suggest that this sector is ideal for studying how organisations react in uncertain times. However, whilst the public sector does have some resource dependency on central government, and faces environmental pressures, each element of the public sector does not face coercive pressures to the same degree. Councils face unprecedented cuts in funding (Hughes, 2012) and these fiscal pressures, based on the political target of eradicating the public sector budget deficit by 2015, were described as driving a need for radical change of such intensity that 'Mrs Thatcher's actions were timid by comparison with what lies ahead' (Travers, 2010, p. 14). The external environment within the public sector affects different organisations in different ways so organisations are likely to respond differently, Currie and Suhomlinova (2006) describe this as 'a patchwork of segments, united by a framework common to the entire field, but divided by differences characteristic to each segment' (Currie and Suhomlinova, 2006, p. 5), and, by implication, deliver a variety of responses.

3.6.2 *Coercive isomorphism in the Public Sector*

Coercive isomorphism highlights the political influences in the public sector and is likely to arise from regulatory and legal requirements from central government or funding bodies in the public sector (Ashworth, Boyne and Delbridge, 2005). Entwistle (2011), in his work on radical organisational change in English local authorities, describes these as 'the fingerprints of government intervention' (Entwistle, 2011, p. 670).

Most local authorities are currently dependant on significant funds from central government; and Grace (2012) describes this as 'vertical fiscal imbalance' (2012, p. 44) suggesting it is a feature driving benchmarking. The funds provided are generally non-specific to services i.e. the majority are not hypothecated revenues

and can be used as a local authority decides; central government does not decide the quality of services that are to be provided, thus central government is a funding body rather than taking the role of a purchaser (Mimba, Helden and Tillema, 2013). The extent of English local governmental reliance on state funding is changing at the district level to the extent that fifteen district councils (See Appendix B) ceased to receive government revenue support grant from 2017/18. Under those circumstances local government could not be described as dependent on central government for its funding and would not therefore receive any fiscal benefit from responding to government coercive pressures. There are however some inter-council grants at a district level where the upper tier (County councils) are providing grants to the second tier as a form of incentivisation to collect more council tax and business rates, and under those circumstances the upper tier authority can be seen as coercive force. Coercive pressures can lead to 'top-down benchmarking' where regulatory bodies determine standards that they expect organisations in that sector to follow (Marques and De Witte, 2010), or benchmarking for control (Northcott and Llewellyn, 2005).

Evidence of isomorphism in English local government was identified in the requirements of local authorities to display Best Value (Bowerman, 2002; Francis and Holloway, 2007). The Best Value legislation encouraged, though did not demand, the adoption of the Business Excellence Model (BEM). The majority of adopters of the BEM expected that it would become the main means of assessment by central government, so they had responded to this perceived 'coercion' and commenced using BEM. Coercive isomorphism does not automatically lead to improved organisational gains as Hassan (2005) explained in the context of Public Private Partnerships (PPP), where organisations adopted the PPP initiative following coercive pressures 'to appease their constituents rather than on a rational decision making basis' (Connolly, Reeves and Wall, 2009, p. 9). Bovaird and Downe (2006) also noted, paradoxically, that, within local government, resistance had been mounted towards reforms, yet the resistance efforts themselves had manifestations of isomorphic tendencies.

Whilst Neo-institutional theory might indicate that these coercive pressures drive the public sector to benchmark for improved performance, an alternative view is

promulgated by Northcott and Llewellyn (2005) who suggest that the transparency and collegiality that benchmarking demands is not engendered in an environment of comparative league tables and star ratings. They do not think that ideas-benchmarking thrives where there are pressures for 'indicator benchmarking'.

3.6.3 *Mimetic isomorphism in the Public Sector*

Researched examples of mimetic isomorphism in the public sector showed that organisations seek to copy within their sector, as Entwistle noted that, in 13 out of 15 cases he had studied as part of research into the Best Value initiative, organisations had made research trips to 'prestigious or high performance organisations' (Entwistle, 2011, p. 671). Bowerman (2002) observed that central government, a major fund provider for local authorities at that time, and was stated to be a big user of the BEM, and so local authorities tended to apply that model in a form of isomorphic mimicry. Villadsen (2011) examined the mechanisms by which isomorphism took place and used the expression 'policy isomorphism' to explain the way in which social networks of Danish mayors influenced the similarity between decisions and actions in his investigations of the similarity between municipalities in their allocations of expenditure on major services.

The consequences of mimetic isomorphism, as observed by Frumkin and Galaskiewicz (2004), were that institutions tended towards a more centralized and formalized bureaucratic model. Mimicry was also used to describe the Beacon Council scheme and benchmarking clubs (Ashworth, Boyne and Delbridge, 2007), though the use of professional public officers to deliver the Beacon Council scheme and the facilitation of benchmarking between groups of councils conveys a blurring of the edges between mimetic and normative forces.

The Beacon scheme, previously introduced for Education and the NHS, was extended to councils in 1999, as part of the local government Modernization Agenda (LGMA) and continued until 2009. The scheme, driven by central government, had the dual aims of rewarding high performing councils and raising service quality by enabling councils to share best practice. Beacon status was given to councils who were judged to be models of excellence in theme areas that were determined annually by central government. The themes varied each year according to the issues deemed to be priorities (e.g. in 2004 themes included

Affordable Housing, Promoting Racial Equality, Supporting new businesses (ODPM, 2005)). The scheme was not mandatory, and councils were invited to show their excellent practice or innovation for those themes and also how they could share their approach with others; the awards were not targeted specifically at efficiency or financial performance. Following an assessment by a panel of experts some councils were awarded the status of Beacon Council. The application process for Beacon Council status incurred resource, but successful councils felt that the costs were outweighed by ‘raising the councils profile on the national stage and boosting staff morale’ (Wilson and Game, 2011, p. 379). At a Corporate level, the achievement of Beacon status was considered to raise the internal profile of a service ‘and in some cases gave it increased legitimacy’ (DCLG, 2008, p. 47). Although the themes were wide ranging and permitted all type of authority to apply, the number of applications from district councils was fewer than for other tiers, and this was attributed to the resource issues they faced in preparing applications, and the concern that the burdens of being a Beacon Council disadvantaged smaller councils who did not have the advantages of scale and scope of the larger councils (Withers and Hartley, 2007). The scheme was based on the mimetic approach of the sector learning from within and learning from best in class i.e. those councils that performed best and was seen as successful. Knowledge sharing took place in a variety of ways, including roadshows, open days, and consultancy; with the least successful mode being videos/CD-ROM and secondment (DCLG, 2008). Whilst the value of learning from Beacons was recognised, not all councils implemented this learning citing lack of resources compared to the Beacon councils, and districts were most likely to mention this as a reason (Downe, Hartley and Rashman, 2004).

The Beacon Councils scheme facilitated network building and attendees at roadshows not only learned from the Beacons presenting at the event but from the wider network of other authorities attending the event (Downe, Hartley and Rashman, 2004). Factors used by councils in identifying which Beacons they could learn from were geographical location, economic factors and political orientation, and a need for similarity was particularly strong among district councils. Districts wanted to compare ‘like with like’ in a family group of their own definition (Rashman and Hartley, 2002).

The perceived value of the Beacon Scheme differed between Senior officers (e.g. Chief Executives) and operational service officers. The former were motivated to participate in the learning to find out about strategic management issues such as partnership working, corporate performance and central/local government relationships, whereas the latter were found to be more interested in practical know how and statistical performance data. Central government was concerned that attendance of elected members at Beacon learning events was low in the early rounds and introduced a targeted campaign to improve this (Downe, Hartley and Rashman, 2004).

Mimetic isomorphism suggests simplistic copying of the ideas and structures of others; however, the public sector evidence is more complex. Camp (1993) explained that Xerox associated benchmarking with trips to other companies and described this as industrial tourism or 'feel good' trips. Entwistle (2011) observed that councils were making visits to other authorities and noted that they did not always replicate the models they viewed and would use the visits to learn and adapt the ideas of others by 'active grafting and transplanting' (Entwistle, 2011, p. 672). He also noted that, although the visits were taking place, councils were not always undertaking mimetic changes as a result of those visits, but, on occasion, were simply undertaking the visits because they were expected, perhaps for political reasons, or to justify that their existing behaviours were superior or justified compared to the organisations they visited.

3.6.4 *Normative isomorphism in the Public Sector*

Normative isomorphism is associated with professionalism and professional networks as, for example, in the research of Christensen and Parker (2010) who studied public sector accountants and their adoption of accruals accounting in New South Wales. They noted that institutional conformity has been induced by the organisations that shared professional norms, values, disciplinary education, and professional networks. They referred to the accountants professional training and ingrained beliefs and their study noted that the accountants had listened to a speaker from New York (where accruals accounting had already been implemented) and were 'impressed by the combination of accountant [peer] and savvy politician' (Christensen and Parker, 2010, p. 259). The practical methods

used to extend the professional knowledge include an example observed by Bowerman (2002) who noted that the Chartered Institute of Public Finance and Accountancy (CIPFA), a professional body with many members in the public sector, had set up a Best Value Advisory Service which assisted its subscribers with improvement initiatives such as the BEM; through officer networks (Walker, O'Toole and Meier, 2007; Walker *et al.*, 2010), and also through training (Akbar, 2012). Work undertaken by Davis (1998) found evidence of a lot of informal networking and information sharing by professionals within the public sector, and Walker *et al.* (2010) observed that when public officials networked with managers in other councils they were likely to achieve higher levels of performance, explaining that they would gather information that they could use to improve services in their own organisations. Conversely, they found that interaction with central government officials was negatively related to service performance!

3.6.5 *Resistance to Isomorphism in the Public Sector*

Recent research into organisational change in the public sector discovered that local government does not always respond positively to the coercive pressures applied by central government. Truss (2009) observed that the HR function in the public sector, whilst facing similar environmental issues, and, presumably following a similar professional line, did not follow the same patterns and did not meet the expected theoretical perspective, that 'organisations in the same sector will tend towards common solutions' (Truss, 2009, p. 720). She further enquires 'how much similarity would be needed to provide unequivocal support for the institutional isomorphic framework' (Truss, 2009, p. 731). Writing in the context of research into the NHS, Currie noted that the NHS 'failed to achieve legitimacy among large sections of the medical profession' (Currie, 2012, p. 245). This research therefore poses two questions – does the public sector require a different nuance to the Neo-institutional conclusions drawn by DiMaggio and Powell, and to what extent does an organisation have to 'adopt similarities' to other organisations in the same sector and facing the same environmental uncertainties to meet the 'criteria' of isomorphism.

English local government is an under-researched area and there is a need to understand more about the way public organisations work (Villadsen, 2011). The

organisations within the sector are of varying sizes and subject to differing economic pressures so it seems likely that they too would respond to isomorphic pressures in differing ways; to suggest a common and standard response across the sector is too simplistic. Whilst the susceptibility of public sector organisations to isomorphic pressures has been well documented in the literature, there is evidence that organisations, even when subject to the same environmental pressures, do not respond to the three pressures to the same degree. Connolly et al (2009) noted that coercive pressures predominated in Northern Ireland whilst mimetic isomorphism dominated in the Republic of Ireland.

In a twist to the expected isomorphism identified by DiMaggio and Powell (1983), Bovaird and Downe (2006) have concluded that the resistance of local authorities to the expected organisational changes were themselves now evidenced by a kind of isomorphism, suggesting that local authorities 'share and communicate forms of resistance and locally acceptable adaptation to externally mandated institutional pressures' (Bovaird and Downe, 2006, p. 452). Bovaird and Downe (2006) found evidence of isomorphism in local authorities as they researched the Local Government Modernisation Agenda (LGMA). They concluded that isomorphism had taken place and saw trends towards:

- organisational configurations that conformed to templates expected by government and enforced by inspectors and auditors;
- 'efficient' organisational configurations – particularly externalisation and decision making lower down in organisations;
- managerially defined quality systems;
- nationally defined service standards;
- clearer decision-making structures.

(Bovaird and Downe, 2006, p. 432)

Whilst these observations would appear to indicate isomorphism in response to the coercive aims of the LGMA suggested by central government, Bovaird and Downe (2006) also observed the phenomena of resistance, with clearly observable models where the local authorities had rejected the government line and followed their

own direction justifying their choices with the rationale of local political choices and priorities or the 'insistence on the superiority of idiosyncratic organizational configurations and processes' (Bovaird and Downe, 2006, p. 433).

3.7 Convergence and Compliance based on application to practice

Research by Ashworth, Boyne and Delbridge (2007) noted that isomorphic changes in the public sector did not clearly follow the same path along each of the three isomorphic types defined by DiMaggio and Powell (1983). They referred to compliance and convergence, explaining that *compliance* was the change in direction of coercive pressure; quoting the example of moving toward public service models promulgated by the state, whilst *convergence* was a change toward the norm of the field. Hyndman et al (2014) describe the convergence as a movement towards a common isomorphic equilibrium. Ashworth et al (2007) conclude that coercive and normative pressures are more likely to move organisations towards a model of management, and mimetic forces lead organisations to resemble each other more closely. Some organisations however were found to be resisting the pressures to comply and displaying deviant behaviours and moving away from outcomes intended by the state, even to the extent that the councils were converging in their deviations (Ashworth, Boyne and Delbridge, 2005).

Ashworth et al (2007) determined that public sector organisations have been found to adopt benchmarking following pressures that could be explained by Neo-institutional theory; however, whilst that theory would expect organisations to morph towards both convergence and compliance, practice has observed that organisations appear to be 'converging' in their practise but not necessarily 'complying' with the expected pressures.

Neo-institutional theory suggests that organisations start from quite disparate models and 'morph' into similarity. In practice, evidence from local authorities suggests that they are already fairly similar and the scope for further movement is small (Ashworth, Boyne and Delbridge, 2005).

3.8 The Concept of Legitimacy

Legitimacy is a key component in organisational change and Neo-institutional theory proposes that organisations must conform to 'societal standards and norms

of expected practice to derive legitimacy (Jacobs, 2012, p. 6). It is further argued that the primary objective of organisational change is not to improve performance but to enhance legitimacy (Ashworth, Boyne and Delbridge, 2007). In his work on leadership types, Weber (1978) offered three types of legitimacy that mirrored his leadership types: Charismatic, Traditional and Rational/Legal and it is the latter that is most relevant for modern institutions. The underpinning for the concept of legitimacy is based on a survival mechanism being the desire of organisations to increase their survival prospects by converging around socially legitimated norms (DiMaggio and Powell, 1983). A key attribute of legitimacy is that it provides a basis for decision making that is not based on means-end rationality (Zimmerman and Zeitz, 2002). Actions driving efficiency do not always lead to legitimacy and there is evidence that some organisations have de-coupled efficiency measures from actions needed to appear legitimate (Meyer and Rowan, 1977; Khadaroo, 2005).

Legitimacy has given rise to range of definitions: 'the ability to have ones actions and values perceived as correct and proper by those who are affected by them' (Schlusberg, 1969, p. 68); as 'congruency between the values, norms and expectations of the activities and outcomes of the organisation' (Zimmerman and Zeitz, 2002, p. 416); 'a social judgement of acceptance, appropriateness and desirability' (Zimmerman and Zeitz, 2002, p. 418); or simplistically 'that an organisation is good and that it has the right to continue its activities' (Massey, 2001, p. 156). However, the definition from Suchman is more commonly quoted:

'The generalised perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions'
(Suchman, 1995, p. 574).

and he has further analysed his typology into three elements as shown in Figure 1.

Typology of Legitimacy (Suchman)

Forms	Sub-types	Legitimacy attributes
Pragmatic Legitimacy – focusses on the self-interested calculations of an organisations most immediate audiences	Exchange Legitimacy – direct (transactional) exchanges – expected value	Support for organisational policy based on that policy's value to a set of constituents
	Influence Legitimacy – adapting the standards of constituents	Being responsive to their larger interests
	Dispositional Legitimacy – honesty and trustworthiness	'organisations that have our best interests at heart; share our values
Moral Legitimacy – Normative approval - has an external pro social emphasis (e.g. is the action the right thing to do) the perceptions that the organisation behaves in a manner that promotes social welfare as defined in the audiences socially constructed value system.	Consequential Legitimacy – accomplishments; effectiveness measures	What they accomplish e.g. emissions standards; hospital mortality; academic test scores
	Procedural Legitimacy – good faith, effort	Sound practices to achieve valued ends
	Structural Legitimacy – proper procedures; quality control	e.g. does the organisation inspect its end products for defects; 'the right organisation for the job; the right structures
	Personal Legitimacy – leader charisma	Rests on the charisma of individual leaders; replacing executives
Cognitive Legitimacy – being based on comprehensibility (i.e. stemming from cultural models or 'taken for grantedness')	Comprehensibility	The audience must be able to understand what the organisation is doing
	'Taken for grantedness'	'to do otherwise would be unthinkable'

Figure 1 Legitimacy Typology

Source: Suchman (1995)

Suchman considered that cognitive legitimacy is more elusive to obtain than the pragmatic or moral types and more difficult to manipulate but more self-sustaining once established (Suchman, 1995, p. 585).

There is a general agreement that the concept is socially constructed (Berger and

Luckmann, 1990; Suchman, 1995; Bitektine and Haack, 2015), and based on a perception of an organisation by others (Suchman, 1995; Massey, 2001; Desai, 2018).

Scott (2008) also sub analyses Legitimacy into three pillars being external environment regulative, normative, and cognitive. His classification of the values, norms and obligations of an organisation suggests a layering of legitimacy types. Regulatory legitimacy being earned by an organisation conforming to the rules and operating within its legal requirements i.e. acting within the law. Normative involving a moral dimension and an inherent feeling of responsibility, described as having behavioural reasoning of 'ought to' (Palthe, 2014). Cultural-cognitive legitimacy corresponds to Suchman's (1995) cognitive legitimacy, and relates to an organisation matching society's values and having an internalized belief in what it does and 'carrying out its activities in the best possible way' (Cruz-Suarez, Prado-Román and Prado-Román, 2014). Zimmerman and Zeitz (2002) have added a fourth pillar called Socio Political Regulatory legitimacy to encompass government credentialling associations and professional bodies. These subdivisions within legitimacy are important to organisations as they manage their interactions with the range of stakeholders who are able to confer legitimacy.

3.8.1 *Legitimacy Management*

The benefit of legitimacy to organisations is that it is important in attracting resources such as financial resources; technology and government support (Zimmerman and Zeitz, 2002) and, as a consequence, a business cannot manage without it (Tilling, 2004b). Maintaining organisational prestige is a key element in attracting professionals (DiMaggio and Powell, 1983). Legitimacy is conferred by stakeholders who can provide government, public or professional endorsement, and is not something that can be claimed by an organisation (Massey, 2001; Watts and Mead, 2005; McNair and Watts, 2006; Misani, 2010). These conferring entities have been further explicated by Watts and Mead (2005) as government or government agencies who have control over the organisation; the public through setting and maintaining standards of acceptability and professions through setting standards of professional competence and accountability. Tilling (2004b) adds the media to this list noting that although it has few direct resources it can significantly

influence the views of the public. As legitimacy exists 'in the eye of the beholder' (Zimmerman and Zeitz, 2002, p. 416), it is an abstract concept and so not directly observable and this subjectivity is difficult to measure (Tilling, 2004a).

Although traditionally seen as a dichotomous concept, with organisations being perceived as either legitimate or not legitimate, Zimmerman and Zeitz suggest that it is in fact a continuous variable from high to low, and Tilling (2004b) notes that certain actions and events will lead to an increase or decrease in legitimacy. A further layer of complexity is that the nature of stakeholders is neither heterogeneous nor static; stakeholders and their expectations change over time (Suchman, 1995). The nature of legitimacy is multi-faceted and management made more complex by the changing nature of those who confer legitimacy, described by Suchman as 'the multiplicity of legitimacy dynamics' (1995, p. 585). As a consequence of these changing expectations there is an ongoing need for organisations to continue to explain and justify their actions (Funnell, 2015).

Management of an organisation's legitimacy, which needs to be an active rather than a passive construct, passes through three phases – gaining (as in a new venture), maintaining, and repairing or regaining if it has been lost (Suchman, 1995). Although Tilling (2004b) adds a further category of extending legitimacy where an organisation moves into new markets, that is not a significant issue for UK district councils. Low levels of legitimacy occur when an organisation deviates from the expected social values and norms and the organisation will seek to close the gap or it may cease to operate (Suchman, 1995; Milne and Patten, 2002; Tilling, 2004b). An organisation must actively monitor and respond to changes in their environment because there would be a risk if it continued to undertake activities that may have been legitimate in the past but are no longer considered legitimate. When an organisation wants to extend its legitimacy, it will intensify its actions to win over new or potential constituents.

Different techniques are required for managing legitimacy when an organisation is stable and when it is going through change or facing crisis (Bitektine and Haack, 2015). In the acquisition stage, for example with a new venture or the early stages of a business, an organisation will need to build legitimacy to enable it to acquire needed resources (Zimmerman and Zeitz, 2002). Although this stage seems

unlikely to relate to the English councils, the rule could be said to apply in the case of new local authority trading companies, often set up for housing purposes (Brown and Bright, 2018), who need to acquire financial resources, even though this is usually delivered through the owning council. Organisations in the maintenance stage (i.e. most organisations) seek to maintain performance and 'symbolic assurances that all is well' (Tilling, 2004a, p. 6) and maintaining a position of awareness for any challenges that would adversely impact on them. In addition, organisations can be faced with not only the challenge of structural inertia which makes organisational change more complex, but also the balance required to anticipate stakeholder demands and environmental developments whilst at the same time protecting their past accomplishments and goodwill (Massey, 2001).

Responses undertaken by organisations when there is a crisis of legitimacy have demonstrated the need for organisations to continually monitor their stakeholders perceptions and adjust their actions accordingly (Lewis, Palacios and Valenzuela, 2016). The typical action for an organisation facing a legitimacy crisis is a revision of the organisational structure without, necessarily, making significant changes to practice (Sellers, Fogarty and Parker, 2012). Other defensive initiatives might include additional social responsibility communications and disclosures; professionalism and good corporate citizenship (Schlusberg, 1969; (Tilling, 2004b). Departures from societal norms do not, however, necessarily bring about a legitimacy crisis as they can be dismissed as unique (Suchman, 1995).

Legitimacy is the collective perception of stakeholders and not the view of a single observer about a single behaviour, however if the stakeholder is large, powerful, and significant then the consequences for legitimacy can be fatal. When perceptions of legitimacy fall below an acceptable threshold to crisis level, then previous good reputation ceases to count, and the organisation may be unable to continue. In the case of Arthur Andersen, for example, where the organisation lost its legitimacy brought about by the coercive power of the state after the Enron accounting and document shredding scandal, 'a legitimisation wildfire' swept Arthur Andersen away (Sellers, Fogarty and Parker, 2012, p. 197).

Suchman (1995) defined three strategies for an organisation to employ in order to achieve Legitimacy in each of his three forms as shown in Figure 2:

Strategies to Achieve Legitimacy

Strategy	Method	Active –Passive Continuum
Conformance i.e. conforming to societal expectations	To select among multiple environments in pursuit of an audience that will support current practices	Relatively Passive
Selecting supportive stakeholders	To select among multiple environments in pursuit of an audience that will support current practices; organisations undertake market research to find other markets that they can enter without significantly changing their structures and processes	neutral
Manipulation – creating new ideas of what is legitimate behaviour	New audiences and new legitimacies	Relatively Active

Figure 2 Legitimacy Management Methods

Sources: (Suchman, 1995; Massey, 2001)

Conformance means seeking legitimacy by achieving conformity with the demands and expectations of the existing social structure in which the organisation is currently positioned (DiMaggio and Powell, 1983); this strategy does not question, violate, or change the social structure; it acquires legitimacy by following the rules. From an institutional perspective organizations might be seen as pursuing mimetic measures i.e. 'mimicking' the most prominent and secure entities in their field (Suchman, 1995, p. 589) even if this does not bring about any improvement in performance (Ashworth, Boyne and Delbridge, 2007).

3.8.2 *Legitimacy and communications*

A keystone of legitimacy management is communication with the organisation's stakeholders (Suchman, 1995; Zimmerman and Zeitz, 2002). Successful management of legitimacy arises when organisational actions meet stakeholder expectations (Massey, 2001) and is dependent on communication with an organisation's audience either to manipulate an external audience or inform unaware audience members of the organisation's activities (Suchman, 1995; Massey, 2001; Zimmerman and Zeitz, 2002; Verhoest, Verschuere and Bouckaert, 2007). Communication is closely linked to moral legitimacy (Suchman, 1995) and an example of moral communication are Corporate Responsibility Statements

(Lewis, Palacios and Valenzuela, 2016) which are published ostensibly to signal transparency but at the same time can reinforce legitimacy. Slim (2002) gives an example of a press advertisement from a drug company advising of profits growth that included the strap-line 'Expertise with Responsibility' (Slim, 2002, p. 2) so signalling its corporate responsibility credentials. It is indicative of changing consumer expectations that companies are being urged to present their 'triple bottom line' by including their social and environmental impacts as well as their financial position (Slim, 2002). Within Local Government communication is expected under the Local Government Transparency Code 2015 which requires publication of information about expenditure and use of assets. In a public sector context, the equivalent would be the Corporate Responsibility statement would be a Corporate Social Responsibility Statements.

Communication is a two-way process and requires a dialogic approach with ongoing communication between the organisation and its stakeholders. Organisations undertaking socially undesirable practices can refrain from communicating these to stakeholders to preserve their legitimacy (Desai, 2018).

3.8.3 *Competitive or Institutional Pressures*

DiMaggio and Powell (1983) have analysed isomorphism into two categories; competitive and institutional (Connolly, Reeves and Wall, 2009) the former being 'the force of efficiency when there is one best, cheapest or most efficient way of doing things' (Hassan, 2005, p. 127), and the latter including the rules, symbols, and beliefs to which individual organisations must conform to gain social legitimacy' (Connolly, Reeves and Wall, 2009, p. 6). This is reinforced by Suddaby et al who explain that organisations are 'highly attentive to social and symbolic pressures arising from their institutional environment' (Suddaby, Seidl and Lê, 2013, p. 330). Bovaird and Downe (2006) noted that different organisations are likely to respond to their environment in different ways; for example they may have different resource dependencies to other organisations in the same sector. Amis (2002) warned that organisations make a ceremonial conformity of response to coercive forces to show legitimacy but unless the new values are held by organisation members, the organisation will revert back to its original values. Whilst there is evidence of converging isomorphism in organisations as identified

by Neo-institutional theory there is also evidence that the isomorphic pressures do not inevitably lead to a converging organisation (Ashworth, Boyne and Delbridge, 2005).

3.8.4 *Legitimacy and Innovation*

Meyer and Rowan (1977) offer a subtle distinction between isomorphism and legitimacy. Their view is that 'time spent by organizations complying with quality initiatives is symbolic of good management in other words such practices are legitimizing activities' (Bowerman, 2002). Innovations that enhance legitimacy are therefore seen as desirable (Ashworth, Boyne and Delbridge, 2007), but not the only way to gain legitimacy. Tolbert and Zucker (1983) in their work on civil service reform in the United States, observed that later adoption [of innovations] was related to institutional definitions of municipal administrations. The relationship dependency between isomorphism and legitimacy was confirmed in research by Deephouse (1996) whose research into the banking sector of the USA supported the work of Meyer and Rowan (1977), finding that banks that were seen as conforming to the strategies used by others held greater legitimacy than those seen as deviating from the 'usual' behaviour.

Initial adopters of innovations may be motivated to improve the quality, efficiency or effectiveness of their organisations, but beyond that point may continue because it offers legitimacy among their peers (DiMaggio and Powell, 1983; Connolly, Reeves and Wall, 2009; Currie, 2012). Bowerman reinforced that observation by noting that the adoption of innovations can be 'viewed as providing additional organizational legitimacy' (Bowerman, 2002 p. 48). In presenting evidence of her study of the extent of the adoption of the Business Excellence Model, she suggested that legitimacy did not necessarily result from the adoption of widely accepted rational practices, but rather, after an initial surge in the adoption of that improvement technique, there was a slowdown in its adoption as it failed to offer any significant gain in legitimacy. Her philosophy advised that if organisations seek only legitimacy from the adoptions of new innovations they should 'wait until the bandwagon is well and truly rolling towards a named destination before they join it' (Bowerman, 2002 p. 47). Whilst that perspective was understandable under the NPM paradigm, it may not fit with the greater risk taking and the increased

importance of innovation (Osborne, 2010) in the current movement towards an NPG model. Osborne et al (2013) are vigilant to the risk that improvement in operations without a public service-dominant approach may lead to more efficient services but will not, necessarily, deliver more effective services, and Andrews (2009) notes the original view of DiMaggio and Powell (1983) that organisations do not aim to gain legitimacy to improve their effectiveness. Finally, as innovation spreads across an industry a threshold is reached beyond which adoption provides legitimacy rather than improving performance (Meyer and Rowan, 1977).

3.8.5 Myths

Institutional theory assumes that organisations adopt structures and management practices that are considered legitimate by other organisations in their field, even if they do not increase effectiveness or even increased costs and is described as contributing to a 'myth' (Meyer and Rowan, 1977). Examples of this have been seen within the public sector where accounting principles have been adopted by the organisation, but not used in practice (ter Bogt and Jan van Helden, 2000; Carpenter and Feroz, 2001; Modell, 2004). Similarly, writers have referred to the continued adoption of innovations beyond the point of achieving desired performance as contributing to a 'myth' or signalling a display that the organisation is well managed (Bowerman, 2002; Hassan, 2005; Christensen and Parker, 2010). Whilst Neo-institutional theory suggests that organisations proceed towards legitimacy in their actions as responses to new innovations, in practice, 'institutions may undertake non-isomorphic actions i.e. actions that differ from what is considered legitimate in the institutional environment' (George *et al.*, 2006, p. 348), or 'construct stories about their actions that corresponded to socially prescribed dictates about what an organisation should do' (Mizruchi and Fein, 1999, p. 656). Frumkin and Galaskiewicz explain further that early changes in organisations were more ceremonial in nature rather than a 'detached calculus of costs and benefits' (Frumkin and Galaskiewicz, 2004, p. 284). Myth, however, is a somewhat misleading term in this context, because, according to Meyer and Rowan (1977) the organisations have to maintain the appearance that the myths actually work.

3.9 Public Sector Legitimacy

The concept of Legitimacy applies to the wider public sector and, specifically in local government, it is understood as meaning 'citizen's continuous assessment of whether the local political system functions in an acceptable way' (Roos and Lidström, 2014, p. 138). In the context of local government, legitimacy can be conferred by a range of stakeholders. Top-down regulatory legitimacy is determined by Parliament and government departments who have the power not only to grant funds but also to extend or withdraw devolved responsibilities, and by regulatory bodies such as the Boundary Commission, Planning Inspectorate, and the Local Government and Social Care Ombudsman (National Audit Office, 2017). Similarly, auditors are also empowered to confer legitimacy. Funding bodies such as the NHS (e.g. Better Care Fund), European Union, other councils (e.g. for agency and shared services) also need to see a council as 'legitimate' before entering into fiscal arrangements with them. Individuals and organisations with transactional arrangements i.e. suppliers; banks, voluntary sector, and partners also need to see councils as legitimate. Citizens, as customers, judge a council by the services it provides (outcome legitimacy), but this area is becoming more complex as alternative means of public provision mean that the services can be delivered by other parties (Copus, 2014). Elections are a major mechanism for conferring councils with leadership legitimacy, described as political input legitimacy, derived from their democratic mandate (DCLG, 2006), though low voter turnout is seen as diminishing the legitimacy of those elected. Tilling (2004b) suggests that the media also has the power to grant legitimacy.

In common with legitimacy in the private sector, it is based on collective perceptions and is accepted by citizens even if the actions or decisions do not correspond with their personal preferences (Gustavsen, Røiseland and Pierre, 2014). However, there are subtle differences in legitimacy as it applies to local municipalities: Beetham (1991) defines three criteria for legitimate power relations: legality; justification; and acts of consent. The first two are closely related to adherence to the rule of law but 'acts of consent' refers to the extent to which they are appreciated by their citizens. Roos and Lidström (2014) advise that the level of legitimacy in local government can vary from being highly appreciated to being close to collapse.

Input-based legitimacy covers citizens' perceptions of the extent to which they feel they influence policy and decisions; whereas output-based legitimacy is based on the services provided (Roos and Lidström, 2014). A national survey of municipalities in Sweden showed that citizens were generally more content with output-based services than with input-based. Swedish citizens were more positive in their evaluations of services where municipalities were spending more on resources (Roos and Lidström, 2014). A deeper analysis in the survey examined satisfaction with welfare services (schools and social services) and where levels of provision were strongly regulated by central government, and 'collective services' (refuse, roads, sports, and culture) where there was more local decision making and found that the amount of money spent on the latter had the greater effect on the citizens' evaluation. The Swedish study concluded that the most efficient way of achieving high levels of legitimacy was to deliver high quality provision in both welfare and collective services, but allocating additional resources to welfare services did not enhance legitimacy.

Public sector organisations need to create, maintain and manage their legitimacy to maintain their funding (Bealing, 1994; Khadaroo, 2005; Currie and Suhomlinova, 2006; Bitektine and Haack, 2015). Hernes, writing at a time when NPM was the defining paradigm, advised, 'public institutions are no longer guaranteed an existence as a service could be outsourced or eliminated' (2005, p. 12).

In democracies, the electoral process is the ultimate determinant of Legitimacy (Funnell, 2015). Legitimacy is dynamic; policies and actions that were considered to be legitimate for the public sector in early years can now be questioned e.g. the Public Finance Initiative (PFI) was a legitimizing activity under the NPM paradigm but it is now subject to criticism (Khadaroo, 2005, p. 70).

Financial auditing conducted by public sector auditors provides the means to signal the Executive's financial competence and commitment to transparency and accountable government and thereby provides the possibility of confirming the political legitimacy of those who govern (Funnell, 2015). Performance auditing by external auditors can strengthen the standing of elected governments' bodies because it is carried out by bodies that are independent and not under the control

of the Executive (Tillema and ter Bogt, 2010); in the UK the CPA report of the Audit Commission would have contributed to this function.

Legitimacy in the public sector has been explained as conforming to the expectations of key stakeholders in their environment (Ashworth, Boyne and Delbridge, 2007). They reinforce this by explaining that some institutions copy others without any clear evidence of performance improvement. Akbar found that Indonesian local governments adopted performance indicators 'more to fulfil regulatory requirements than to make their organisations more effective and efficient' (Akbar, 2012, p. 262) suggesting that they had followed coercive isomorphism pathway, but as soon as they had gained legitimacy by adopting the indicators they did not take any further action. Legitimacy may be the driver for organisational change rather than performance improvement, as Ashworth et al (2007), and shifts in organisational characteristics are pursued for political as well as technical reasons. Although the concept of legitimacy might imply that public sector organisations are motivated to make changes simply to be seen as 'legitimate', Entwistle (2011) applies a more constructive slant in saying there may be benefits: 'Just because an organisation adopts an idea for reasons of legitimacy does not mean that it is a bad idea in terms of efficiency and effectiveness' (2011, p. 678).

One of the elements of proving legitimacy to citizens is by demonstrating levels of performance and James and Moseley (2014) found evidence that systems for comparative performance increased local accountability. Their research refers to 'information about the local provider's service compared to the service provided by similar units' (James and Moseley, 2014, p. 494) and advise that extremes of performance have the biggest effect on citizens' perceptions and voting (Boyne *et al.*, 2009). However, attitudes to performance are more nuanced over time and James (2011) suggests that whilst high past performance led to higher customer expectations, prior poor performance did not have the reverse effect on customer expectations, concluding that citizens are progressively harder to satisfy over time. Notwithstanding, the impact of messages about relative performance, the impact on citizens of information about poor performance, possibly due to media treatment (Villadsen, 2013), was greater than the impact of, relatively high,

comparative performance. In a counter intuitive response to news of high performance in a high performing area, the citizens were not seen to have raised levels of satisfaction. The nature of legitimacy is not a constant in the public sector as observed by Hyndman et al (2014) who noted that, under New Public Management, legitimacy was 'Performance driven' with emphasis on efficiency and effectiveness evaluation, whereas under the emerging New Public Governance (NPG) discourse it was 'Legitimacy through negotiated agreements and democratic accountability' (2014, p. 404) identified by a focus on governance, transparency, and sustainability. Hyndman et al (2014) further note that the discourses can co-exist with one another or overlap and different aspects can take precedent over time.

3.10 Critique of Neo-institutional Theory for Analysing Organisational Behaviours

Neo-institutional theory is one of the dominant perspectives within organisation and management theory (Greenwood, Hinings and Whetten, 2014) and its validity to underpin research has been affirmed by Jacobs (2012) who comments that the 'use of Neo-institutional theory grew throughout the 1990's and has now reached a relatively stable level of popularity' and 'is a popular theoretical approach used by many researchers' (Jacobs, 2012, p. 17). Suddaby et al confirm that it is 'a well-established theoretical approach ...[with] strong empirical and theoretical foundations' (Suddaby, Seidl and Lê, 2013, p. 330). Watts and Mead concur, stating that it is a 'legitimate vehicle for the study of business phenomena' (Watts and Mead, 2005, p. 10). Specifically in the context of benchmarking, the theory was used by McNair and Watts (2006) to understand the cause and effect on benchmarking in order to understand the content, form and use of the practice.

Within the public sector it has been found to be a suitable framework to inform research into public sector accountability changes (Parker and Gould, 1999); healthcare supply chain (Bhakoo and Choi, 2013); and the National Health Service (Currie, 2012). This theory has been widely used as a means of explaining the features of public sector management reforms because it seeks to describe corporate behaviour (Torres, Pina and Yetano, 2011).

Neo-institutional theory, which developed as a means of better understanding of

Weber's concept of bureaucracy at a time when organisational theorists had observed the spread of bureaucracies in modern societies (Greenwood, Hinings and Whetten, 2014), may, however, be a rather simplistic tool for describing organisational change. Although isomorphic forces may be the primary reasons for organisational change, there are more subtle forces causing organisational disruption and divergence (Scott, 2008). Covalleski and Dirsmith (1995) declined to use the theory in their research into administrative practice in Wisconsin because it paid insufficient attention to power and interest based behaviour,

It has been suggested that the theory focuses far too heavily on explaining institutions rather than how organisations work (Has Institutional Theory Lost its Way?, 2014). Other influences such as the impact of intermediaries, governmental ministries, industrial associations, trade unions, professional associations and consultants' (Scott, 2010, p. 14), or more specifically in the public sector, the election of new representatives, the crafting of new laws, judicial review and adjudication, initiatives and referendums, and constitutional amendments all have an impact on the way public sector organisations behave (Scott, 2008, 2010). Similarly, the influences of transnational bodies such as the European Union are likely to influence organisational change. It has also been described as more a tool for explaining stability rather than change (Greenwood and Hinings, 1996) which suggests there may be limitations to using this theory in a contemporary setting.

3.11 Limitations of Neo-Institutional Theory for contemporary study of local government

Although Neo-institutional theory has been proclaimed the 'best developed theoretical positions from which to view the dynamics of organisational change' (Bovaird and Downe, 2006, p. 430) there are some limitations to its utility as a tool for examining change in contemporary local government. Neo-institutional theory is not a good measure for explaining the changes that have to take place as a result of legislative changes. Coercive isomorphism has been described as arising where the external coercive force is that of government or regulatory body, the organisation may adapt to ensure its own survival by minimizing conflict, this does not cover the circumstances where a local authority is forced to change its structure in response to government legislation, e.g. separation of direct labour organisations under Compulsory Competitive Tendering. The theory is also limited in terms of

explaining responses from sub fields within an organisation to external pressures e.g. where a single department responds with changes to culture or practices but others do not within the same organisation (Ashworth, Boyne and Delbridge, 2007).

Pressures on the public sector, and in particular local government, changed after the general election in 2010, in that two of the former drivers of coercive pressure on local authorities changed following significant reductions in funding, with implied expectations of greater performance, and the removal of centrally driven and collected performance indicators. Further, the Localism Act 2012 changed the focus of performance from central government to local communities.

Neo-institutional theory does not easily explain the changes affecting organisations that arise from politics or internal leadership. It infers an attitude of following or responding to pressures but does not explain what is happening when a single organisation is the first to try a new structure or model following leadership or innovation e.g. the first councils to share services, outsource core functions or adopt the elected mayor model. The first two of these examples have become commonplace, or might be described as expected or legitimised, but the last example is less common and councils that have adopted the practice are 'outliers'. The concepts and language of convergence and compliance appear to have limitations when addressing the subtleties or granularity of change and the pace of diffusion of new innovations across organisational groups. For example, where a municipal unit is the first to adopt a new initiative in conforming with external pressures, this innovation can be explained as compliance, but as a pioneer, the council cannot be said to be converging in its behaviour. There is similar but opposite situation where a council does not follow the behaviours of others; the theory does not have a ready explanation of whether the behaviour is simply laggardly, or whether the organisation is undertaking 'deviance' behaviour or whether that organisation is responding to coercive pressures in a different way (Ashworth, Boyne and Delbridge, 2005). Where the organisation adopts the policy favoured by the coercive body, sharing services for example, the theory does not help in explaining the depth and range and direction of travel of those services that is required to show compliance. Organisations may also converge around the

wrong form of logic (Ashworth, Boyne and Delbridge, 2007) and fail to comply with the expectation of the coercive body.

Within organisations, the impact of isomorphic pressures varies in strength and predominance at different stages of an organisation's development (Christensen and Parker, 2010) and Neo-institutional theory does not offer a clear theoretical perspective with which to measure these variations. The appropriateness of Neo-institutional theory and the 'iron-cage' analogy in the current digital age has also been questioned (Bhakoo and Choi, 2013). The theory would also appear to be a weak choice for explaining the responses of organisations to fiscal shock or sustained economic turbulence where either fast or continual changes are required, suggesting that Neo-institutional theory was good for explaining what was happening to bureaucracies but has flaws when trying to theorize on fast moving structures.

Although the method has been widely used as theoretical underpinning in public sector research², Jacobs (2012) found that it may not be the perfect model for explaining public sector behaviour. Jacobs noted that many researchers did not use this method exclusively and observed that they blended several approaches and he considered that a multi method approach might be appropriate for the 'contextual and institutional complexity found in the public sector' (Jacobs, 2012, p. 2).

3.11.1 Blended Approach

Neo-institutional theory offers a theoretical framework to support the driving forces behind the organisational changes but further depth on theory behind the practical ways of making sustainable change happen can be found in work by Lewin (1947). His work focussed on the role of groups in making change happen concluded that it was easier to change individuals that had formed into a group than it was to change individuals and within this conclusion is a clear message for the value of professional networks. If district councils perceive themselves to be a 'group', even if in a wide sense, then there is a greater likelihood of group

²25% (n=87) of theorised papers (n=353) in a sample of 758 accounting papers between 1992 and 2008 (Jacobs, 2012, p. 5)

standards changing. Conversely, Lewin's research found that pressures targeted on individuals were less effective. This theory suggests that the government initiatives of compare and contrast directed at performance improvement in local government had less chance of success than the local government 'group' self-improving or 'sector led improvement'. Moreover, the arrival at a new performance level doesn't lead to sustained performance at that level but permanency needs an unfreezing of the current levels, a move to the new, and a 'freeze' at the new level. However, Lewin notes that for innovators and leaders of change within a group, if changes are too far removed from group norms then the individuals will be 'ridiculed', which appears to mitigate against transformational change and favour incremental change.

3.12 Benchmarking and the concept of Legitimacy

Benchmarking has been used to acquire legitimacy as McNair and Watts (2006) explained 'organisations will benchmark other organisations in order to align themselves with symbols, values and practices which are perceived as legitimate' (McNair and Watts, 2006, p. 11). The phrase 'legitimacy' is rarely used in the public sector to explain actions or behaviours, and though this may be a tacit rationale for activities, academic writing provides the source of definitions for this concept. Andrews (2008), describes 'confidence in institutions as the level of legitimacy of public institutions' (2008, p. 175), or simply being received as trustworthy and legitimate institutions are those 'that deserve the confidence of the public' (2008, p. 176). Bukh and Kjaergaard (2009) observe that organisations 'feel a need to demonstrate that they are using efficient control models' (2009, p. 3). This 'need' could be indicative of a desire to display behaviours that confer legitimacy on the organisation and show that it is meeting the perceived expectations of its paymasters and stakeholders. Entwistle observes the difference between adaptation theory and Neo-institutional theory in that with the former, organisations imitate in order to improve performance, whereas under the latter theory they imitate to 'enjoy the legitimacy of looking the same' (Entwistle, 2011, p. 665). In terms of performance improvement, it is suggested that organisations will adopt performance measurement systems as a 'symbol of responsiveness' and not necessarily as a search for greater efficiency' (Torres, Pina and Yetano, 2011, p. 1085). Some writers suggest that local authorities undertake benchmarking

simply to provide a display of 'legitimacy'; that the process is merely a box ticking exercise. At a deeper level, public organisations can be seen undertaking benchmarking in order to comply with their need for professional endorsement and public acceptance (McNair and Watts, 2006). Meehan (2011), for example, writes that public organisations may establish benchmarking to 'provide an outward impression of rationality and efficiency to avoid questions surrounding their conduct, but will not necessarily use the data'. Similarly, Sanger questioned the usefulness of performance measurement suggesting that it rarely leads to 'improved government performance or more efficient and accountable municipal management' (Sanger, 2013, p. 185), and Brignall and Modell suggested that 'the primary motivation for managers' use of performance information is framed in terms of the notion of legitimacy-seeking rather than efficiency maximization' (Brignall and Modell, 2000, p. 284).

Benefits to legitimacy deriving from the introduction of innovations have been queried (Deephouse, 1996) and this proposes further question of how benchmarking fits in with innovation and legitimacy and at what point do new structures and processes become the 'new legitimacy'. Historically, some local authorities have crossed boundaries and introduced new ideas, often as a response to financial pressures; Council N had a large scale voluntary transfer of all its housing stock, London Borough of Brent introduced a decentralisation of management (Bovaird and Davis, 1999). In 2011 the London Boroughs of Hammersmith and Fulham, Kensington and Chelsea and Westminster entered into a shared service arrangement, 'Tri-Borough', to create efficiencies and economies of scale. The partnership was innovative in that the shared service operated with three separate mechanisms of political control suggesting that 'legitimacy' is constantly changing. The shared service dissolved in 2017 (though Kensington and Chelsea and Westminster have continued their partnership), is indicative of the movement from the previous philosophy that technical methods of saving money were paramount, as in NPM, towards a newer theme or paradigm that prioritises political autonomy (Carr-West, 2017).

3.13 Conceptual Framework and Research Problem

Public sector research by Ashworth et al (2007) observed that organisations were

showing evidence of compliance but less of 'convergence' and noted that both were necessary to meet the requirements of Neo-institutional theory. This research attempts to close a gap in theory by examining the evidence of the approach to benchmarking in the public sector in a new legislative and economic environment; it also provides some of the needed fine grained detail from an interpretivist perspective on the structural changes in local government (Andrews and Boyne, 2012). Discerning between the three different isomorphic pressures particularly mimetic and normative pressures, which although theoretically distinct, has proved difficult empirically (Mizruchi and Fein, 1999), and this research will endeavour to see how these are operational by examining the factors making up each of the pressures.

The conceptual framework suggested by the literature is presented in Figure 3.

The councils have a structure and practice that meets their existing legitimacy needs – then face additional exogenous pressures – the isomorphic pressures. Their organisational response is to comply with these pressures – 'Compliance' and amend their structures and practices in a collective freezing of form that meets their perceptions of the new legitimacy requirements.

Original Conceptual Framework

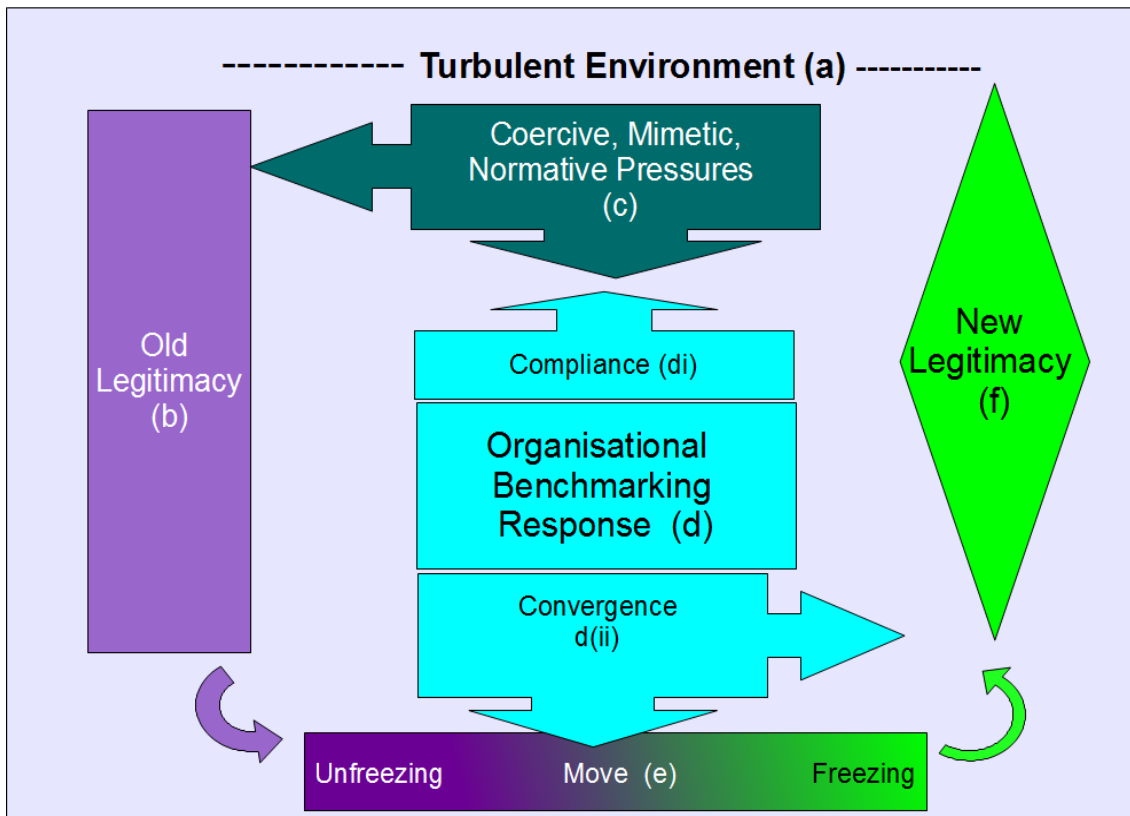


Figure 3 Original Conceptual Framework

The components of this framework convey the Turbulent Environment (a) in which the organisations (councils) exist. The initial status of the organisations that conform to the norms, structures and conventions that meet the expectations of legitimate behaviour and represent the original components of legitimacy are shown here as the 'Old Legitimacy' (b). External pressures are suggested by block (c) which exert pressures on the organisation to make changes. The organisation responds to the isomorphic pressures (d) in two ways; by complying with the external pressures (di) and, according to Neo-institutional theory they will converge (dii) their structures and practices. To be able to respond to the requirement to converge, they will 'unfreeze' their old position (e) and move to the new position where they will 'freeze' into a new structure. The new structure meets the legitimacy expectation of the new order described here as the 'New Legitimacy' (f). The issues of degrees of heterogeneity of separate councils or the time frames for implementing the changes are beyond the scope of this schematic.

The conceptual framework is relatively simple but gives the themes to guide the research and form the supporting structure upon which to develop a more sophisticated model. There is a simplistic assumption that the 'legitimacy' is the same for every council and that having made changes to meet the legitimizing needs the structures freeze into a new solid state until the next change. Similarly, the diagram gives equal weight to all of the isomorphic pressures at the same time, but the weight, importance and timing of response given to each separate pressure may vary in practice. The simplicity of this conceptual framework disguises the complexity of the longitudinal and latitudinal changes that take place as a response to the isomorphic pressures. Further, the consequences of previous pressures and practices may well impact on the current responses.

The research problem is about understanding the way benchmarking has evolved within local administration, specifically the district council level, and discovering how it has transformed over time and whether the way in which this evolution has taken place can be explained by Neo-institutional theory.

Specifically, the research questions that emerged from the literature review are thus:

- Are District Councils undertaking benchmarking or [just] comparing benchmarks?
- How are District Councils converging in their approach to benchmarking during the period of localism;
- Are district councils 'converging' and 'complying' in their practice of benchmarking;
- Are district councils 'converging' in their practices, cultures, and structures as a consequence of their benchmarking;
- Has the impact of previous isomorphic pressures sedimented into current cultures and what impact does this have;
- What does the concept of legitimacy mean in the district council context and how is their approach to benchmarking helping to achieve this.

These themes will form the direction of the research.

4 Methodology

The chosen research method to research these goals was an exploratory case study and this section justifies the chosen method for undertaking the work required to answer the research questions. The way in which rigour was built into the practical research is outlined together with an analysis of the way in which generalisability applies to the chosen methodology (Eisenhardt, 1991; Zucker, 2009). The accessibility and sufficiency of potential participants is also analysed (Flick, 2011).

4.1 How the research problem was identified

A definition of the research problem was undertaken using the pathway outlined by Flick (2011). Firstly, the focus was on 'what is new about the problem?' (Flick, 2011, p. 89). In the context of this research there are predominantly two new issues – firstly the legislative changes made by the coalition government, viz. introduction of the Localism Act and cessation of the centrally collected performance indicators. And, secondly, the changing fiscal balance between locally collected revenues and centrally provided unhypothecated grant income from central government. These factors indicate that the attitudes towards this new fiscal and political environment could be perceived as an 'uncertain environment' for local government or whether a constantly changing political, legal, and economic scenario is considered to be the normal state.

4.2 Rationale for chosen method

A review of the literature showed that there was an identifiable gap in research. The second tier level of local government is under-researched (Andrews, Boyne, and Walker, 2011) and the sector generally is an under-researched area (van Helden and Tillema, 2005), and there is an identified need for empirical analysis and comparative evidence from the public sector (Ashworth *et al.*, 2013), particularly from ontological and epistemological perspectives (Raadschelders, 2011). Various writers have pointed to a dearth of current academic research in the area of local government (van Helden and Tillema, 2005; Askim, Johnsen and Christophersen, 2007; Walker, 2008; Ashworth *et al.*, 2013) particularly as it has been questioned whether much of the public management theory is embedded in the manufacturing ideology on which NPM was based (Osborne, 2010). The limitation of existing research is that there is little contemporary research at district council level in the

UK, and research prior to 2010 was commonly positivist in nature and used the performance indicators of the National Indicator set, collected under the CPA regime, which are no longer available. Much of the research e.g. (Boyne, *et al.*, 2008, 2010) covered upper-tier authorities because they offered a wider range of Performance Indicators to measure. Walker et al (2010) undertook a comprehensive study of councils in 2010 but noted that District councils were excluded because there was no aggregate external measure of performance.

The Objectives of the research will be to:

- Investigate the extent to which comparison with other organisations is used to drive improvements in performance;
- Assess the impact of benchmarking activities on district councils' practices, structures, and policies;
- Analyse how the results of benchmarking activities are used in the organisations;
- Understand the drivers behind decisions to undertake benchmarking;
- Assess the extent to which benchmarking is perceived as a legitimising activity under Localism.

The research problem can be summarised as 'Can the approach to benchmarking under Localism be explained by Neo-institutional theory?'

The three elements of the research paradigm, ontology, epistemology and methodology are justified using a definition adapted from Healy and Perry (2000) being that ontology is the reality that researchers investigate; epistemology the relationship between that reality and the researcher, and methodology the technique used to investigate the reality.

The research was conducted under an interpretivist or qualitative paradigm with the underlying assumption that reality is subjective because it is socially constructed and that social phenomena are in a constant state of revision (Collis, 2009; Bryman and Bell, 2011). That basis for research is supported by Munir (2005) because it researches theorisation and Munir argues it benefits from a

rigorous social constructionist approach. The method enabled the researcher to study business practices in situ (Silverman, 1998). The epistemological assumption is to understand how that social reality is created (Collis, 2009).

The chosen method for this research was an exploratory case study. This method was determined using three initial criteria:

- the type of questions to be asked;
- the extent of control over behaviour; and
- the degree of focus on contemporary as opposed to historical events (Rowley, 2002; Yin, 2009).

The choice of method was driven by the research question which asks for answers to 'How' and 'Why' questions. Other methods were considered by comparing the five major research methods and three conditions as suggested by Yin (2009) as in the following table.

Method	Form of Question	Control of Events	Focuses on Contemporary events	Decision
Experiment	How?, why?	yes	yes	Reject – control of events not required
Survey	Who?, what?, where?, how many?, how much?	no	no	Reject – proposal covers current events. A survey would not necessarily capture answers to ‘why?’ and would lack rich explanatory qualitative data
Archival Analysis	Who?, what?, where?, how many?, how much?	no	yes/no	Accept
History	How?, why?	no	no	Reject – proposal covers current events
Case Study	How?, why?	no	yes	Accept

Figure 4 Research Method Selection Table

Source: (after Yin) (Yin, 2009, p. 8)

The aim of the research was to develop an understanding of the changes in the

approach to benchmarking and to discover evidence of the phenomenon of organisations converging in their benchmarking behaviours but not necessarily complying with the behaviours expected by their paymasters. The research also examines in detail what 'compliance' means in the context of district councils.

Selection of the specific method then pivoted on three points:

- Form of questions
- Control of events
- Contemporary or historical

The research required answers to 'How', 'Why', and to some extent 'Who' questions. Although Performance Indicators measure 'how many' and 'how much' the Performance Indicators are not the specific focus of this research, but rather the changes in how these are used and the factors influencing those questions.

4.3 Rationale for Rejection of Alternative methods

The research did not require control of behavioural events. The nature of the research did not require any scientific controls driven by the researcher, and an experiment would have divorced the phenomenon from its context and so would not have met the criteria for the research. Even if it had been possible to engineer a control council by restricting all changes/responses over a given period that would have offered no evidence to explain why compliance or convergence was happening elsewhere.

The historical context is covered within the Literature Review and, although this will provide background and context, the research was not examining historical events so the history method was not appropriate. The objective was to study the responses of district councils in the current economic and legislative situation (which may or may not be perceived as uncertain) and which historical analysis may not fully explain. Research encompassing, say, the last fifteen years has already been covered (Bowerman, Raby and Humphrey, 2000; Bowerman, 2002; Boyne, 2003; Boyne *et al.*, 2009). Archival analysis of minutes, reports and published data provides background and contextual information but would not, alone, have answered the 'Why' question.

The technique of ethnography was rejected because although it might have offered the opportunity to determine why a single council (perhaps the researchers own employers) had undertaken isomorphism, the time-scale of the DBA precluded use of that technique. Similarly, participant observation was an inappropriate technique for the DBA due to the time that would be involved. Undertaking a longitudinal study reviewing attitudes at the beginning of the research and then reviewing these after a period of some years to see if the views and practices had changed, was also beyond the scope of the DBA.

A survey was dismissed as a research method in this case because that would have been a weak tool to answer the 'why' question as it would not have necessarily captured the reasons why a phenomenon is happening. A further reason for rejecting a survey would be the limit to the questions posed and it would lack the richness of qualitative data that might explain the phenomenon.

4.4 Selection of Case Study methodology

The case study method is justified for this research because it is designed to bring out the details from the viewpoint of the participants by using multiple sources of data (Tellis, 1997b) and a means of understanding the dynamics present within single settings' (Eisenhardt, 1989, p. 534). The validity of this choice is reinforced by the definition from Yin (2009) that the case study is an empirical enquiry that investigates a contemporary phenomenon within its real life context. Other researchers within the public sector have used the case study technique Houghton, Casey and Murphy (Houghton, Casey and Murphy, 2012) and Tellis (1997a) in Health, Merriam (1998) in education, as well as broader public sector research (Holloway, Francis and Hinton, 1999; Bland *et al.*, 2010; Mimba, Helden and Tillema, 2013).

In summary, the researcher used an exploratory case study method in order to understand a real life issue and contemporary set of events in depth and that understanding encompasses important contextual conditions over which the investigator had little or no control (Yin, 2009). In-depth interviews were chosen in addition to archival analysis because interviews with individuals were based on the belief that a full and rounded understanding of the organisational experiences and situations of a few individuals, however unrepresentative they may be, is of

more value than a limited understanding a large representative group (Veal, 2006, p. 40). Interviews would also gain an insight into internal and environmental factors which would not have been revealed in a postal questionnaire (Torres, Pina and Yetano, 2011).

The research undertaken was exploratory and not intended to provide a theory that is generalisable across the wider public sector but rather to explore what is currently happening in districts following the Localism Act and offered potential to suggest hypotheses for future research.

The primary justification for using the exploratory case study method was explained by Eisenhardt because it is well suited to new research areas or research areas for which existing theory is inadequate (Eisenhardt, 1989, p. 549). This method was deemed appropriate by Benbasat, Goldstein and Mead (1987) for research in an area where few previous studies have been carried out. This latter view reinforces the view that the case study method was appropriate as there is a paucity of recent interpretive research at English district level (Daniel and Ward, 2006).

Unlike descriptive or explanatory studies this research was not intended to produce propositions in advance of the interviews because the researcher did not 'have enough experience, knowledge or information from the literature upon which to base propositions' (Baxter and Jack, 2008).

4.5 Procedures followed

A protocol was developed to ensure rigour in the case study (Baxter and Jack, 2008; Brereton *et al.*, 2008; Yin, 2009) and this is presented in Appendix C.

4.5.1 Time Scales

Field research commenced in June 2014 with a test interview and continued with interviews until March 2015.

4.5.2 Description of the sampling method - how cases were located and selected

The researcher aimed to select units of analysis where the maximum could be learned in the period of time available (Tellis, 1997b, 1997a).

The boundaries were set within English Local Government and specifically

English District Councils. This was chosen as the researcher's area of work and therefore the research results would be of most value from a job-related perspective. The focus on district councils was also justified from several other perspectives, determining that a study of district councils was worthwhile, and that districts had sufficiently distinct characteristics to enable a separate study. At the time of the research there were 201 districts in England with responsibility for spending a significant sum of public money having a total service expenditure of £9bn. (MHCLG Revenue Outturn summary 2014 to 2015). District councils (specifically shire districts in County areas – the study did not address Metropolitan districts which have responsibility for a different set of services see Appendix A(ii)) have a distinct identity compared to other tiers of local government and warranted separate study for the following reasons:

- **Financial Pressures:** Following the 2010 election they faced the biggest financial cuts in non-hypothecated grants of all the authority types (see Appendix A(ii)) with front loaded cuts of 25% in the first two years and total cuts of 38% (though Metropolitan districts suffered the largest overall cuts (National Audit Office (NAO), 2018)) so facing the biggest pressures in those early years;
- **Financial Sustainability:** A National Audit Office report in 2014 found auditors were 'confident about future financial sustainability of district councils' but were pessimistic about single tier and county councils (National Audit Office, 2014, p. 10);
- **Benchmark Indicators:** The number of national performance indicators that are still collected and published, e.g. by LG Inform, are fewer than for the higher tier councils suggesting they may have a different set of issues around comparative performance;
- **Planning:** District councils are responsible for local Planning and were the subject of a special service-focussed benchmarking activity (Planning Advisory Service, 2015);
- **Different demands:** In addition, the pressures they face are distinct from other authorities e.g. they are not facing pressures from the increasing

demands for social care like County councils, reinforcing the view that the lower tier is distinct from other tiers;

- Evidence from work on the Beacon councils, where district councils made fewer applications for Beacon status than other types of council, suggests that under past performance regimes they acted differently from other council types (Withers and Hartley, 2007) .

From a practitioner's perspective they were the researcher's area of expertise and thus gave higher motivation to discover if there were any benefits to districts from the research. Whilst there was research into performance in councils it tended to focus on upper tier authorities e.g. Boyne et al (2008), Andrews and Boyne (2010), there was a lack of specific research for that tier, though they had been included in general local government studies in the UK e.g. Rashman and Hartley (2002), Downe, Bottrill and Martin (2017). Geographically, an area 120 miles from the researcher's home was chosen because the research method included face to face interviews at the interviewee's workplaces and greater distances would have involved more work absence that could be managed within the researcher's annual holiday and the DBA time-scale.

Potential interviewees were based on a purposeful sample (Merriam, 1998) using both convenience and network bases based on their involvement with current benchmarking initiatives or roles within district councils concerned with Performance improvement.

The interviews were selected from a population of 90 district councils in the South, East and Midlands that met the geographical constraints.

The universe from which the sample was finally selected was district councils within the following government regions:

East

South East

South West

East Midlands

West Midlands

Councils in the North West, North East and Yorkshire and Humberside regions were outside the geographical range (see Appendix A(iii)).

In addition, one interview was sourced from a Unitary council.

To protect confidentiality, details of the individual councils selected for interview and the group that agreed to take part are not separately identified here, but characteristics of the councils, including a summary of their political control, are given in Appendix D for information.

The sampled shire districts had a total budget for net service expenditure of £1,007m in financial year 2014/15, and held non Housing Reserves of £231m. at 1 April 2014 (HM Government, 2014). All were in areas that had three tiers of local government meaning that they all had at least one Parish within their district. None of the Councils had shared Chief Executives or Shared management teams at the time of the interviews. At the time of the research none of the districts were in crisis measures, meaning none were subject to a government inspection following failure of finance or services; none were subject to a notice issued under Section 114 of the 1988 Local Government Finance Act, nor subject to a public interest report from their auditors under Section 24 of the Local Audit and Accountability Act 2014. None of the councils were engaged in imminent merger or re-organisation plans and they were all operating on a 'business as usual' basis. Six councils had a Housing Revenue Account meaning that they still held responsibility for social housing. Four districts were coastal, and the remainder were inland. Appendix D provides collective information about the job roles of the interviewees, the region in which the councils were situated and the CPA score that each council had received in 2009.

The interviewees fulfilled a variety of roles in benchmarking. They were selected on the basis that:

- They met the geographical constraints;
- They were willing respondents;
- They, or their employing authorities had undertaken an active role in

furtherance of benchmarking such as:

- Active in-service benchmarking club;
- Member of the Local Government Association Knowledge Hub;
- Had written articles about benchmarking in technical journals;
- Active in CIPFA Benchmarking Club;
- Led county wide exercise on benchmarking back office.

The sampling began by selecting individuals for interview who had a profile within the public sector on benchmarking. Initial approaches were made to members of the LGA Knowledge Hub who were employed in district councils; subsequent requests to people who had written articles on benchmarking on performance in the public sector press. Then followed requests to finance professionals who had assisted in the CIPFA Benchmarking Club and, later, the Planning Advisory Service where their authority had participated in the Planning Benchmarking Hub.

These were selected in preference to random selection of Chief Executives or Performance Officers because the researcher was trying to capture views about benchmarking and the authorities' approach to that; there was a risk with random selections that respondents would have answered that they not undertake benchmarking or didn't know anything about the subject and this would not have furthered the research enquiry. In practice, a response of this nature seemed unlikely but would nevertheless have been a risk.

Approaches were initially made to Chief Executives though there were three exceptions to this. At that level the respondents would have known about the approach of their authority because they are the Head of Paid Service, or would have agreed to their authority participating in the research.

An alternative approach would have been for the researcher to approach contacts from her own professional discipline (accountancy) by network or by a snowball approach. This would likely have given valid and interesting research responses, but they would possibly have been skewed towards metrics benchmarking and may not have collected the wider range of views that the mixed disciplines delivered.

The three exceptions mentioned earlier were the personal approaches to individuals who had undertaken active benchmarking study from an accounting or service perspective and from service areas within the researcher's own County. Approaches were only made to paid officers of councils; elected members were not approached. Whilst their views about benchmarking would have been a valid focus of study, the specific research is focussed on approaches to benchmarking as outlined by officers. As this was an exploratory study, further research based on response from elected Members or from service-based officers or specific professional groups would be valid but outside the scope of this exploratory work. Invitations were sent in tranches to allow time for prospective interviewees to reply and agree dates before the next requests were made.

4.5.3 *Archival Information*

Before visiting any of the authorities, information was gathered as background to that authority. This was restricted to information available in the public domain from the authorities' websites.

The background information was

- Authority net spend (from DCLG website)
- Latest audit report
- Latest statement of accounts
- Officer structure
- Copies of Local Government Association (LGA) Corporate Peer Challenge (CPC) reports undertaken at the district (usually referred to as 'Peer Review')
- any LGA Corporate Peer Challenge reports where the interviewee had participated at a Peer Review elsewhere

Not all documents were readily available in the public domain for each authority

4.5.4 *Locations for Interviews*

The aim was to interview people in their normal working environment. The

alternative locations of interviews taking place at the researcher's workplace or a third-party venue (e.g. London or Kingston University) were rejected as the potential costs of interviewees travel costs and venue room hire were outside the budget of this research. Additionally, it would have significantly increased the lost work time for interviewees and as the immediate benefit of this research to individual authorities was not apparent it was expected that there would be a low response to that type of request. Interviewees were interviewed in their own workplaces and they answered questions based on their own authorities and their own service functions. The locations ranged from the interviewee's own offices, a borrowed office from a colleague, a committee room and, on one occasion, the staff refreshment area. The locations were chosen by the interviewees and were seen as physical locations that would be normal and comfortable for them. All took place during normal working hours. No payments were made to respondents and none asked for any remuneration for their interviews.

4.5.5 *Ethical Considerations*

Prior to any interviews being requested, ethical approval to the project was obtained from Kingston University (form RE4 as Appendix E). There was no foreseeable harm to the organizations arising from their participation in the interviews (Benbasat, Goldstein and Mead, 1987).

The scope of the case study did not plan to access any unpublished or confidential material however during the course of interviews some such material was provided by the interviewees.

All interviewees agreed that their interviews could be recorded, and digital recording and transcribing equipment and software was obtained.

Immediately prior to each interview, and in line with the Universities ethical procedures, interviewees were invited to sign a declaration (as Appendix F) giving written consent to their interview being digitally recorded. Interviewees were promised confidentiality in that neither their names nor that of their employing authority would be revealed in any published data, but that it was possible they could be identified from text used in any quotations. Names of other councils referred to by interviewees were also redacted in the report to maintain

confidentiality. The interviewer signed the same form to provide assurance that the confidentiality of the interview would be respected. The interviewee was provided with a signed copy of the consent form. Prior to the single interview undertaken via telephone, the interviewee was given the same information and agreed to proceed.

One interview took place at the researcher's own workplace and this gave rise to the risk of bias from being an insider-researcher. This risk was mitigated as the interviewee was from a different professional discipline and took a detached stance to the questioning and the interview framework followed the same questions as other councils.

4.5.6 *Interview Questions*

The interviews were planned to be on a semi-structured basis and the questions were designed to bring depth and breadth to the original research questions and to bring out actual examples of practice

After initial enquiry about the role the interviewee took in benchmarking, the questions were grouped into broad topic guides around the six research questions as follows:

Research Questions	Interview Topic Guide	Aim of Questions within Topic Guide
Q1 Are Districts undertaking benchmarking or just comparing benchmarks?	Benchmarking - General	Interviewees interpretations of benchmarking, and how any benchmarking is undertaken in practice; Extent of convergence in benchmarking or practices Existence of mimetic isomorphic pressures in copying from elsewhere;
	Comparative Performance	Role of benchmarking in performance measurement and assessment.
Q2 How are districts changing in their approach to benchmarking during the period under Localism?	Comparative Performance - Localism	Changes in approach to benchmarking under Localism

Research Questions	Interview Topic Guide	Aim of Questions within Topic Guide
Q3 Are districts converging and complying in their practice of benchmarking?	Comparative Performance CPA	Perceptions of CPA as a coercive pressure in making changes;
	Role of coercive bodies – central govt.; auditors – Transformation Challenge	Perceptions of central government and of [external] auditors as coercive pressures;
	Professional groups/organisations	The extent to which normative groups were involved in benchmarking; the officer perceptions of the value of belonging to Benchmarking club(s) (formal or informal) to address whether club membership was considered important for officers displaying the legitimacy of their behaviours to elected members;
	County wide and national groups	The extent of normative isomorphism and role played by professional and informal networks;
	Role of the LGA – Peer Reviews and LG Inform	The role played by the sector led body, and whether that is seen as a normative force;
	Changes to structures	Extent of copying others' structures as a mimetic pressure.
Q4 Are district councils 'converging' in their practices, cultures, and structures as a consequence of their benchmarking?	Comparative Performance - mechanisms	Impact of practical mechanisms employed to drive performance at each council to enable comparison of convergence with others;
	Changes to Structures	Ascertain influences on changing structure;
	Changes to Structures - Localism	Specific impact of Localism on changes to structures etc
	Changes to Structures – Shared Services	Influences to share services/management
Q5 Has the impact of previous isomorphic pressures sedimented into current cultures and what impact does this have?	Comparative Performance CPA	Influence of CPA on current practice; The impact of previous coercive pressures including assessment regimes and the impact these have made on current approaches to benchmarking
Q6 What does the concept of legitimacy mean in the district	Benchmarking – Members	Perceptions of club etc membership as a legitimizing activity from Members perspective;

Research Questions	Interview Topic Guide	Aim of Questions within Topic Guide
council context and how is their approach to benchmarking helping to achieve this?	Impact of Localism	Perspective of delivering citizen satisfaction under Localism;
	Legitimacy	Role of benchmarking, sharing services or management in delivering legitimacy

Figure 5 Table of Research Questions and Topic Guides

4.5.7 Test interview

A set of test questions was prepared based on the review of literature and an arrangement made with a personal contact of the researcher who had responsibility for performance at a local authority to participate in a test interview. (This interview took place in June 2014 at the interviewees' workplace; the interviewee, and his colleague, completed the ethical consent form and that interview was recorded). The purpose of the test interview was to ensure that the questions could be answered in practice by local government officers involved in performance and that they were relevant and timely. Also, to check the digital recording equipment in a live environment and to give practice for the interviewer in interviewing in a neutral manner and to test the transcription equipment.

The interview took place as planned and the questions were found to be sound. The interviewees were co-operative and gave comprehensive responses to the questions. Transcribing the test interview was undertaken personally by the researcher and, whilst taking longer than expected, was found to be useful in gaining deeper understanding on what had been said.

The interviews were planned to elicit specific information that was unavailable from the literature review and was crucial to satisfying the research questions. The interviews were semi-structured with flexibility to include further open-ended questions based on the initial responses. The advantage of open-ended questions was seen as allowing the interviewees free rein to expand on their answers and deliver rich descriptions from their own experience, instead of having to pick from survey answer choices that may not have included an appropriate answer from their perspective. The interviews lasted between 25 minutes (where an additional interview took place at one council) to one and quarter hours. Questions were

based on overall objectives of the study as well as the literature review. The question sheet used as the outline for the interviews is included at Appendix G because that is considered to be good practice (Benbasat, Goldstein and Mead, 1987). During the interviews, manuscript notes were made as a precaution against equipment failure, and as an aide-mémoire of any points that the interviewer wished to follow up or request further clarification.

4.6 Main Interviews

A total of 44 Chief Executives were approached in order to obtain interviews at 18 councils.

Requests for an interview were sent by email to the Chief Executive at the workplace address. These were 'cold call' requests, with the exception of three interviewees known personally to the researcher. If no response was received after two weeks a further request was made by email. If there was no response to the second email, the council was dropped from the request list. 29 Chief Executives declined or did not respond to a second request.

The interview phase lasted for a period of nine months. Interviews had to be arranged at times that were convenient to the interviewees and fitted in with the researcher's own work constraints. Interviews followed the guideline questions that had been identified and tested during the test interview.

Appendix D shows the total number of interviews, the officers interviewed, and the geographical spread of councils covered in this research. It also includes the results of the final Comprehensive Performance Assessment for those councils. The schedule of interviews shows a spread of councils over the regions in the South, East and Midlands, together with a range of CPA scores across the four possible results.

4.6.1 Data Collection

As planned, a total of 18 interviews plus an additional interview offered whilst the researcher was at a district location, were undertaken and, with the exception of one interview that was conducted over the telephone, all took place at the interviewees' workplaces which were local government offices. In the week

preceding the interviews, the interviewee was emailed further information about the research (Appendix H). All the interviews took place at the planned time and location. On four occasions the expected interviewer was accompanied by a colleague who also participated in the interview. On one occasion the opportunity was given by the interviewee to speak with a service colleague at the same location and this interview was also undertaken using the same ethical arrangements outlined earlier.

The main collection source was 19 interviews (originally proposed 18) with 23 practitioners from 18 councils and took place over a period of nine months and were completed before the General Election in 2015. This time-scale was considered possible within the sector and timetable (Rowley, 2002). The actual interviews were undertaken with:

- 2 Chief Executives;
- 5 Service Officers;
- 4 Finance Officers, including those with s.151 responsibility;
- 12 Performance Officers (or similar titles).

The interviews were planned to elicit specific information that had been unavailable from the literature review and was crucial to satisfying the research questions. The questions were semi structured with flexibility to include open ended questions based on initial responses. It was anticipated that the interviews would last one hour, and that proposed duration was quoted in the request for interviews to enable them to plan their time. All interviewees were assured of complete confidentiality and as a consequence neither their names nor their authorities are mentioned in this dissertation.

Most of the interviews were face to face with a single council officer, but at four councils there were interviews with two officers (Appx D). At three of these the pairing was a senior officer and the performance officer, whilst at the fourth, it was a service officer and performance officer. The paired interviews were offered by the councils and were not specifically requested. Multiple interviews, either on an individual basis or as focus groups were not part of the plan for this study.

Multiple interviews would be appropriate where the interviewees at a site are seen as diverse (Ritchie and Lewis, 2011), based on a belief that each management level or job type represents a diverse layer, rather than an homogenous group. Multiple level surveys i.e. two or three layer echelons, are considered superior to elite surveys in public sector research because they are considered to give a more accurate organisational picture (Enticott, Boyne and Walker, 2008; Döring, Downe and Martin, 2015). For this research, additional interviews would have been required for each selected diverse layer at every council. However, the perspectives of the different layers were not seen as critical for control or comparison in this research, though it is acknowledged that senior officers such as Chief Executives would be likely to have a different perspectives from operational officers, e.g. Downe, Hartley and Rashman (2004) but, logistically, multiple interviews would have reduced the number of councils that could be sampled and were not used as a method at this exploratory stage. There is therefore a limitation within this study of the opportunity to triangulate both between different levels at each site, and between the same or job roles at different sites and multiple interviews could therefore be useful in a wider ranging study.

4.7 Research boundaries

Research Boundaries were set to guard against the risk of the investigations becoming too wide and drifting away from the original plan (Benbasat, Goldstein and Mead, 1987) and therefore boundaries were demarcated (Merriam, 1998) to delimit the study. The boundaries also followed the guidance of Stake (1978) who stressed the importance of ensuring that boundaries are kept in focus 'what is happening is deemed important within these boundaries (the emic) is considered vital' (Stake, 1978, p. 7). The study was confined to the district council level of English local government.

Interviews for the study were limited to council officers only, and did not include Cabinet members with responsibility for performance (or committee chairmen in councils that did not have the Cabinet system). The sample of interviewees was guided by principles outlined by Ritchie, who noted that if the population is known to be very diverse in relation to the subject then the sample size would have to increase noting that each sample unit would need intensive resource for data

collection and analysis (Ritchie and Lewis, 2011, p. 84). Interviews did not include elected Members because they were seen as a diverse group with perceptions and expectations differing from those of officers. Including the members would also have broadened the scale of the study because of the need to interview the Cabinet Member (or equivalent) at all of the selected councils. In addition, the accessibility and availability of members could have extended the time duration of the work beyond the time constraints of the DBA.

Restricting the interviews to officers is a limitation of the work and further research could be undertaken into the views of elected members, and members with responsibility for performance and contrasting their views with the views of officers.

4.7.1 Determining sample size for planning purposes

Literature was probed for the factors in qualitative research that would help determine an approximation sample sufficiency at the planning stage (Malterud, Siersma and Guassora, 2016; Hagaman and Wutich, 2017).

Whilst there is a power calculation to calculate sample size for a given population in quantitative studies, no similar standard exists for qualitative studies (Malterud, Siersma and Guassora, 2016) and samples for qualitative study are generally smaller than for quantitative (Mason, 2010). Because the sample size for case studies are not pre-defined it has been suggested that further interviewing should stop when saturation point is reached i.e. no further incremental learning is taking place and researchers are observing phenomenon seen before (Glaser and Strauss, 2009). In practice, this point has been described as the point in data collection and analysis 'when new information produces little or no change to the code book' (Hagaman and Wutich, 2017, p. 25).

An overriding issue in the determination of sample size was that the nature of the research was exploratory with the aim of indicating [areas for future research] rather than concluding (Crouch and McKenzie, 2006; Malterud, Siersma and Guassora, 2016). Multerud et al advised that they were 'usually satisfied when a study offers new insights that contribute substantially to or challenge current understandings' (2016, p. 1759). The sample size was required to be not too large

so that deep case oriented analysis could be undertaken (Sandelowski, 1995). A further factor impacting on the sample size is that of the expertise of the researcher; Jette, Grover and Keck (2003) considered that expertise in the research area helped to facilitate a smaller sample size.

4.7.2 *Planned Sample size*

The planned sample size of 18 was selected following an examination of research reports (Hazlett, Mcadam and Beggs, 2008; Mimba, Helden and Tillema, 2013) and, taking on board comments from researchers on the size of the sample, (Bryman and Bell, 2011; Adler and Adler, 2013; Miller, 2013).

As a further check, the size of the sample was checked against other writers who had specified the point at which their research had reached saturation point. In their research, Guest et al (2006) found that whilst many published sources explained the rationale for sampling, only 7 sources provided guidelines for actual sizes. Sandelowski (1995) wrote that whilst a sample of one may be sufficient to permit the valuable kind of generalisation which can be made from and about cases; Guest et al (2006) found that saturation had, for the most part, occurred after the first 12 interviews; Latham (2013) concluded 15 interviews as a minimum; Bertaux (1983) argued that 15 was the smallest possible sample size in qualitative research; Hagaman and Wutich (2017) found that 16 or fewer interviews were enough to identify common themes, whilst Crouch and McKenzie (2006) considered that less than 20 was sufficient.

This review confirmed the reasonableness of the original sample size for planning purposes.

The final size of the sample is considered to be 'a matter of judgement and experience in evaluating the quality of the information collected against the uses to which it will be put' (Sandelowski, 1995, p. 183). Adequacy of the final sample size was continuously evaluated during the research (Malterud, Siersma and Guassora, 2016).

4.7.3 *Adequacy of Final Sample Size*

18 councils were included in the final study. A total of 18 planned interviews took place and an additional opportunity was offered at a location to interview a service

officer giving a total of 19 interviews.

Within qualitative research the sample size is usually small because phenomena only need to appear once to be part of the analytical map (Ritchie and Lewis, 2011; Malterud, Siersma and Guassora, 2016). A key point being that one occurrence of a piece of data or a code is all that is necessary to ensure it becomes part of the analysis framework (Mason, 2010). Appendix I provides evidence of this where information for 3 nodes was referenced in only one interview but those interviewees provided rich information sources. Whilst the last new coding node was made after the 15th council, interviews continued up to the planned level to check that no new major concepts emerged in the next few interviews (Thomson, 2011; Latham, 2013); Appendix J.

The adequacy of the sample was continuously evaluated during the research (Malterud, Siersma and Guassora, 2016) following the concept of saturation (Glaser and Strauss, 2009). The point of data saturation was reached when there was sufficient information to replicate the study and further coding was no longer feasible (Guest, Bunce and Johnson, 2006; Fusch and Ness, 2015). In addition, the data needed to have quality i.e. ‘rich data’, and sufficient quantity i.e. ‘thick data’ (Fusch and Ness, 2015). The requirement for ‘rich’ data is that it is many layered, intricate, detailed, and nuanced.

The breadth and scope of the questions influenced the achievement of the sample size. As the range of the research was narrowly defined it was expected that saturation would be reached more rapidly than in a broader study (Fusch and Ness, 2015). The following graph shows how new nodes were added to NVivo as the interviews progressed.

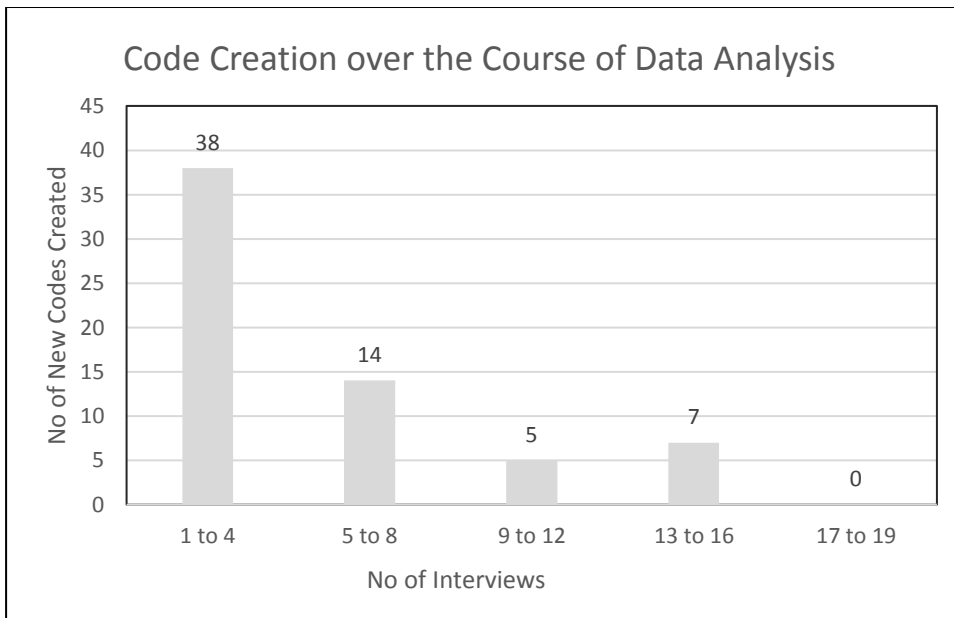


Figure 6 Code creation in NVivo

The rate of accretion of new coding slowed down after the first 5 interviews and no new codes were added after the 16th interview (15th council). Only two new nodes were created in the last 3 councils with no new NVivo codes added after the 16th interview. The later interviews added additional data (thick data) and further examples within the codes that has already been created in the earlier interviews suggesting that further coding was no longer feasible (Guest, Bunce and Johnson, 2006). Although no new codes were created, interviews continued as good practice to test the level of saturation (Thomson, 2011).

The data was sufficient to answer the themes in the research and had provided sufficient data such that the study could be replicated. The data was assessed to be both ‘rich’ and ‘thick’ as the interviews had provided over one thousand coded comments across sixty-four nodes. For ‘richness’, the quotations gave examples that provided both interest and depth to the study and a range of perspectives to each of the nodes. Some candid views were captured, especially regarding politics, supporting the view that richness of data had been achieved. Although two interviewees with academic members of the LGA Knowledge Hub were originally planned, these did not take place and triangulation was effected through academic papers.

Justification for this small sample is that all interviewees followed the same industry wide language (or jargon) (Charmaz, 2013). This small study did include interviewees from different disciplines (e.g. Planning, Housing, Finance) but was restricted to local government and did not cross industries (Mason, 2010).

The heterogeneity of the population was another factor in assessing the adequacy of the final sample size, as a diverse population would increase the required sample (Ritchie and Lewis, 2011). There was a mix of positions held by interviewees in the actual study. Actual interviews took place with senior officers (Chief Executives, s.151 officers, or service managers reporting directly to the Chief Executive) and less senior officers – mainly Performance Officers, so this questioned the extent to which they were a homogenous group. All the interviewees were council officers i.e. not elected members, and so could be treated as homogenous in that respect, though it could be argued that at a more granular level they could be viewed as a more diverse group suggesting a separate study.

4.7.4 Data Handling

A project was set up in NVivo and a dissertation log was also started in NVivo noting the researcher's reflections on the interviews, process, and subsequent coding. The transcripts were made verbatim except where the recording was unclear and after several repeats could not be understood; where this happened, the script was marked '[unclear]' in the transcript. Potential for contract typing of the recordings was considered and rejected as it was felt that the additional time listening to the interviews would aid in-depth understanding of the responses because they would pick up tone and nuance of speech that is not shown on the transcripts. All interviews were personally transcribed, and accuracy was checked by proof reading the scripts against the digital recording by both the researcher and a native English speaker with a knowledge of local government whilst listening to the audio recording. After any corrections, the transcript was emailed to the interviewees' work-based email address.

The interview transcripts were immediately loaded into the NVivo project. Original transcripts are available together with the recordings made during the interviews.

4.8 Coding of interview material

The initial coding was based on an initial set of a-priori thematic codes based on a pre-reading of the first transcripts. (Coding commenced after the first five interviews). Further codes (nodes in NVivo) were developed from textual analysis and were added as more transcripts were coded (Miles and Huberman, 1984). Initial transcripts were then reviewed to reflect the additional codes in an iterative process. After consideration on how the information could be synthesised, the initial nodes were conflated to a smaller number to facilitate a match to the revised conceptual model. A schedule of the final nodes is given at Appendix I. All the coding was undertaken by the researcher so there was no risk of team inconsistency in the interpretation of codes. Material from the research is held in NVivo so that future researchers would be able to access it.

As the interviews had included open ended questions and had encouraged interviewees to expand on topics with examples from their own experience, the coding could not be mechanized (although some NVivo queries were run on key words such as finance and funding). NVivo was used to run sample queries on patterns of responses analysed by professional groups e.g. all service officers, as a sense check for similarity of the scope and coverage of coding for their transcripts. The risk that the analysis coding is subjective is acknowledged because the facts have been filtered through the subjective lens of the investigator (Benbasat, Goldstein and Mead, 1987, p. 378). This risk has been mitigated by including thick descriptions in the final analysis and the collection of notes during the course of the study – especially the dissertation log – that support the conclusions.

The quality control of the research was enhanced by using the unexpected theories as part of the investigation. The unexpected findings in the evidence have been used to strengthen the case study and so increase the rigour of the research.

To assist in analysis of the interviews, the extracts from all of the interviews were printed out as analysed by node. These interview listings were re-read and salient comments that gave the essence of that node were highlighted for use in the text to illustrate the views that were voiced in the interviews and to substantiate the findings.

The districts have been anonymised to keep faith with the anonymity promised by

the ethical considerations of the project. They have been described as Council A through to Council R in the order in which the selected quotations have been used. The extracts from transcripts are brief and references to councils that were not part of the study have been redacted, and some references to events have been removed to avoid the possibility that an informed reader would be able to identify the sources from the text.

4.8.1 *Difficulties encountered*

The response rate to interview requests was initially disappointing but, ultimately, sufficient councils responded out of the initial 44 requests to meet the planned interviews at 18 places. The original expectation was that interviews would take place with Chief Executives of councils, but in practice the requests were sometimes delegated to officers with responsibility for performance or services. In practice, officers below the level of Chief Executive may have had more detailed knowledge of the practice of benchmarking in their council. Insistence on an interview with the Chief Executive may have resulted in gaining insufficient interviews to meet the chosen target of 18. Pragmatically, an interview with an officer designated by the Chief Executive was as valid as the Chief Executive because such delegation was considered as giving tacit approval to participation in the study.

If the Chief Executive referred my request to another officer, I interpreted that delegation as the Chief Executive empowering the delegate to answer appropriately on the behalf of the authority and, by implication, the Chief Executive. This delegation was seen as valid by the Researcher as the action of the Chief Executive taking time out of their schedule to speak to a researcher on a matter with no immediate or obvious benefit to the authority may not have been perceived as good use of that senior resource by elected Members. Further, Chief Executives would know which officer is best placed to answer questions on practical aspects of running the authority.

Where a Chief Executive offered an interview with an officer responsible for Performance this was accepted. In practice this added additional breadth to the research as those officers added a different perspective.

One interview took place by telephone and although the quiet and private location had been tested for the ability to hear and digitally record a telephone call, the actual interview was only part recorded because of very poor telephone line quality and the transcript of the interview relied on manuscript notes made at the time.

Transcribing interviews was originally expected to take six hours per hour of interview but, in practice took twice as long after checking and proof reading. The extra time arose mainly from time taken in listening in real time to check typing accuracy and for small sections where the speech was unclear due to extraneous noise or unclear speech.

4.9 Critique of this research method

This section examines possible criticisms of this method and justifies the selection and method applied.

4.9.1 *Potential for Different Approaches*

Potentially this research could have been undertaken by Factor Analysis to determine perceptions of the benchmarking but that approach, as used by Andrews et al (2011) in their study of Welsh local services, requires initial questions to be sound and fundamentally for the researchers own paradigm would not have gathered the rich data of an interpretive approach. Within the same method the aspects of the research that could have been handled differently would be a different geographical base, but this was rejected on cost grounds. A shorter time scale was not achievable within the constraints of researcher time. The scope of research could have covered other tiers of local government but that would have made a larger study that could not have been achieved within the time scale of the DBA.

4.9.2 *Sufficiency of case sites*

The duration of each individual interview was realistic. Additional interviews may have provided a greater depth to the study and that could offer opportunity for future research. The initial scope of the project did not consider that there would be any significant regional variations in responses but geographical differences in approach did appear during the interviews; there is potential for further research on a regional basis and further research into the rationale and factors affecting the apparent co-working that was discussed in the Midlands but was not apparent in

the larger counties of the South East.

4.10 External Validity

Ensuring external validity for this research was undertaken by applying sound principles relating to interpretative studies based on literature research. Potential risks and criticisms were addressed, and the actions taken to safeguard the research validity from those risks are explained here.

4.10.1 Risk of Lack of Rigour

Case study research has been criticised as a technique because of suggestions that it lacks rigour (Gibbert and Ruigrok, 2010), although Yin (2009) advised that other this lack of rigour is not an inherent feature of the technique but possible failures in the implementation of the technique by 'sloppy' researchers. He holds that other techniques can also lack rigour, citing surveys where the questions have been biased, or poor experiments. The safeguard that was observed in this research to counter allegations of lack of rigour was to follow the systematic procedures set up prior to undertaking the field work (Rowley, 2002), and to report all evidence fairly without conscious bias. For this reason, quotations have been included in the research report to interpretations and original digital recordings and transcripts are held as evidence.

4.10.2 Construct Validity

The concept of construct validity is addressed here separately from the wider issues of research quality because there are differing views on its applicability to interpretive research. The function of construct validity is to show that the right tools have been chosen to answer the research question, i.e. that the research does what it says it is going to do. Silverman (1998) however, rejected the concept of construct validity because it conflicted with the nature of interpretive study. Yin (2009) from a positivist stance, offered three remedies for ensuring construct validity and these appear to be sound controls on research quality and these were followed in the research. Firstly, the research involved more than one type of evidence, so documents from analysis sites and benchmarking clubs were used in addition to interviews. A clear chain of evidence was maintained on a database which is referenced so that material could be accessed by future researchers. The final recommendation is that the report should be reviewed by key informants; this

cross check was undertaken with colleagues with an involvement in benchmarking and performance who were not part of the informant organisations (Gibbert and Ruigrok, 2010).

4.11 Ensuring research quality

Critics of the case study method have challenged the method on grounds of validity, reliability, and generalisability of the results, though these terms are usually used in connection with quantitative research. Merriam (1985) suggests that a different vocabulary is appropriate for qualitative research and notes that qualitative research should be judged as credible and confirmable as opposed to valid and reliable. The quality of this research will be confirmed using the trustworthiness criteria defined by Lincoln and Guba (1985). Their criteria have been used because it is a better fit for qualitative research. They have a categorisation of criteria that parallels the quality controls set by Yin (2009) for quantitative research (Bryman and Bell, 2011, p. 43):

- Credibility;
- Transferability;
- Dependability;
- Confirmability.

4.11.1 Credibility

This parallels the quantitative 'internal validity' and aims to ensure that the findings will be believable. Four quality control measures are suggested to prove research credibility: Prolonged engagement, Triangulation, Peer debriefing and Member checking (Houghton, Casey and Murphy, 2012).

Prolonged engagement is more appropriate to an ethnographic study and was not a relevant option for this study. Peer debriefing (a feature of investigator triangulation) (Denzin, 1989) will not feature in this research as the work will be undertaken by a single researcher and not as part of a consortium or shared research. Member checking was included by inviting interviewees to review the transcripts of their interviews. Triangulation was included by using a mix of sources rather than relying solely on interviews (Merriam, 1985). Initial

interviews, and their coding, were triangulated against later interview coding. Triangulation of one case to others in a study was considered to be valid triangulation by McClintock, Brannon and Maynard-Moody (1979) where the researchers used one single case as the base – an in-depth study of a single individual - and then triangulated the evidence from seven other studies against that individual.

4.11.2 Transferability

Transferability parallels 'external validity' or 'generalizability' in quantitative research and enquires if the findings can be applied to other cases.

'Criticising the case study method for being ungeneralisable is comparable to criticising a washing machine for not telling the time. It is unjust to criticise a method for not being able to do something that it was never originally designed to do' (Becker et al., 1994).

A case study is not intended to provide a basis for generalisation (Stake, 1978; Brown, 2008). Yin explains this by saying that 'case studies are generalisable to theoretical propositions and not to populations or universes'(Yin, 2009, p. 15). Rowley clarifies the matter saying:

'The method of generalisation for case studies is not statistical generalisation, but analytical generalisation in which a previously developed theory is used as a template with which to compare the results of the case study. In analytic generalisation, each case is viewed as an experiment, and not a case within an experiment' (Rowley, 2002, p. 20).

The aim of this research was to undertake some analytic generalisation, i.e. to expand and generalise theories and to find out what is going on in local government, and not to undertake any statistical generalisation. (Hazlett, Mcadam and Beggs, 2008).

The scope of the study, at 18 organisations, was small and it is acknowledged that overarching generalisations cannot be drawn from study at this exploratory level. (Bhakoo and Choi, 2013).

4.11.3 Dependability

This feature, which mirrors the quantitative Reliability or the absence of random error (Gibbert, Ruigrok and Wicki, 2008), covers the question - are the findings applicable at other times? The objective of dependability in the study is that another researcher would be able to replicate the steps in the study and gain the same insight. An audit trail provides good evidence for dependability (Rowley, 2002) and a database of evidence including case study narratives and interview transcripts has been maintained is available for retrieval to support the final dissertation.

4.11.4 Confirmability

This facet of quality control is summarised by Bryman and Bell with the question 'has the investigator allowed his or her own values to intrude to high degree' (Bryman and Bell, 2011, p.43). The case study technique gives rise to huge amounts of data (Yin, 2009) but only reports the researcher's conclusions, and is susceptible to greater risk of researcher bias than other methods; Miles (1979) summarised that, unlike quantitative research, there are few conventions the researcher can rely on to 'defend himself against self delusional or presentation of unreliable or invalid conclusions' (Miles, 1979, p. 590). The evidence for confirmability in this research is that all the steps in the research have been recorded and evidenced thus providing an 'audit trail' showing how the sources were derived and the evidence obtained.

4.12 Quality Control

To ensure that the research met best practice for case study methodology, the work was reviewed against the following exemplars given by Yin (1994) and, prior to that research, the expected contribution to knowledge was determined.

4.12.1 Significance of the case study.

Yin (1994) advises that for an exemplar case study, the cases are unusual and of general public interest. The individual cases selected for this study were not perceived as particularly unusual and the evidence from the individual cases was often similar but, as the evidence built up, it became clear that the current practice was presenting a different view from that expected from previous theoretical study and was thus of valuable academic interest. From the technical perspective of the

local government sector, the activity of benchmarking still has a high profile as it is promoted through the LGA LG Inform tool and through audit reports and CIPFA promotion of benchmarking clubs.

4.12.2 *Completeness*

Prior to work commencing, the boundaries of the research in terms of resource availability were determined and the limits and de-limits of the work (Appendix K) designed so that it could be completed within the resource constraints. Yin advises that the case study should continue until the analytic periphery is reached and 'the information is of decreasing relevance to the case study' (Yin, 1994, p. 186). Within the predetermined boundaries of the research, the evidence was analysed thoroughly using NVivo to report by nodes and also to report by keywords and these reports were used to explain and to justify the research interpretation. The analysis of this information continued until no further new information was evident

4.12.3 *Consideration of Alternative Perspectives*

Within the examination of evidence, the alternative views were reported, e.g. where interviewees had rejected the use of benchmarking as a performance improvement tool, and where opposing views were held on value of audit reports or scepticism about the value of CPA. Examples were sought to bring out compliance and convergence of practice.

4.12.4 *Sufficiency of evidence*

Within the report, quotations have been used to reinforce views held and to support evidence for the theoretical conclusions. Examples are provided that do not only support the researcher's conclusions but those which present an alternative view. This had been done to add richness and interest for the reader and to reflect the wide nature of the cases examined, but also to reinforce a lack of bias in reporting the evidence.

4.13 *Summary*

A formal case protocol which specifies the scope of the research, the limits, and de-limits of the research, together with a practical template which was followed during the empirical stage of the research is attached as Appendix C. The de-limitations of the project are included as Appendix K.

5 Findings – Benchmarking Practices and Pressures

5.1 Introduction

This section gives an interpretation of the research derived using the coding regime in NVivo. The findings from the research begin with the contextual framework within which English Districts were working. This is analysed over the political context and financial pressures both at a micro level from local Members and tax payers, and externally from central government. Although commencing with the Neo-institutional model (Figure 3), the research suggested a new conceptual framework as Figure 13. Starting from the original framework the pressures within Neo-institutional theory that might suggest isomorphic movement towards a common set of processes are examined.

Empirical research found that whilst the actions of the isomorphic pressures, particularly normative and coercive pressures were relevant in the changes to the approach toward benchmarking these actions were tempered by or filtered through the culture of the organisations and the culture relating to benchmarking in the districts. These ‘filters’ acted as modifiers on the benchmarking activity. The research examined the actual current practice of benchmarking and this is explained in detail. Ashworth et al (2007) suggest that for Neo-Institutional Theory to fully explain legitimacy, the practices should both comply and converge towards the isomorphic pressures. The actions of the councils in complying with the pressures and converging in their practices are examined against this theoretical underpinning. Finally, the research summarises the extent to which the approach to benchmarking can be explained by Neo-institutional theory.

In summary, the approach as interpreted from the research is that the technique of benchmarking is seen as a post facto confirmation that the council is in line with its peers on metrics and is a tool used for indicating existing performance in comparison to similar councils. Councils sought re-assurance that their services were as good as, or slightly better i.e. faster or cheaper than their peers; there was no evidence that it was seen as a tool for comparing to the best in class from other sectors. Councils did not use the term benchmarking to describe changes to structures.

5.2 Contextual background

The research took place in English District Councils and the context of the research is examined by looking at the framework of politics, the attitudes towards customers and the impact of, and perception towards, Localism. The research took place between June 2014 and March 2015 during the Liberal-Democrat Conservative coalition and interviewees made references to the potential impact of the result of the election in May 2015. Politics are probed more deeply into the relations between Members and Officers and the policies operated within councils. Finance is a key factor in the contextual framework of district councils. The turbulent nature of finance in district councils was described in their annual statements of account (SoA), e.g.

‘The financial future for local government remains extremely uncertain’ (Statement of Accounts 2013/14 Council C).

Districts stated that they faced volatility in income from fees and charges (SoA 2013/14 Council F); low investment income from low interest rates (SoA 2013/14 Council M); risks from localisation of business rates and Localisation of Council Tax Support (SoA2013/14, Council A). Districts also faced increasing demands for services following cuts in funding to other tiers of local government:

‘[Council N], as a district council will have to manage the risk of community expectation to backfill for reducing County Council services’ (CPC, Council N)

‘plan for the impact of potential County Council decisions, for example, the reduction in funding for community centres’ (CPC Council F)

There were also increased concerns from other financial pressures such as benefit payments and homelessness (SoA 2013/14 Council O; Council L; Council B)

The full impact of finance and potential reductions in external funding are addressed within the section on Coercive Pressures.

The context of delivering benchmarking comparisons was stressed by some

interviewees particularly in assessing the flaws of the previous CPA process:

“It often failed to really understand the local context for an organisation” (Transcript Council A, page 6, line 243).

The individual circumstances of a district council could make a difference to comparative figures and without an explanatory context, comparisons could be misleading:

“we need the contextual information around why we are expensive or why our performance is not as good as it could be” (Transcript Council J, page 5, line 218).

This initially sounds like a defensive excuse for metrics that compared unfavourably with others, but supports the views, discussed later in this chapter, that the council considered itself to be unique.

5.2.1 Politics

District Councils operate in a political environment in a regime with separation between politicians (Members) are responsible for defining general plans, and the administration (professionals) who have responsibility for executing them (Hyndman *et al.*, 2014).

Members are democratically elected either every four years or one quarter of seats up for election every year, or elections in three years out of four with County elections in the fourth year. Some Members operate within party political groups identifying with national political groupings, whereas some councils have many independent members.

Councils can choose between a Cabinet system or a Committee system of governance. Where a district has a Cabinet system, a Member will, again in the style that echoes central government, have responsibility for a specific service and be known as the Portfolio Holder. Where the Committee system exists, the elected member with responsibility will be the Chair of the service committee. Some Councils are finely balanced between parties and control can change overnight at an election or by a Member 'crossing the floor'. Officers have to be able to continue services and one Chief Executive explained that there had been discussions with

all groups prior to the elections to obtain a feel for their policies if they were to be successful at the ballot.

Some Independent Members do not necessarily identify as a group. The ruling group, 'the administration', will elect a Leader and, as with central government, the minority group (or groups) would be the 'opposition Members'. Where a party system operates then each political grouping would have its own group leader. Officers hold political neutrality. Senior Officers will usually be in 'politically restricted posts' which precludes them from working for political parties. Whilst officers must be non-partisan they have to be politically aware. Some councillors can be elected as Members to more than one tier of local government, referred to as 'dual hatted'; belonging to two or, sometimes, three of County, District and Parish or Town Councils. One interviewee explained the situation where their Leader was also a county councillor and the Leader of the county Council was on the same district council. One council had three Members of its Cabinet also on the County Cabinet which led to the situation where the County Council wished to close a facility within the District and consulted with the District about the closure. The District Members had (some of whom were also County Members) had to give the district response (which was a desire to keep the facility open). In another area, even though members were dual-hatted there was no drive for unitary status.

Another Council referred to:

*“lack of trust at a political level between districts and County”
(Transcript Council D, page 24, line 783).*

Friction between district and County was seen in connection with districts combining and being large enough to be a threat to the County Council.

Officers were aware of the cyclical nature of council elections and saw this as having an impact on the presentation of performance information. In an interview in early 2015 an officer noted:

“at the moment all the Members want us to be top of the pops for everything they want us to show that we are high performing and we're low cost and we're, you know, efficient but fast forward four

months and you've got different ...strategic...aspirations.”
(*Transcript Council K, page 8, line 363*).

Earlier whilst at each individual council the division between activities that are the responsibility of the administration and the decisions that can be taken by the executive are clearly defined these limits of delegated powers are not common across all districts. Members have the power to determine these delegations at each council:

“the 90% of stuff that is delegated is only delegated because Members agree the constitution that allows it to be delegated”.
(*Transcript Council K, page 6, line 296*).

5.2.2 Members and Benchmarking

The approach of Members to benchmarking did not follow a consistent pattern or practice.

The degree of interest expressed by Members in benchmarking activity varied between councils and this was possibly driven by the extent to which officers pushed benchmarking information towards Members rather than a response to member demands. At one council Members were considered to be treating benchmarking information as important because:

“it enables them to, shall we say, constructively criticise the administration and senior officers.....they'll use it for negative political..... they are bothered about the bottom line of what they can put in their political pamphlets” *Transcript Council O, page 3, line 47*).

At the other end of the spectrum an officer held the view that Members had little interest in whether or not an authority participated in benchmarking:

“I would have thought they give very little conscious thought whatsoever” (*Transcript Council P, page 8, line 258*).

Performance Information based on internal indicators with comparison over time, was usually reported to Members, of either Cabinet or an Overview and Scrutiny

Committees, on a quarterly basis:

'Each quarter we monitor how these [Corporate Plan] activities are being delivered' (Cabinet report, Council B).

However, some councils reported more frequently:

'Members get a monthly dashboard of internal indicators' (Annual Governance Statement, Council D).

The level and frequency of the benchmarking provided to Members varied from regular and proactive [and implied metrics]:

"They get our performance info on a quarterly basis and Portfolio Holders get what's relevant to them on a monthly basis" (Transcript Council P, page 9, line 290);

to a rather less frequent:

"what we take to Members once a year for them to have a look at" (Transcript Council B (i), page 13, line 269).

Although the nature of benchmarking information that members demanded was not explored, one officer advised that the only information their members requested was for comparative council tax increases across the county. There were no examples given of members requesting evidence of comparisons of methods of providing services.

5.2.3 Customers

Councils exist to provide services to their customers and in the interviews the officers referred to 'customers' and 'residents'; their focus was on residents rather than businesses. This focus on customers came across strongly:

"we start with the objective of 'this is what the customer needs' 'focussing on what's important to local people" (Transcript Council B (i), page 12, line 246).

Customer focus was a key component of the Peer Reviews and all of the Reviews

that had taken place gave feedback on the Councils' attitudes toward customers. Overall the commitment to customers that had been observed by Peers was high:

'The Peer team found a good customer service ethos throughout the organisation' (CPC Council C)

'[Council F] engages with residents more proactively than many councils' (CPC, Council F)

In particular, the teams picked up on commitment to minority groups of residents such as the Sikh community (Council L). Council K 'went the extra mile for its less privileged communities' (CPC Council K). Several councils had entered into collaborative arrangements with partners to operate 'Gateway' arrangements and this led Peers to comment:

'the incorporation of partners into the approach is beneficial for the customers' (CPC, Council L)

However, customer feedback was not high at every council, and one district was counselled by its Peer Team to monitor levels of satisfaction more systematically.

This focus on customers was a change to the way officers had seen the delivery of services in the past:

"a fundamental shift of the approach of this council to its [service redacted] service was seeing it as being very paternalistic and minimalist to ...a professional service that was delivering what customers wanted." (Transcript Council E, page 8, line 232).

The role of service users is changing in district councils, and there were examples of empowerment to users such as housing tenants having direct responsibility for their own maintenance budgets. Whilst the approach to providing customers with what they want, with an obvious link to the ballot box, appears logical, the approach could be seen as narrow because it focusses on current residents and not potential future residents or businesses.

Knowledge about responsibilities for services between local government tiers or

even between districts, particularly when shared services were involved, was seen as poor, with residents perceived as being unable to differentiate between different providers.

5.3 Cultural Background

This section examines the way in which the approach to benchmarking is mitigated or filtered by the organisational culture and how the factors making up that culture might lead to a variety of differing responses to isomorphic pressures. The organisational culture elements were grouped in the following elements:

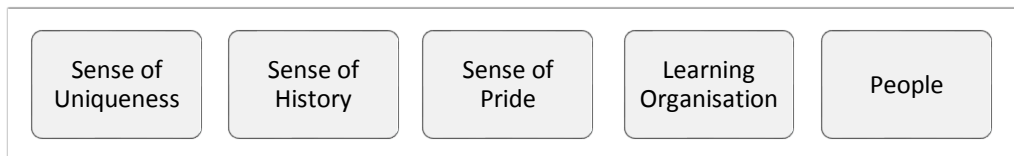


Figure 7 Elements of Organisational Culture

5.3.1 Sense of Uniqueness

English Districts consider themselves each to be unique. Many respondents gave examples of why their district was different from others and by implication could not benchmark their services effectively against other councils. This was not an excuse not to benchmark but a genuinely felt difference. The differences focussed on differences within the County; with local councils generally or communities within their district as opposed to geographical differences. This perception of uniqueness was described in terms of community differences:

“the issue for us is that Council E [district] has a very different demographic to the rest of [county redacted]” (Transcript Council E, page 15, line 474);

Or Council I:

“The needs of that community are significantly different than perhaps somewhere like [quoted two other towns in the County]” (Transcript Council I, page 4, line 194).

In Geography or Politics, the differences were explained:

“[a District with a high % of Green Belt] one of the other metrics wasnumber of houses that are built but many of our councillors don't want to build too many houses” (Transcript Council A, page 2, line 58).

A further fact of the perceived uniqueness was in mode of service delivery:

“....it's not really relevant to us because.....we deliver our services in a different way” (Transcript Council G, page 6, line 291).

Where national initiatives were involved, the districts gave examples of the changes they had made to make a policy unique to them rather than accepting the standard national version:

“..... and re-badge it and do it in our own style” (Transcript Council J, page 2, line 60).

The same council was operating the national ‘Troubled Families’ initiative but had given the project a new name and ‘put a local spin on it’ (Transcript Council J, page 10, line 450).

5.3.2 History

A sense of history and past reflections is part of the cultural underpinning of district councils and some interviewees had been in post during the years of CPA, some 11 years prior to the research, and mentioned the impact of that regime. The recollections were strong, and the assessment result from the CPA still resonated with officers:

“at the time I came to this Authority we had just been assessed as weak...we were bottom quartile...there were things where we needed a fifth quartile!” (Transcript Council P, page 10, line 303).

Officers reflected on the practices of the CPA regime and there was some disappointment with the demise of the national data set and the way they were grouped with other 'similar' councils for comparison of metrics:

“we used to have a strong CPA group and a list of performance

measures that were nationally set that we could compare”
(*Transcript Council B (i) page 5, line 95*).

Several officers commented on their length of service to justify the soundness of their remarks:

“when you’ve worked in local government as long as I have”
(*Transcript Council E, page 16, line 491*);

“personal perspective of somebody who works in the sector for a long time” (*Transcript Council J, page 13, line 622*).

5.3.3 Pride

Respondents presented a view of pride in their service and with local government generally. This pride was predicated on the ability of the sector and the councils within it to achieve by showing their resilience, initiative, and innovation:

“We are an incredibly resourceful bunch in.... local government...”
(*Transcript Council E, page 17, line 543*);

going on to explain:

“throw change at local government and it will dissipate extremely rapidly in many organisations” (*Transcript Council E, page 17, line 544*).

Peer Review teams had reflected on this, reporting on:

“enthusiasm and pride in the council shown by all staff” (*CPC, Council L*)

“There is pride in the area and there has been a ‘buzz’ created that they value highly” (*CPC, Council O*).

Councils also reported in their annual statements their pride in achieving recognition on the national scene such as gaining Investors in People Gold; a Certificate of Excellence in The National Housing Maintenance Forum, and South East in Bloom competitions.

Examples were given of achievements they had made at service level e.g.

“We moved our recycling rate from around 32% up to about 38%”
(Transcript Council M, page 7, line 215);

“we’re one of the cleanest districts” (Transcript Council M, page 15,
line 479);

“plaudits over the years for our Housing Benefits service”
(Transcript Council G, page 3, line 125).

Another Authority [Council J] described winning a national award for Planning leading to a presentation at Downing Street. It was perhaps understandable that interviewees would ‘talk up’ their achievements that they had delivered, but the language used in describing their activities was positive and spoke of innovation and motivation.

5.3.4 Learning and Achievement

Achievement came across as an important factor in the operation of district councils and the expression ‘improvement journey’ was used by two interviewees (Council O; Council E) and there were expressions of a keenness to learn that was frustrated by the actions (or lack of actions) in actively sharing their achievements or good practice:

“what they could do....about why they’re the top performers”
(Transcript Council N, page 7, line 210).

The yearning for improvement and hunger for achievement was expressed by another, in referring to their Peer Review:

“[the reviewers] could have been a bit more challenging of us”
(Transcript Council N, page 11, line 330).

The concept of learning spread to the sector as a whole and there was desire to raise standards across all councils:

“it’s not about making yourself look better by making others look worse – it’s about trying to raise the profile of the sector as whole” (Transcript Council K page 5, line 237);

“ ...helps the local government community to improve itself” (Transcript Council O, page 2, line 23);

“more about learning from them so we can improve” (Transcript Council N, page 2, line 33);

but it was acknowledged that, in practice, learning did not always take place and that resource constraints stood in the way and opportunity was lost. At one council the Peer Challenge team noted that there has been inconsistent take up of internal learning and development initiatives and advised Council F to ‘consider how to increase the take up’ (CPC, Council F). At another, the Peer Team observed good practice but noticed that it was not transferring across the authority.

In summation, a council phrased the desire to continue learning and reflecting on past achievements saying:

“we weren’t going to rest on our laurels” (Transcript Council G, page 1, line 30);

and continuing with an admission that their performance had been poor:

“we can’t be that bad we can’t be that dysfunctional but I’m afraid we found it” (Transcript Council G, page 3, line 122).

5.3.5 People

The evidence of the interviews brought out elements of staff values, leadership, pride in the service and the organisation and attitudes towards learning and achievement and these factors all mitigated against homogeneity of the approach to benchmarking.

Interviews were undertaken with staff at varying levels within the organisations – with Chief Executives, their direct reports and other, mainly Performance Officers reporting to Directors. The role of leadership had a clear effect on the approach to

performance in a council and changes in Chief Executive were referred to as a catalyst for a gear change in activity and performance. The role of the Chief Executive as described by a service officer as:

“[changing the Council] to one that was professional and well run and well managed and part of that journey was the whole performance, management culture...” (Transcript Council E, page 7, line 225).

Another Chief Executive was described as:

“very keen on performance” (Transcript Council Q, page 1, line 23).

Although it might be expected that Chief Executives would be keen to show that their actions had a positive impact on performance, the interviewees, with the role of Performance Officer, felt that it was their own role leading the drive towards performance improvement and that performance improvement had to be driven:

“...you’re often relying on the interested individual officers to put in the work” (Transcript Council P, page 5, line 142);

Or:

“...if there is a driving force behind it that might well encourage others” (Transcript Council I, page 12, Line 557).

And compared with the compulsion of previous CPA regimes, one officer saw that the presence of a dedicated [performance] officer was key to delivering improvements:

“if you haven’t got a dedicated person, which most councils haven’t, to do that work, it just falls by the wayside” (Transcript Council N, page 3, line 70).

Performance Officers saw their own roles in different ways, from the passive collation role as:

“to pull together all the Corporate Performance Information but

also to have the role”...(Transcript Council M, page 1, line 13);

to the more active:

“a catalyst, a sort of agitator” (Transcript Council M, page 10, line 307).

District Councils presented a staff-centric attitude; staff mattered and were considered important for the delivery of service improvement. This issue of well-being was mentioned as important for the Chief Executive and acknowledgement that the previous benchmarking exercise had been:

“a highly stressful exercise for staff” (Transcript Council E, page 8, line 249).

5.3.6 Organisational Culture Summary

These comments from the sector suggest that district councils view themselves to be innovative, proud of a history of achievements and keen to learn, implying that the pressures that might exist to undertake benchmarking as a performance tool would flourish in this environment but, as explained in the following section, this encouraging filter is tempered by the cultural impacts of benchmarking culture to mould benchmarking practices. The process of benchmarking appeared to be a strong part of the culture of the organisations suggesting that the practice, previously compulsory under the Best Value regime, had now sedimented into the culture of the organisations.

5.3.7 Conclusions

In summary, the environment in which councils operate is party political and increasingly customer focussed. Neither the services delivered nor the structures in which they operate are common across all councils. There is an awareness of Localism and there are ever increasing pressures to act and react in different ways:

“the council should be aiming to do things differently in order to meet the different nuances that affects different communities” (Transcript Council I, page 4, line 190).

This responsiveness will be tempered by an awareness that increasingly there will

be local policies and further pragmatic moves away from status and homogeneity:

“it’s a case of what works works so if it’s the same as someone else, fine, if it’s different from someone else that’s fine” (Transcript Council D page 22, line733).

5.4 Benchmarking Practice

This section explains the practical approach to benchmarking in district councils. The results of the interviews on how benchmarking is undertaken in practice have been grouped into the following headings

- Definitions
- Information sources and data handling
- Performance

In practice, benchmarking activities in councils covered the collection of predominately metric data that was used for re-enforcement of views about performance, or to determine where more work was required to determine why costs or services were poor compared to others, or as a start for service reviews. Some councils included references to their active benchmarking in their Annual Governance statements (AGS):

‘determine how the authority’s resources are allocated so that outcomes are achieved effectively and efficiently’ (Audit Committee, Council G);

‘The Council actively looks for opportunities to benchmark performance against other councils’ (AGS, Council O).

Benchmarking data was collected on an individual council basis, by membership of formal or informal clubs that were county based in the larger shire counties but more regionally based in the Midlands, or as in the case of the planning benchmarking exercise on a national basis. Frequency of collection varied from an occasional basis (as with Planning) to more regular reporting on speed of processing housing benefit claims or households living in temporary

accommodation. The tools used for the collation and presentation of data also varied between custom performance packages, use of informal systems or spreadsheets developed in-house.

5.4.1 Definitions

The definitions given by interviewees of how they saw the purpose of benchmarking differed according to their role in the organisation, but it was common for them to speak of comparing with similar authorities rather than comparing outside the sector. Senior managers and Chief Executives emphasised the expectations of improvements going forward:

*“not just a comparative tool it's a means to an end to improvement”
(Transcript Council O, page 1, line 17);*

“more than just a comparison of performance but comparison for best practice – gaining ideas for how to do things differently, do things better as well” (Transcript Council P, page 1, line 12).

Overall, the definitions of benchmarking were based on metrics with the aim of learning from those comparisons and identifying services that could be improved rather than adopting observed practices.

5.4.2 Information sources and data handling

The information used for benchmarking activities came from a range of sources including CIPFA statistics, government returns and LG Inform, whereas for participation in clubs, information would come from club members. The Planning Benchmarking exercise was a nationwide data collection activity. The cessation of much of the national data set had restricted the information from that source. The data available in the national government sources and the veracity of data was questioned:

“despite the fact that they are supposedly standardised guidelines there seems to be a wide variation still as to what people include in what box” (Transcript Council D, page 6, line 183).

Another interviewee said the way they were completing the input for the national

statistics at their own authority may have been inaccurate:

“we recognised that it needed to go through an exercise in reviewing how we completed those particular returns over time what we had been submitting to government in those returns had morphed and been manipulated” (Transcript Council L, page 8, line 238).

The DCLG also came in for some criticism at one council:

“by one return we were the worst in the country and we wanted to understand why and found out there was a data error in the DCLG that created a problem for us” (Transcript Council D, page 18, line 607).

Some councils used LG Inform to handle the comparative data (e.g. Council B) and others had jointly procured a commercial performance management system (e.g. Council P). Councils participating in small regional hubs found that initial enthusiasm for benchmarking waned over time. A hub member referred to a council in a neighbouring county that had been keen to join:

“they somehow found out what we were doing and asked if they could be part of it” (Transcript Council P, page 2, line 62).

But went on to explain that, over time, interest, or perhaps perceived benefits, had dwindled and now the return rate from their 46 members was down to less than 50%. This hub asked questions about metrics but also how services were delivered, for example asking to compare audit timetables and how the frequency of audits was prioritized.

A council participating in shared services commented on the difficulty of obtaining performance information; where the host council wanted to inform their own authority of the results before sharing it with partners (Council N).

5.4.3 Performance

There was frustration that good performance was not being shared and there were shortcomings within the local authority sector in learning from others:

“I'd like to see more about really pushing people that are doing well

in specific things and how they managed” (Transcript Council N, page 20, line 641).

Results and benefits from benchmarking exercises varied from one council where it was felt that the exercise had not led to any changes:

“I don’t feel that we’ve actually had a really really significant amount of information from it that made us do anything substantial” (Transcript Council B (ii) page 6, line 109).

However other interviewees who had participated in benchmarking exercises with others communicated that they found it useful to benchmark as it improved the way they networked with colleagues. In other councils, the relationships that built up in that way formed useful contacts for discussing interpretation and application of new legislation. Throughout the process they had continued to stay in contact after the initial exercise was over. Their networking was considered important in the context of staff having a sounding board to discuss impacts of new legislation. Similarly, the value of networking was highlighted in a county owned exercise on the governmental troubled families initiative where good practice was shared to improve the county target (Council F).

The national planning benchmarking exercise had led to some practical benefits:

“when we looked at our reports we found it was four times more expensive to send an application to committee than to do it under delegated so that sort of information was really helpful so when we are training Members....” (Transcript Council B (ii) page 5, line 91).

Local policies affected the benefits that could be gained from benchmarking information. In terms of practical application of changes to processes, several examples were given of the benefits to authorities of their participation. Council M found that its performance on CO2 emissions was poor compared to others and used the information to support the introduction of an energy efficiency plan; another council advised that they had restructured their validation team in Planning to free up time of professional planning officers and had saved money. The level of delegated authority within planning would be a policy decision of the council,

impacting on the costs of determination; a council with high level of delegation i.e. officers determining planning applications would have lower costs than a council where more applications were decided by members.

Benchmarking exercises covered

back office functions and a county council driven exercise exposed a heterogeneity of different practices in handling insurance procurement among the district councils within that county and pointed to potential for county wide procurement, and the leader of the exercise commented:

“residents who sit on the border will get one service from one organisation and a different service from a different organisation and those two organizations are paying in some cases vastly different amounts to deliver that service” (Transcript Council L, page 14, line 441).

This insight suggests that there is a difference between back office functions where an activity could be delivered in a homogeneous way to save money, and the changes to customer focussed services that were moving towards more localised delivery.

An examination of the flaws of benchmarking practice revealed that one authority had turned away from benchmarking as a performance technique and was instead using 'Systems Thinking' (Seddon, 2012) to improve its performance from within. That council severely criticised the practice of collecting comparative performance data:

“collecting all sorts of performance management data that says nothing about how well the service is meeting the purpose that it has.” (Transcript Council G, page 3, line 130).

Using the technique of Systems Thinking enabled them to focus on their own services with the aim of better meeting the needs of their customers.

5.5 Coercive Pressures

This section reviews the potentially coercive forces that may be impacting on

English districts. The interviewees responses are examined to determine how the forces have changed over time and whether they are leading to a commonality of benchmarking behaviour i.e. isomorphism.

The potential coercive forces were analysed from the model as assessment and performance indicators, audit references, funding sources and central government initiatives.

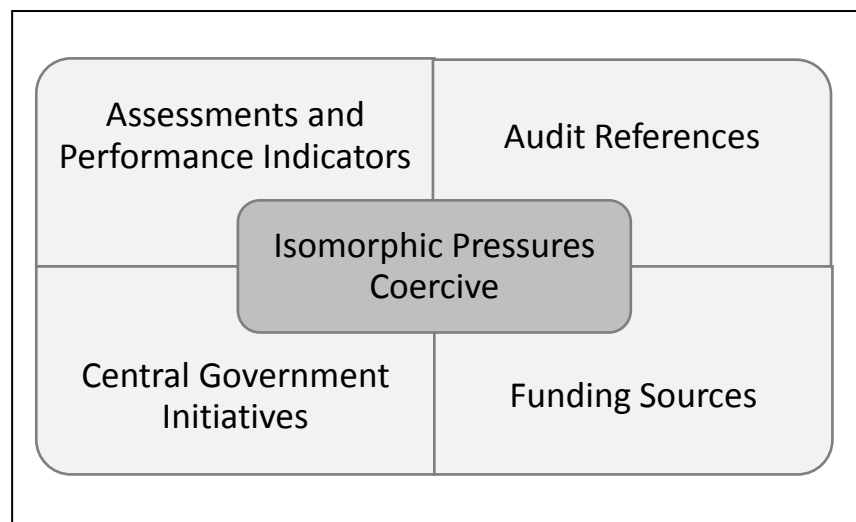


Figure 8 Components of Isomorphic Coercive Pressures

5.5.1 Assessment and Performance Indicators

The potential for the Comprehensive Performance Assessment to be a coercive force is included here, because, although the Audit Commission has been disbanded and CPA ceased in 2009, it was frequently mentioned during the interviews. There was general support for the view that CPA was seen as an external coercive force which led to changes in behaviour, particularly when the assessment result was poor:

“We had a very poor CPA assessment which led to a change of Chief Executive....part of that journey was the whole performance management culture” (Transcript Council E, page 7, line 226).

The CPA regime was recognised as leading to improved performance:

“I do believe that it did drive things forward” (Transcript Council

O, page 4, line 80);

“CPA was very effective” (Transcript Council C, page 2, line 63);

“I’m sure it did improve performance” (Transcript Council B (i), page 12, line 246);

“without that torch shining in you can easily lose focus and fall by the wayside so I’d say it was fairly effective’ (Transcript Council N, page 3, line 87).

Some respondents had a strong view that the assessment element of the CPA was the important factor in driving up performance changes:

“I think it was a massive step in the right direction when we had red flags and green flags of excellent performers in some areas – all Councils were rated...” (Transcript Council J, page 7, line 322).

However other respondents were sceptical about the extent to which it drove up performance for all authorities and there was an inference here that, unless an authority really adopted the drive to improve, that CPA was only effective in tackling performance and did little to enthuse high performers to raise to an even higher level:

“There were some authorities that, well we’ve got that result, we’ll leave it as it is” (Transcript Council O, page 4, line 81).

This view was further reinforced by a council [Council O] explaining that unless a council was 'right at the bottom of the tree' (quoting two councils that had been adjudged to have seriously failing performance) and, 'where there was outside pressure to move up', was not obliged to do anything to improve on a 'fair' performance. Despite the indications that CPA resulted in movements in performance, the evidence that CPA had a positive impact on *benchmarking* was weak. In fact, some comments suggested that the imposition of compulsory benchmarking led to aversion to benchmarking because of its association with a regime that led to 'poor' score compared to others:

“I’m not sure that wider benchmarking is something that they enjoyed at the time so certainly won’t do it now if they don’t have to” (Transcript Council B (I) page 11, line 225).

The final ‘have to’ reflects the coercive nature of benchmarking under CPA.

Benchmarking tended to be seen as something almost old fashioned; a tool that was no longer fashionable or in vogue:

“So, under that [compare] a good way of comparing was benchmarking but CPA’s’ been and gone quite some time ago...if they can’t see the benefit to it“ (Transcript Council N, page 3, line 68).

Some who looked back at the demise of the regime that brought with it a rigour of performance expectation, expressed with some regret and perceptions of risk that standards could slip without a regular external assessment.

“.... There was a competitive element to some extent and it’s a pity in many respects that the regime folded.” (Transcript Council O, page 4, line 80);

“without some sort of an inspection regime I’m not sure whether Councils are...potentially could be.....coast a lot more” (Transcript Council Q, page 6, line 258);

“most authorities arewill be sort of cruising in a sense because they don’t really have a comparison if we were CPA’d again right now, would we be an excellent council?” (Transcript Council M, page 9, line 297).

In conclusion, CPA was a process that did improve performance, particularly of the weaker councils, and did add value to councils undertaking comparison by way of metrics benchmarking, but the association of the benchmarking with CPA regime still leads to a mind-set that benchmarking is a CPA tool and not a current business technique. The pejorative nature of the CPA assessment was described using the phrase:

“we suffered under CPA!” (Transcript Council B (i), page 11, line 220).

The perceptions of enhancement to an authorities score under CPA echoed the concept of legitimacy by referring to the reputational aspect of a successful score:

“I mean for us to get Excellent was a big thing at that time; you know it was really big....” (Transcript Council M, page 9, line 295).

(This respondent worked at a Council where the Audit Commission Excellence plaque was displayed on the wall of their entrance hall).

The frustration of a council that had only received 2 stars led them to justify that result by ‘blaming’ the practices of other councils:

“we truly couldn’t find any differences between ourselves and 4 star councils and the conclusion we came had to come to was that it was athe way in which you told the story” (Transcript Council L, page 10, line 319).

Rather than benchmark their services, one council found itself evaluating their performance against four star councils to see where the differences were and found that it caused them to be side-tracked from pursuing what was really important. (Transcript Council B (i), page 13, line 266). Perhaps, unsurprisingly the criticism of the process came from authorities that did not receive a ‘good’. A major criticism of the CPA as a performance tool was the feeling that it ignored local political decisions or the context in which local authority found itself. The CPA was unfavourably compared to a league table but excluded context and failed to focus on ‘what’s important to local people’ (Transcript Council B (i), page 12, line 247).

The perceived flaws of the CPA process will be addressed later, but the advantage of the CPA regime was seen as bringing up poor performers to a basic standard. Interviewees responses focused very clearly on the drive to improve by whatever method and that it should be driven by meeting customer requirements and the role of benchmarking in performance improvement was summarised by a respondent

as only one of many performance improvement tools and the driver for improvement should come from an inherent desire to provide better services to users:

“It doesn’t really matter whether you improved the service because you’ve shared it, you’ve outsourced it or done Systems Thinking or you’ve looked at benchmarking; what people are much more interested in is how you’ve changed the service how you’ve transformed those areas rather than the method you get to it” (Transcript Council B (I), page 20, line 408).

CPA Flaws

The CPA process though acknowledged as a driver leading to improved performance for some councils, was still perceived as flawed in its processes and in delivering any value to local authorities. The criticism of the process was aimed at the volume of work required to provide evidence:

“the amount of resources that went into planning for the scheduled inspection as it were, was, you know, Wow!!” (Transcript Council F, page 5, line 212).

And the perceived futility of such of the evidence gathering exercises:

“There was a lot of evidence to gather, there was a lot of time and effort put in by officers that it felt like were just doing this to tick a box” (Transcript Council I, page 4, line 162).

The inspectors themselves also came in for criticism as having had previous long careers in local government but hadn’t worked in the sector for ten years and were therefore seen as out of date; they were compared unfavourably with the more recent Peer Review initiative where ‘Peers’ are current Members and Officers.

The toll on staff was noted:

“..... was a high cost exercise and highly stressful exercise for the staff involved” (Transcript Council E, page 8, line 250).

But the real criticism was that the regime diverted staff away from delivering services to managing the inspection regime. The regime was also criticized for the transient relationship between inspectors and the councils they were inspecting and the relationship with external auditors was seen as stronger in this context:

“CPA inspectors often came in and went again but they didn’t develop any sort of relationship” (Transcript Council A, page 8, line 352).

Although some received funds after the CPA to assist in their performance there was an underlying dissatisfaction with the CPA that it failed to really understand the authority being inspected and so failed to add value:

“it often failed to understand the local context for an organisation” (Transcript Council A, page 6, line 243);

“I don’t believe that they would understand the size of an organisation like this” (Transcript Council A, page 6, line 251).

The key failure of the CPA process was perceived as not adding value and based on poor strategy:

“There was a lot of providing evidence to show this is what we do – as opposed to changing a lot about what we did” (Transcript Council I, page 4, line 180).

Dysfunctional behaviours were reported by some interviewees who suggested that Councils learned how to ‘play the game’ by throwing resources at the process, and this was seen by some interviewees as invalidating the whole CPA process. Whilst CPA did provide the opportunity to act as a catalyst for performance improvement, in practice, as the name of the exercise ‘assessment’ suggests, the objective of performance improvement was implied rather than overt and the government were further criticised for the length of time it took to deliver a report – nine months – and this compared unfavourably with Peer Reviews where feedback, as will be discussed in a later section, was much quicker.

An unexpected consequence of the CPA regime was that there was a general

improvement in the ratings, though some of this may have been councils' 'playing the game':

“when organisations I knew were not 3 stars by playing the game throwing resources at the inspection process; burying the bodies”
(Transcript Council E, page 8, line 239).

5.5.2 Audit References

The role of external auditors as forces for coercing councils into similar benchmarking practices or even performance improvement was not seen as high. When interviewees were questioned about a potentially active role in raising performance their responses were negative. The role of auditors was seen as linked to finance alone – rather than having the wider remit previously held by the Audit Commission:

“I was able to see the non-financial side of auditing workdon't see anything that has replaced that...” (Transcript Council P, page 15, line 468).

It was acknowledged that Grant Thornton who were the external auditors for the districts in the South East, did some non-financial comparisons e.g. sickness levels (Grant Thornton, 2013b), but this was seen in a passive light rather than an active prompt to make improvements.

In comparing the value of these audit reports on financial resilience as drivers of increased performance a response was:

“it's useful information but it hasn't driven any changes in this organisation that's for sure” (Transcript Council H, page 12, line 557).

This view was, however, not unanimously held and there was a suggestion that auditors had the potential to suggest ways of enhancing performance but in practice there was no formal requirement to do so. Benchmarking was included in some external auditors' annual reports (ISA 260) as part of their duty in ensuring the council had arrangements for securing economy, efficient and effectiveness:

‘.....included the benchmarking of working balances against a group of similar English districts’ (ISA 260 report, Council L);

‘management make good use of benchmarking to identify areas for potential saving’ (ISA 260 report , Council J).

The current role of External Auditors in driving up performance was perceived unfavourably with the previous CPA regime. The auditor role was seen as helpful in checking on Councils financial value for money against a standard but not driving up greater performance:

“you certainly wouldn’t use it [the audit report] as a basis for determining.....whether we should be doing them in a different way.”
(Transcript Council L, page 11, line 341).

The different relationship between councils and their commercial auditors was noted as was the balance required between governance and commercial interests i.e. audit firms undertaking consultancy work for councils. This potential conflict did not arise under the previous Audit Commission because they did not offer any commercial consultancy services.

A strong theme from the answers given about auditors was that their current powers and influence as drivers towards performance excellence was much diluted compared to the Audit Commission CPA regime. That view contrasted with the view of the interviewee at Council B who felt that the current audit regime was better able to understand the context in which a Council finds itself and able to encourage more improvement in performance.

Although the influence of external auditors in driving Councils to make changes to their strategies was not strong, it was in financial matters that the influence of auditors was felt most strongly. Auditors were seen as picking up on performance that was below an implied standard though their role was limited solely to financial issues. Conversely, a Chief Executive considered that auditors had:

“.....help drive up performance by challenging what we are doing around value for money.” (Transcript Council A, page 8, line 359).

In conclusion, auditors were seen as having some potential to improve performance by cross-referencing to the other councils and there was a perception that they had the potential to bring errant or poorly performing councils up to a standard, but they were not actually inspiring Councils to benchmark or to improve performance. External auditors undertook comparative examinations as part of their resilience checks, commenting at one council:

‘There were reasonable explanations for areas in which the Council’s performance was an outlier compared to those of its nearest neighbours’ (ISA 260 report, Council D)

Again, in this example using a reference to the old Audit Commission family groups.

‘The current role of auditors in encouraging performance improvement was perceived unfavourably with previous Audit Commission regimes, particularly because of the national performance framework and this was summed up by a Chief Executive saying:

“ I think their ability is probably less now than it used to be twenty years ago when the Audit Commission ran the national studies.”
(Transcript Council A, page 8, line 360).

A Chief Executive considered that External Auditors could drive up performance by ‘challenging what we are doing around Value for Money’ (Transcript Council A page 8, line 359), but it is perhaps illustrative that the word ‘could’ was used rather than positively claiming that in practice they do drive up performance.

The perceptions of external auditors as checking that a standard has been achieved rather than driving up performance could be encapsulated by the comment:

“...I guess it’s another way to make sure that we are doing what we should be doing.....” (Transcript Council Q, page 12, line 585).

This was reiterated by the comment:

“ I think there has to be some sort of external verification of what you ... you can't be left to your own devices” (Transcript Council K,

page 9, line 429).

Although the expression ‘benchmark’ features in the external audit reports it was in the context of financial metrics and the benchmark tended to be seen as a reference point set externally by the auditors as in:

“we fell foul of their benchmark on Reserves this year” (Transcript Council H, page 5, line 217).

The benchmark was perceived as belonging to the auditors and that the authority had failed to meet this reference point rather than being seen as an aspirational target that other councils had met. A Finance Director commented that the Red-Amber-Green method adopted by Grant Thornton to deliver their opinions on financial resilience and VFM were not inspirational:

“Yeah we’re greens and ambers – that’s good and left it at that’ we’re not saying Oh, Why is that one amber?” (Transcript Council H, page 13, line 562).

In summary, the Councils’ response to external auditors as coercive force for undertaking benchmarking was low. It was acknowledged that they had a role in encouraging improvements as:

“...there’s a role for them to play in trying to inject that learning through an audit into how things might be able to be improved – so yes, I think they have a role” (Transcript Council K, page 9, line 434).

but the challenge was only limited:

“...you certainly wouldn’t use it as a basis for determining whether....we should be doing them in a different way.....” (Transcript Council L, page 11, line 342).

5.5.3 Funding Sources

This section addresses whether or not central government funding issues can be considered as a coercive force in the drive to undertake benchmarking. Central

government provide funding to district councils in the form of revenue support grant, but this is reducing, and 15 districts received none in 2017/18 (Appendix B). Interviewees were questioned to determine their perceptions of the role of central government in coercing councils towards benchmarking their services.

The interviews took place during the Conservative-Liberal coalition government and the government offered Transformation grants specifically to encourage councils to improve. The interviews were analysed to see the extent to which additional funding was a driver for performance improvement and whether the Councils were adopting a common response to these incentives. There was an acknowledgement that central government, through funding initiatives, was coercing councils to improve. The coalition government offered Transformation Challenge funding to councils that had applied saying that they needed pump priming funding to begin innovative and performance improvement measures. A Chief Executive saw this as a ‘carrot’. Unsurprisingly, Councils did not decline government cash and another perspective of the Transformation Challenge was:

“they gave us money to entice authorities to work together to bring it in a little sooner” (refers to a Housing initiative) (Transcript Council G, page 8, line 395).

The attraction of extra government money was clear:

“...any initiatives that would bring in additional funding ...then our Members would look on that favourably” (Transcript Council J, page 10, line 480).

Examples of the consequences of funding limitations tended to suggest that they drove Councils towards sharing resources and combining activities rather than simply improving performance.

“ it would be the Medium Term Financial Plan that would drive us into shared services” (Transcript Council A, page 16, line 737).

This was echoed by the comment that:

“...some who have a look to see what funding is available then

structure their strategy to secure the funding” (Transcript Council A, page 7, line 323).

Perversely there was a suggestion that a council had engineered a poor quality rating to enable them to access government funding for service improvement:

“ there were organisations.....that got 2 stars (because it was the key to government money)”..... (Transcript Council E, page 8, line 245).

Specific Government Funding Initiatives

Some government funding was hypothecated to specific projects rather than being available for general use, and there was clear understanding that central government was directing changes in specific areas viz:

“... they also tried to do it through funding so ...there’s a second tranche of Pickles money around waste”...(Transcript Council D, page 19, line 616);

“ the government were saying we want you to deliver it a different way; we’d like you to be more IT based.....here’s £150,000 to smooth it along” (Transcript Council G, page 8, line 383).

A reflection that funding coerced behaviour was suggested for these Transformation Grants:

“You’re bending your strategy to achieve purely what the government wants” (Transcript Council A, page 7, line 327).

And an earlier example of central government using a specific funding tool to drive district council efficiency was the Planning Delivery Grant:

“.....it used to be that the case that local authorities were rewarded with turning things around quickly and got Planning Delivery Grant” (Transcript Council K, page 4, line 169).

A similar initiative running at the time the research was undertaken was support for Troubled Families, where government money was made available for public

administrations to work collaboratively to deal with families with complex educational, health and housing needs. Councils also reported in their annual SoA receiving specific funding for Green Deal Communities; Fraud Funding from DCLG; and Coastal Communities Funding.

Within the broader financial background there were comments that suggested that lack of funding was the main driver for performance improvement:

“because obviously we’ve all got to make savings” (Transcript Council N, page 13, line 402);

“and we’re having to make bigger ones over the next four years” (Transcript Council J, page 10, line 478).

Demand Management

Councils suggested they were developing a demand management approach to reduced funding by encouraging other bodies to take on activities previously done by the Council:

“ what services can those communities themselves take on because we won’t have the resources to provide everything we currently provide” (Transcript Council J, page 11, line 517).

‘[Recommend] Further analysis on demand management to identify any correlation between tenants accessing all areas within the service and trend behaviours’ (Overview and Scrutiny Committee, Council C)

This theme was also taken up by a Peer Team advising a council to:

‘Look at demand analysis to further achieve savings and improve service delivery’ (CPC, Council D)

Summary

In summary, it appeared that funding overall was a very serious issue with concern that funding from central government sources and the ability to raise their own funds via Council Tax was not directly coercing councils to undertake

benchmarking as a performance tool, but more likely to suggest shared services initiatives. This compliance to central government direction is covered in a later chapter.

The perceptions of central government as a coercive influence on benchmarking practice were addressed in questions about the impact of central government in making changes to their structures and practices. One Chief Executive considered:

“they’ve given us freedom and flexibility to do things we want toyou don’t need to spend time on things you don’t need anymore” (Transcript Council N, page 8, line 238).

Though, perhaps more cynically, suggested that:

“I’m not sure how interested central government are in how local authorities are performing they seem to want to bash us all the time” (Transcript Council N, page 8, line 241).

A s.151 officer echoed this view by suggesting that:

“...their approach seems to be to let local government sort of police itself through the LGA” (Transcript Council D, page 17, line 571).

And although central government were able to direct district councils in the event of certain failures, e.g. failure to undertake the planning function, the view was that their exercise of that power or rather the potential for that power to be exercised only ensured adherence to a standard level:

“it doesn’t then drive any further improvement” (Transcript Council D, page 18, line 594).

5.5.4 Central Government Initiatives

Shared Services and Shared Management

The risks of reducing future funding was seen as a serious risk to the extent that it might affect the sovereignty of smaller councils and reducing costs became the driver for more sharing of services. The drivers for this were seen as two-fold – economic and political:

“our [shared management arrangement] was partly facilitated by a Transformation Grant” (Transcript Council M, page 16, line 516);

“it would be the Medium Term Financial Plan that would drive us into shared services – or Eric Pickles” (Transcript Council A, page 16, line 740).

The reference in this statement, however, is that although there is the freedom of choice to share services it would be a forced decision following lack of funds.

The coercive impact of central government policy on structures could be seen in a statement from Brandon Lewis, speaking at the Local Government Association conference in 2013 said ‘having district councils with stand-alone management is not going to last’ (Westminster Publications, 2013). The spread of shared management echoes this but conversely there was no evidence from the sample of councils that this was becoming isomorphic behaviour.

5.5.5 Summary of Coercive pressures

Within the research context the coercive pressures on districts come from assessment and performance indicators, especially CPA, auditors, central government initiatives and funding pressures.

Overall, these pressures were felt strongly and there was evidence from all districts of the coercive powers of these factors, however each factor did not exert the same amount of pressure to change behaviours at the same time. For example, the power of external auditors was seen as diluted compared with that of the CPA regime, and the coercive element of current audit was seen as solely related to finance and a response to conform to their requirements rather than an inspirational driver to benchmark or to improve performance. Conversely, pressures from the previous Audit Commission CPA regime had an impact with councils that had strongly sedimented into the organisational and benchmarking culture of the councils.

Funding pressures from central government were a strong coercive factor in two distinct ways. Firstly, in reducing unhyphenated grants and so enforcing changes in behaviours to be able to continue in a financial regime that is geared away from government funding that gave councils no alternative but to comply in changing

their practices did not drive convergence in benchmarking behaviour. Secondly, in applying specific grants e.g. Transformation Challenge, government funding was a coercive force to which councils complied and did converge in some of their structures into shared services.

5.6 Normative Pressures

This section addresses the normative pressures that were found in councils and groups the responses into the following four factors that were identified around professionalism and professional networks.

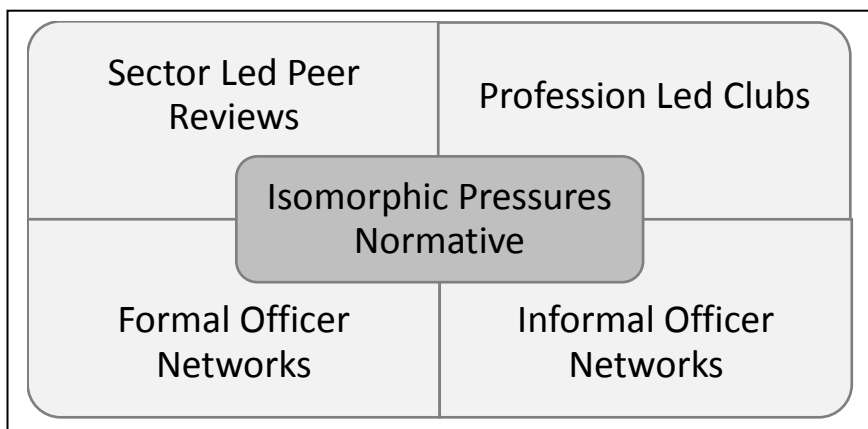


Figure 9 Components of Normative Isomorphic Pressures

5.6.1 Sector Led Peer Review and Peer Challenge

This section addresses the perceptions of the Peer Challenge philosophy and the respondents' views on how the make-up of their team added value to the operation and examines the extent to which the LGA Peer Challenge acts as a normative pressure on the practice of benchmarking. This initiative was developed by the LGA following consultation across the sector (Local Government Association, 2011) and the plan for self-regulation had wide support. Benchmarking was addressed in the consultation and there was support from the consultees for using that tool, but there was an awareness that it required collective buy-in to work effectively.

The Peer Review Challenge (CPC) initiative organised by the LGA in 2011, was a component of their 'Taking the Lead' strategy and was proposed as a measure to challenge and further learning within the sector. Each review is tailored to the requested needs of the council being reviewed and every council had the

opportunity to have one peer challenge free of charge. The current format of the challenge covers five basic areas for challenge:

- Local context and priority setting
- Financial Planning and Viability
- Political and Managerial leadership
- Governance and Decision making arrangements
- Organisational capacity and Focus to deliver

Source: LGA Peer Challenge Report (Sevenoaks District Council, 2014).

In this research the Peer Review has been treated as a normative isomorphic pressure and not a coercive one. Peer Reviews were voluntary with no statutory prescriptive underpinning. They were not funded directly by central government and their reports were not required to be made public, though the LGA encourages authorities to do so. Peer Reviewers were senior officers in local government and current elected Members (usually a Leader from a council that has similar size or geography), so from the point of view of officers were ‘colleagues’, but one Panel included a senior director from a large software company and was considered to give greater value than 'a local government officer team coming in and telling you just local government stuff' [Transcript Council J, page 12, line 586]. The team is supported by staff from the LGA. The officers and members are not paid to undertake the reviews but there is implied reciprocity and an expectation that people from a reviewed council will respond to a call to assist at other reviews.

Peer Reviewers came from a range of professional disciplines who are selected for their experience and expertise and they are chaired by a Chief Executive; one of the interviewees – a Chief Executive – had himself chaired a Peer Review at another council.

Whilst all councils included their proposals for performance management in their AGS, Council J specifically included its openness to receiving feedback from a Peer Review and inspections. Councils that viewed the Peer Challenge in a positive light considered that the visiting teams identified areas for improvement,

treated the visiting team as ‘the ultimate critical friend’ (Transcript Council E, page 12, line 360) and attested to the value of the team towards improvement saying:

*“We produced an action plan following the Peer Review”
(Transcript Council N, page 9, line 290).*

But the reported changes and improvement following the visits were around strategic direction rather than processes:

*“did give us some advice on bits and pieces in the strategic review”
(Transcript Council M, page 13, line 423);*

“they said we needed to give focus on our Corporate Plan...in other words they were saying ...our Corporate Plan was a slightly woolly affair” (Transcript Council D, page 19, line 635).

This emphasis on the strategic direction of councils was reinforced by a Performance Officer who noted that:

“the team picked up on some areas of performancenot in the performance measure side of things” (Transcript Council M, page 13, line 414).

Peer Review feedback reports gave emphasis to the need for councils to have a clear strategy for the future and to focus on Place shaping:

‘...it is important to have a compelling vision for the future economics of the area’ (CPC, Council C);

‘develop a long-term narrative for the future, to inform place shaping’ (CPC, Council R).

At one council the Peer Team criticized the benchmarking that had taken place, implying that a higher standard was expected as the norm for the sector:

‘The limited benchmarking that the team did see was confined to performance indicator type data and didn’t bring together cost, performance and satisfaction metrics’ (CPC, Council R)

Participants viewed the LG Peer Challenge as giving some benefits to the host organisations, but the technique was not without criticism with the make up of the teams and in particular the Challenge Chairman having the biggest influence.

Peer Challenge has a political dimension and the Challenge teams included Members, and this was seen as adding value. The rationale underpinning the Peer Challenge was to show the sector was capable of sector led improvement but the councils that had hosted Peer Challenge tended to view the value of CPC as providing a health check or external endorsement of their self-assessed high standards rather than drivers of change:

“were around strategic direction of the Council and being very clear about what the strategic direction was” (Transcript Council L, page 16, line 500);

“they were keen for us to write a strategy that said this is what we are going to do in each area ” (Transcript Council B – interview (i) page 18, line 370).

Although the CPC Reviews emphasised the importance of a clear strategic focus, none of the respondents reported any pressure to direct their strategies and policies into structures suggested by the LGA.

Peer Challenge teams were criticised by some respondents with the process considered to be cumbersome and requiring a lot of work at the receiving council. The effort required to meet the Peer Challenge was, perhaps cynically, described as heavy and a deterrent to taking up the offer:

“uses up a lot of resource as we would have to prepare lots of documentation for people who would probably skim read it at best” (Transcript Council A, page 5, line 210).

Peer Challenge was used as a generic term to cover the activity of officers and/or Members and sometimes outside participants coming to an organisation by invitation to review a council or one or more of its services. Respondents spoke

of single service reviews:

“we’ve done government, one on leadership, ...one on Licensing...the Chief Executive loves Peer Challenges” (Transcript Council H, page 15, line 648).

and the Corporate Peer Challenge, organised by the LGA with a representative from the LGA on the team, and a third, less formal, challenge organised by Councils who paired with another district for mutual peer challenge:

“the LGA would put together sort of like-minded authorities” (Transcript Council K, page 6, line 251).

An alternative view of the review process was put forward that the time was short and the depth of the challenge could only be superficial:

“you’ve got the team for two days and they’re limited in what they can do in that” (Transcript Council N, page 9, line 277);

“It was too short a period of time so they couldn’t really get under the skin of things” (Transcript Council D, page 19, line 625).

Learning from the challenges is promoted on the LGA website by presentation of case studies. An independent review of the [Corporate Peer Challenge] process undertaken by Cardiff University (Downe, Bottrill and Martin, 2017) confirmed it was 'a highly effective tool at the heart of the Sector-led improvement programme and provides value for money' (Local Government Association, 2017b), but the review warned that councils should be prevented from 'cherry-picking' lead peers to ensure the process remained as robust as possible. The independent review found that most councils asked for member peers from the same political party as their own, and a peer lead from a similar sized council.

Sector Led Peer Assessment

Councils liked the fact that Peer Reviews could provide reinforcement that their current performance was good and sufficient, and it was a form of external assessment and the language used in considering the extent to which the modern

Peer Challenge helped to improve performance, reflected this:

“The Peer Challenge ...helped us feel confident that we hadn’t dipped since our CPA assessment” (Transcript Council P, page 13, line 409).

The word 'assessment' and 'health check' were used several times when speaking of Peer Review and there appeared to be an underlying need to reinforce the feeling that existing performance was good.

In a comment interpreted by the researcher as a reference to legitimacy, a Performance Officer said:

“it does help with your reputation if you get a clean bill of health from a Peer Review” (Transcript Council M, page 14, line 449).

The need to be [externally] assessed as performing strongly was summarised as:

“I think it would benefit all local authorities to take part in a Peer Challenge because I think it would enable local authority as a sector to demonstrate better to central government and to its residents how well we are performing” (Transcript Council J, page 13, line 616).

Sector Led Peer Review - Team Membership and Team Leaders

The make-up of the team was seen as key in the effectiveness of the challenge:

“It’s easier to prove the credibility of it if you’ve got people coming in who are currently Members” (Transcript Council P, page 14, line 437);

and the inclusion of Members on the team enhanced the legitimacy of the exercise with Members in the host authority:

“Members will often take challenge better from other Members than they would from other Chief Executives, Directors....” (Transcript Council A, page 5, line 228).

The party political dimension was another underlying theme in the management

of the Peer Review. Although the Peer Challenge itself was apolitical, districts operate in a political environment and the management of expectations was mentioned as evidence that the district that managed the timing of the Review where the Leader had been reluctant to have a Peer Review and didn't want the council to be involved in one "just before an election" (Council O) with the implication that the Peer Review might provide unwelcome information for opposition parties.

Further evidence of the need to manage expectations was provided by awareness of a respondent who spoke with a cautionary note, that:

"If you go into it without a full appreciation of what might come out of it you then suddenly find yourself with a lot of messages that need managing which can sometimes be quite difficult" (Transcript Council E, page 12, line 371).

Scoping the Review was seen as key to ensuring that the benefit from the review was maximised:

"The more specific you can be and clear about the scope the better you'll get from it" (Transcript Council N, page 9, line 279).

"we asked too much and we didn't get the challenge we really wanted" (Transcript Council N, page 11, line 362)

Councils particularly liked speaking to teams that were perceived as having similar issues to themselves; a theme that will be addressed later when benchmarking partners are examined:

"We had a very good team led by a Chief Exec from [redacted council], probably our most comparable authority so that worked out really well (Transcript Council J, page 11, line 541).

There were no specific comments from participants about benchmarking practices as a specific item within the challenge but the real potential for benchmarking appeared to come from the learning experienced by those who had joined Peer Review panels. A Chief Executive opined:

“I honestly got more out of it than I think they did...in the sense that I brought a few things back here about what they were doing with Planning” (Transcript Council O, page 10, line 203).

Sector Led LG Inform

The propensity for the Sector Led bodies to exert isomorphic pressure is addressed here within Normative pressures, rather than with coercive pressures. Participation in sector led activity is voluntary rather than a mandatory requirement. In this context ‘sector led’ is predominantly the activities of the LGA and their service of providing comparative information called LG Inform. In its annual membership pack, the LGA explained the service as:

‘a free on-line benchmarking service that allows anyone is a council or fire and rescue service to compare their performance with other similar authorities’ (LGA Membership Pack for Council I)

LG Inform captures a series of Performance Indicators and presents these in the public domain. At the time of this research LG Inform was a comparatively new innovation and comments about its efficacy came from Performance officers. Their conversations suggested that LG Inform was filling a void left by the demise of the National Indicator Set but, in practice, there were perceived flaws in the way data was captured and presented that could explain the limited efficacy from performance officers’ perspectives and why one respondent noted that:

“I mean a lot of councils haven’t taken part” (Transcript Council N, page 6, line 190).

The data offering is already captured in government returns.

The perceived flaws in LG Inform were

- Lack of context to the data;
- Insufficient measures on offer;
- Limited set of metrics;
- Lack of perceived benefits from use;

-
- Data was insufficiently recent;
 - Presentation was not user friendly.

There was considerable scepticism about its usefulness. In their responses, participants acknowledged the political aspects to their role and the interaction they had with Members and referred to the difficulty of presenting timely information:

“We’ve got the Scrutiny Panel this week...we can’t take Quarter 2 benchmarking to that because it hasn’t come out yet.” (Transcript Council Q, page 3, line 142).

Their Members were advised that:

‘there have been widespread technical issues with the system which has prevented widespread usage’ (Overview and Scrutiny Committee, Council Q)

The political context in which the LGA sits was also noted:

“ they need to have a relationship with central government and....take care about what they say and I think that shallows their message” (Transcript Council H, page 13, line 582).

Respondents were asked about the actions they were taking as a result of their participation in LG Inform but apart from comments that the comparative data was useful they offered little evidence of actions arising citing that :

“ it’s difficult to get anything really meaningful from the standard LG Inform bits” (Transcript Council Q, page 10, line 460).

Council N commented on the impact of any follow up from the use of LG Inform that whilst they would like further information from other councils on how they had achieved the results showing on LG Inform, they would not wish to be on the receiving end of thirty other authorities contacting them to ask "what are you doing that's different" (Transcript Council N, page 19, line 615).

The timeliness of LG Inform and the inability of councils to make current comparisons was given as evidence for the East Midlands Councils to adopt a faster approach and mutually agree to collect data on a quarterly basis. Other councils in the South and East that were interviewed did not mention any examples of this sort of local collaboration.

In terms of normative pressures there were no suggestions that participating in LG Inform or the use of LG Inform data for benchmarking was the norm of behaviour. One interviewee did suggest that:

“often you find the higher performers are more switched on by this kind of thing and more alert to the benefits” (Transcript Council N, page 18, line 587).

In conclusion, the LGA, through its new LG Inform did not appear to be generating normative pressure to join the service or to use the service offered as a means of improving performance or changing their approach to benchmarking. There was however an underlying desire to return to the national data set and a source of comparative data:

“in terms of driving up service performance there would be more of a sort of central framework ...a re-invention of the Audit Commission” (Transcript Council F, page 4, line 159).

The overall view was that the presentational software used by the LGA was sound, but the content was insufficient. What district councils wanted was:

“a combination of both...a standard set that we can compare and then we want LG Inform as the piece of software to be able to throw out the information” (Transcript Council Q, page 9, line 450).

Summary

In summary, the Peer Challenge was seen as beneficial though it did not have an impact on the process of benchmarking. The emphasis was on helping authorities to focus on future strategy rather than concentrate on current practices, transactions, or delivery methods. The panels were not prescriptive in saying what

the Councils should do and were not coercing the councils to converge towards the same strategies but rather to ensure that they had strategies in place.

5.6.2 *Profession Led Activities*

Some councils were members of specific clubs such as those organised by CIPFA. This section examines the normative pressures felt by members of that group and the direction of their behaviour in compliance to any normative pressures exerted by the group.

Benchmarking Clubs – Regional Variations

Interpretation of the expression ‘benchmarking club’ varied across the regions. As membership (or non-membership) is not in the public domain it was not possible to predict any regional variations before the field research took place. The actual results did show a regional variation between the Midlands and East region councils and those in other regions as shown in the following table:

NVivo Coding References by region	South and South East (11 Interviews.)	Midlands and East (8 Interviews.)
CIPFA Clubs	11	3
Other Clubs	11	8
Informal Benchmarking Partners	22	47

Figure 10 Coding References for Benchmarking Clubs

Councils in the South and East referred to CIPFA clubs more than colleagues in the Midlands, though the references tended to be negative, with statements that they used to belong to CIPFA clubs but had ceased membership. The reasons for leaving were stated as costs outweighing benefits, with the resource involved in submitting data to the club seen as onerous; the need to compare only with very similar councils; or a feeling that the comparative data didn’t reflect differences arising from local policies. Members at Council Q were advised that benchmarking across county wide or family groups had reduced or ceased altogether due to a reduction in resource (Overview and Scrutiny Committee Council Q). A Midlands Performance Officer said that several disciplines within

their authority did subscribe to the CIPFA benchmarking service, but the Performance Officers did not. However, no one referred to members of CIPFA Benchmarking clubs as ‘partners’.

References to ‘other clubs’ were similar across all regions. The East Midlands Councils benchmarking group was only called a ‘club’ by one interviewee, and in other regions the coding related to informal clubs on a service specific basis such as housing and democratic services.

East and Midlands made more references to BM partners (47) than the South and South East (22) with lots of references to the Midlands group, which although administered from East Midlands covered the West as well. However, that may have been a bias reflecting the professional disciplines of the interviewees between the regions and this is addressed under limitations of the research. Within that Midlands framework there were many references to co-operation between other Midlands staff, and small groups (one called them focus groups) of ‘similar’ authorities doing small benchmark comparisons on specific service issues such as telephone answering. The position was different in the larger shire counties of the South and East where only Essex was found to have a recognised county-wide benchmarking group. In other large counties, the partners were either chosen, not from the County but, from old CIPFA family groups of around 15 councils that had the most similar characteristics, or from selected authorities seen as ‘similar’. When the term ‘nearest neighbours’ was used it referred to the family groups and not geographic proximity, for example, a Remuneration Panel advising on Members allowances for Council M reported that it had:

*‘Benchmarked the Basic Allowance against comparable roles paid by CIPFA ‘Nearest Neighbour’ councils for each authority’
(Wiltshire Remuneration Panel)*

The selected councils came from three separate counties that were not geographically close to Council M.

Profession Led - Benchmarking Clubs CIPFA

CIPFA Benchmarking clubs, which are subscription clubs, were perceived as expensive and not providing value for money or the time invested in preparing

input:

*“they're *** expensive for what you get out of them – they're a thousand a club” (Transcript Council D, page 11, line 341);*

“we took the strategic decision about 4 or 5 years ago not to subscribe anymore because we found that we were paying for those services and the bottom line is that actually they were not comparable at all” (Transcript Council L, page 9, line 280);

“because for the cost of it we didn't get enough information” (Transcript Council D, page 11, line 362).

A further reason was cited in that there were insufficient differences in the information provided at a district level every year to warrant an annual subscription:

“no point in doing it on an annual basis for the same service.....in many ways it was a waste of time the answers in year two will be the same as the answers in year one” (Transcript Council A, page 3, line 133).

The new LGA sector led information set was seen as having an advantage because it was free ('We don't have to subscribe like we do with CIPFA' (Transcript Council J, page 6, line 254) and the reports were regarded as useful. However, one council was enthusiastic about the benefits of the CIPFA offer and had subscribed to ten Benchmarking clubs to assess the performance of support services (AGS, Council O).

From a district perspective, membership of the CIPFA benchmarking clubs was not seen as especially valuable or useful and there was no evidence from the interviewees that these clubs exerted any normative pressures or that behaviour was modified as a result of membership.

Profession Led - Benchmarking Clubs - Other

A specific professional based group mentioned by interviewees was the Planning Benchmarking Service and their large-scale benchmarking activity that covered all

councils. One respondent noted the norm pressure felt by managers to act in a way that supported this club:

“It’s often the manager that feels they need to be doing or providing the information to the Club” (Transcript Council F, page 3, line 141).

But this pressure was more to conform by supplying the information to a club they had already joined rather than take action on methods and practices as a result of complying with the norms set by the club:

“different managers don’t see the value in terms of benchmarking...quite a time-consuming taskpulling together the data” (Transcript Council F, page 3, line 137).

There was no evidence that membership of benchmarking clubs compelled members to provide information as ‘norm’ of professional behaviour and interviewees reported on the difficulty of getting data. Their view is that benchmarking is solely about metrics providing data and costs rather than methods and practices.

Housing authorities had benchmarked their activities against other housing providers using HouseMark. Members at Council C were advised that the exercise compared their figures with 66 other social housing providers, and it was:

‘An evidence based approach to resource allocations, cost reductions and target setting’ (Overview and Scrutiny Committee, Council C).

Officers in the Midlands region referred to the East Midlands councils as a body that had undertaken benchmarking activity for councils in that geographical area and it was only that group where an officer suggested a sense of that membership requires a commitment as a norm of belonging:

“ by being part of the group you’re sort of committing yourself to be partto be able to provide information” (Transcript Council Q, page 17, line 848);

“we don't use CIPFA anymore..... because there just wasn't the take up”.(Transcript Council H, page 4, line 149).

Reasons were cited against using formal benchmarking clubs underpinned by a sense that benchmarking clubs were about metrics perhaps with a view to reviewing services following the results, but not as a driver to improve. The apparent lack of enthusiasm amongst district council professionals for benchmarking was encapsulated by:

“I think a lot of people misunderstand the role of benchmarking and seem to think that benchmarking gives you the answers; it doesn't, it gives you the questions to ask and I don't think a lot of people appreciate that” (Transcript Council A, page 3, line 120).

Other examples of reasons why officers did not join benchmarking clubs were seen as the effort involved in providing information being onerous and not matched by the benefits of membership. This view was reinforced by a report to Council Q that benchmarking across county wide and family groups had reduced or ceased altogether due to a reduction in resources (Overview and Scrutiny Committee Council Q). In summary, there was no evidence that professional groups exerted any normative pressures to either undertake voluntary benchmarking or that, within clubs, there was any pressure to deliver information on metrics.

5.6.3 Officer Led Networks – Formal

The role of Professionals that might act as normative pressures in district councils was also examined. These were the collaborative groups of officers at either local, regional, or national level that might have been perceived as exerting pressure to benchmark as 'the way we do things' in our industry; the groups most frequently mentioned went along professional discipline lines. Examples of these groups were the County Planning Officers groups; [County] Finance Officers; the Performance Officer's network. These groups have regular meetings for exchange of information and, as the name of the latter suggests, networking between officers. The way in which one interviewee described the operation of his officer network group typified the ways which those groups operate:

“one of the reasons for existence of the benchmarking process...run

on a quarterly basis....set of measures of interest to district councils....Benefits processing, sickness, planning applications. So you can see where you are in relation to all the other councils”
(Transcript Council D, page 8, lines 247-253).

This description suggests that the group is informative and shares metrics rather than being in any way a driver of benchmarking activity. Further questioning explored the extent to which this represented the ‘norm’ of how council officers are influenced by their peer group. An officer suggested a more active outcome from their performance officer network:

“Each of us presents on what we’ve done around efficiencies and savings just to share ideas that we can take back to our Councils”
(Transcript Council D, page 16, line 543).

This implies a learning activity and reinforces there is some benefit to the network and gives some suggestion that this is the norm for the industry and, by implication, that the value of officer groups in sharing ideas was greater than existed in the benchmarking groups.

Attendance at County meetings (County levels prevailed in the large counties where cases were examined e.g. Kent and Essex where there were large numbers of districts within the County Area (Essex and Kent have 12), but a wider network, crossing county boundaries, was described in a part of the country where there were fewer districts within each county boundary e.g. the East Midlands group.

Being a member of a county or regional group was the norm for the senior officers in each discipline and the groups were viewed as valuable:

“most of our officers would say that’s a good thing; we do participate in those groups” *(Transcript Council J, page 8, line 366).*

But there was no evidence that the role of these groups was to be the drivers of performance improvement. In addition to the County and Regional groups respondents mentioned two national bodies that they belonged to that had supported professionals in their discipline. The officer networks covered

traditional professional disciplines such as financial officers and Planning officers but also Performance Officers a group that from the name would suggest a tighter link to performance improvement and benchmarking. The latter group however appeared to follow the same pattern as other professional groups in taking a networking role:

“they all do find that very useful for sharing ideas and picking up new ways of working” (Transcript Council J, page 8, line 366).

In summary, the interviewees informed that membership of and participation in cross county or cross regional officer groups on professional discipline lines was the norm, and were clearly valuable as networking and information gathering forums. It was common to share ideas and to learn from that sharing; there was no evidence of pooling of metrics but the groups themselves were not exerting normative pressures to undertake benchmarking. The strongest indication towards a normative pressure to improve performance was best summarised by a perspective on the role of the Planning Advisory Network suggesting a strong collaboration between Councils that was focussed on raising the whole profile of the sector.

This analysis reinforced that officers seek the norms from other local authorities usually within their own technical discipline and within a relatively narrow regional focus. Potentially normative organisations at national level were again within a technical focus such as Housing and Planning and were entirely within the public and not for profit arenas. Belonging to the groups was seen as the norm but the groups themselves were not seen as exerting any pressures of compliance. Exploring the data revealed that that efficacy of Performance Officers groups was not universally strong at delivering benchmarking. One group would:

“meet quarterly and bring anything that anybody was doing differently...gave us a chance to sort of compare...it was generally informal benchmarking, but we did try and formalise some of the benchmarking but it didn't really.....” (Transcript Council M, page 5, line 149).

East Midlands councils co-ordinated a performance network in that region known

as the 'East Midlands Councils' and which comprised a network of, mainly, performance officers. The East Midlands group encouraged its members to benchmark because;

'it offers a cost effective and efficient tool for organisations to identify best practice and pinpoint innovation' ('Benchmarking across the East Midlands'- internal report for East Midlands Councils members)

Council O also referred to a Waste Management Group.

The specific role of Performance Officers in delivering benchmarking is addressed in a later section.

The commonality of attending professional groups and undertaking common practices was examined to see if those meetings suggested any conforming or converging behaviour with a normative practice. Clearly there was similarity in the practice but that might be interpreted as simply convergence of practice; it was the groups themselves setting the norms. The evidence indicates a mild consensual acknowledgement of those groups causing the districts to converge in their practices and complying with the normative pressures. These bodies and groups do not exert any formal legal powers over councils or officers to undertake benchmarking but exert pressures to practice their trade in a way that meets the norms for that group of professionals. There is no all-encompassing professional body for officers in local government. Officers, particularly at the professional and technical level, usually belong to a professional qualification body such as RITP or CIPFA. In addition, there are overarching bodies that represent factions within local government either as a professional organisation e.g. SOLACE or longitudinally for the local government entity type e.g. Association of District Councils (ADC) and within that there are sub groups for professional disciplines e.g. Association of District Council Treasurers (ADCT).

5.6.4 Officer Led Networks – Informal

In addition to the formal professional groups, other informal officer arrangements exist to pool and exchange information. This section addresses how the informal arrangements develop and operate and the extent to which officers identify with

these groups and follow benchmarking activity that could be described as the professional norm for those organisations.

Officer Led Informal Networks – Benchmarking Partners

At a more informal level officers collaborated to form their own professional and technical groups with peers in other councils. This took the form of contacting colleagues on ad hoc bases for specific service focussed comparisons, or for wider benchmarking initiatives. The groups tended to be based in geographic proximity either within county or within region, but also wider groups based on an older CIPFA 'family groups' of districts, or self-selected groups both with similar characteristics.

The key requirement for these partners was always similar councils:

“What we have got is a family group from CIPFA and.....they are the most similar authorities to us but they are not a perfect match”
(Transcript Council B interview (I) page 3, line 55).

The search for professional or technical partners was usually but not entirely restricted to other councils. For example, Council B had:

“looked at professions outside of local government where we could learn about turning [planning] applications around” *(Transcript Council B interview (i), page 3, line 65).*

Council B had also made benchmarking links with the NHS and an RSL (Registered Social Landlord). Informal officer networks collaborated on single matter initiatives as a Midland officer explained:

“looking at telephone calls answered or abandoned [adjacent council] are looking to make changes” *(Transcript Council B interview (i) page 10, line 208).*

The officer further explained that a questionnaire on methods would be sent to councils in the group who would share their methods; and suggesting they felt a peer group pressure to respond to complete their response promptly.

Scope was narrowed to authorities with similar characteristics at a tight level. One authority explained, in connection with Planning:

“it would be pointless for us to benchmark with authorities who deal with minerals applications – things we never touch” (Transcript Council B interview (ii) page 7, line 136).

As with formal networks, staff in the informal groups felt the benefits of their networks and the usefulness of their professional and technical contacts:

“after a benchmarking exercise.... we’ve kept up communications over other matters” (Transcript Council B interview (ii) page 10, line 202).

Generally, though not invariably, the informal network was with other councils, but Housing Associations were contacted by some councils (Council B; Council C). Ad hoc networks were set up to look at practices and specific projects such as the Troubled Families Initiative where lead officers from each council in the shire county met to decide on best practice for that initiative. CIPFA Family groups, originally an Audit Commission benchmarking comparative group, containing authorities that were similar demographically were mentioned as potential benchmarking partners. One council was even tighter in its specification for a partner; having established a potential population of 30 similar authorities, they selected a small group of 5 that met their specification of having housing stock, a direct labour organisation, and a similar level of dependency on government grant. The overall aim was for:

“forming close knit benchmarking groups of truly comparable organisations where they can share detailed information” (Transcript Council L, page 20, line 619).

The role of senior management in the effectiveness of information networks was important in endorsing the legitimacy of those informal groups. In one case the group was seen as unsuccessful because:

“there wasn't really enough.....'buy-in' from the top.....and local

authorities have tended to just go their own way, now that we don't have a benchmarking regime; it's no longer mandated from the top, so people do their own thing" (Transcript Council M, page 5, line 153).

An explanation for the approach to prospective benchmarking partners restricted to the sector was suggested as:

"we have found.....perhaps being outside of the sector you are trying to contact – I don't know if trust is the right word – but perhaps, less of a willingness to share information" (Transcript Council P, page 4, line 126).

Officer Led Networks – Performance Officers

One officer reported that there used to be a County Performance Officers group but that no longer existed. That may have been the consequence of the demise of the need to collect performance indicators for publication at a national level. The cessation of the national performance indicator set was also met with a more personal perspective from a performance officer who felt that the curtailment of the number of nationally collected benchmarks would adversely affect job opportunities for Performance Officers.

"no more performance indicators you know Performance officers might as well look for another job" (Transcript Council M, page 12, line 395).

Officer Led Informal Networks - Summary

Officers felt there was strong value in these cross-cutting groups for a networking perspective and for information exchange

"I'm sure he would share the experience he is going through" (Transcript Council R, page 12, line 374).

And in terms of learning from each other to take back to their own organisations

"they are someone they ask them how they are getting on with their

budget for this or their efforts on that” (Transcript Council H, page 8, line 361).

This suggesting an implied freedom of information sharing. So, the professional norm of these bodies is to exchange information, however their willingness to exchange at a higher level was not universally found at all levels particularly when detailed benchmarking was concerned.

5.6.5 Summary – Normative pressures

The underlying message from the quoted views of the responses of participants was, for some, a hankering after the national data set, but further a desire to set up their own regional indicators that had been agreed by officers at that regional level. There was no evidence that the LGA were perceived as a normative body or that authorities were converging in their approach to benchmarking as a result of using the data (except in the sense of fairly comprehensive criticisms of its perceived weaknesses but the overall view of this innovation was that its potential could be summarised by the following comment:

“lots of authorities would make the decision to opt out for a variety of reasons if it was not legislated by government, I think it would be extremely difficult for the LGA to introduce something which is self-governed in that way.” (Transcript Council J, page 7, line 338).

5.7 Mimetic Pressures

Mimetic pressure is to copy or model other organisations in the same sector and drives organisations to mirror those that are successful and worth copying (Hassan, 2005). This section examines the extent to which there was evidence that other organisations in the sector were perceived as more successful and whether any copying of structures or practices had taken place, and the evidence of any research trips that had been undertaken to underpin mimetic changes (Entwistle, 2011).

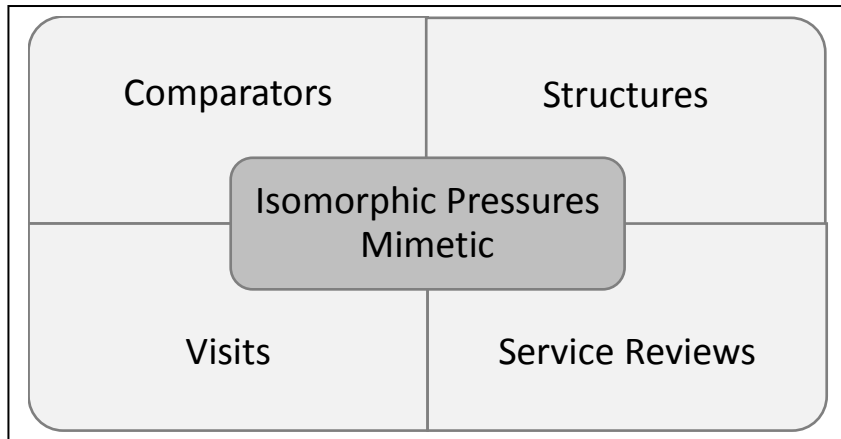


Figure 11 Components of Mimetic Isomorphic Pressures

The empirical research did not reveal high levels of evidence of modelling in response to mimetic isomorphism. Whilst Frumkin and Galaskiewicz (2004) found evidence of institutions moving towards a more bureaucratic model, the evidence of English districts in the sample suggested they are moving in the opposite direction with a variety of structures in place.

Entwistle (2011) observed that visits took place to other organisations and although these councils were undertaking visits they were not necessarily copying what was happening elsewhere.

5.7.1 Comparators

Mimetic isomorphism suggests copying from other organisations and, as Entwistle (2011) observed, visiting prestigious organisations or those noted for their high performance. The Beacon council scheme no longer exists but whilst councils with better performance were selected for visits:

“If there was another local authority that was head and shoulders above us we’d go” (Transcript Council B(i), page 14, line 297);

and the prime driver for comparison was invariably councils seen as having similar characteristics:

“I can discount [adjacent district] because the scale of [that district] is completely different” (Transcript Council D, page 7, line 233).

5.7.2 Structures

In terms of political structures two councils were considering a change from Cabinet system and returning to a committee system (Council O; Council H) but this was not a universal pattern.

Referring to a neighbouring council, Council D said that Borough T:

“has a cabinet system and Conservatives lost control at the last round of elections and a coalition of Lib-Dems, Labour, UKIP and Independents effectively run T council and, whilst in opposition they all say the Cabinet system is wrong, you know it negates democracy, now they're in charge they don't seem as keen on changing it.”
(Transcript Council D, page 21, line 697).

A more likely scenario was suggested that the nature of local democracy would change:

“I think that will change by getting not necessarily the Parishes, but more community groups engaged with how we make decisions”
(Transcript Council O, page 14, line 286).

Changes tended to happen in an opportunistic way rather than copying others that appeared to be more successful; suggestions were made that changes to structures would occur as a pragmatic response to an officer, or Chief Executive leaving, but not as a mimetic action arising after following a structure seen elsewhere:

“If my Finance Director left.....then I would take that opportunity of not replacing, doing things in a different way.....we take the opportunity” (Transcript Council O, page 11, line 237).

There was an expectation that more changes would have to be faced in the near future as a result of financial pressures (Council O, Council Q); change of political Leader (Council Q) or change of party following an election (Council L), but no interviewee suggested overtly imitating a structure they had seen elsewhere as a way forward.

Many Councils share services, usually back office services but this practice is not

universally copied, and two smaller districts had considered sharing back office with adjacent councils and concluded that there would not have been any financial benefits. One council (Council B), had reviewed the figures and found they would have to spend more, rather than make a saving, if they joined the partnership. Council A stated that:

“the cost sharing formula would have to be heavily skewed if this council was to achieve a reduction in its costs of management”
(Transcript Council A, page 10, line 457).

Pragmatism rather than modelling was driving the changes. Managerial structures did not follow a common pattern and during the empirical research period there was no evidence that councils were moving towards similar structures. Two of the councils studied were sharing a Chief Executive; one (Council Q) had changed its structure from seven directors to three whilst Council D had changed from six to two. Some shared back office whilst others did not. Councils on the fringes of London, it was suggested, were more likely to have shared management:

“another important feature would be around the cost of individual managers, you know there are some places where management salaries are very high....where it's on the fringe of London, easy transport into London so they have to pay high salaries....the benefit of shared management teams becomes more apparent” (Transcript Council A, page 9, line 388).

Two of the councils had engaged in reciprocal Peer reviews but although there was some acknowledgement of high standards and desire to achieve, they had not copied each other's structures. One officer at Council D confirmed they had looked at structures elsewhere but preferred to use the word 'comparison' to 'benchmarking' and thought it useful to see how other similar sized councils within the same county had structured their teams. Similarly, the Planning benchmarking exercise had exposed cost savings practices such as extending the work done by validations teams - there was no universal adoption of a standard model in running the Planning service. Membership of clubs did not necessarily lead to suggestions being implemented:

“I'm certainly not committing myself to using information that comes out of it” (Transcript Council I, page 2, line 60).

In the approach to the technique of benchmarking there was no universal model and the chapter on benchmarking practice covers the mixed economy approach to using that technique.

In addition to structures, there was no evidence that operational practices were copied or justification for officer proposals to change practices:

“well, we always worked off a 6 weekly [committee] cycle not a monthly cycle so that changes your support for meetings by a third” (Transcript Council R, line 320).

An important caveat was noted at Council P when the interviewee stressed that whilst the main driver for change would be financial pressures, an equal influence would be the importance of maintaining service resilience in any revised structure. The risk of the ability to continue operating services with fewer resources was highlighted with the comment:

“you lose critical mass rather than gaining anythingit's almost as if we made the savings first and now we need to make the improvements to enable us to work with the few people that we've got” (Transcript Council B (i) page 18, line 381).

Staff and Consultants

Slack and Hinings (1994) observed that mimetic behaviour was achieved by staff transferring from one organisation to another and an example of this was found in this research at Council R:

“But in this case you've got your management team, some of whom have come from other authorities at different levels, so they will be bringing in different ideas or how they did it at other organisations...” (Transcript Council R, page 10, line 312).

Sharing of officers, for example two councils sharing a Section 151 officer or a Chief Executive, would be a further example of a mimetic pressure for both

councils to follow the practice seen as 'best' from the perspective of the councils sharing the officer. Evidence of the transfer of staff from one council to another gave potential for mimetic responses as follows:

“Many of the staff who work in [County redacted] have worked in other [same county] councils” (Transcript Council A, page 4, line 174).

And another, writing of a member of staff who had recently joined:

“he's come from a neighbouring district albeit in different county...” (Transcript Council R, page 8, line 254).

Slack and Hinings (1994) further treated using the same firm of consultants i.e. copying suggestions made by consultants who had suggested similar at other places, as a form of mimetic pressure. The role of consultants in transfer of practise was noted at council M, though Council A had used consultants and did not copy the suggested practices when the consultant reviewed their Revenues and Benefits Service:

“included an examination of the arrangements by [consultants name redacted] to see what they thought of it and they thought it works very well and suggested we needed more managers.....not with a view to reduce costs lower down, but our structures in the Revenues partnership didn't meet what they would normally expect”.
(Transcript Council A, page 14, line 656).

5.7.3 Service Reviews

In the terminology used within the districts the exercise of going out and seeing if other organisations could deliver a service in a more effective way i.e. learning from others, was not described as a benchmarking exercise but was described as a service review.

Five districts (Councils A; D; I; L and P) mentioned the role that benchmarking played in preparing for service reviews. This expression was used for a larger exercise of comparison covering a whole service and not just a single process. The

benchmarked information was either used to determine which services should be reviewed or to determine priority for review:

“various budget lines which helped us decide which areas might be right for service review” (Transcript Council D, page 25, line 833).

Benchmarking was closely aligned with service reviews because comparative costs and metrics, such as numbers of staff for a payroll function or costs per transaction (Council P) were used to inform new service structures.

5.7.4 Visits

The targets for visits were councils perceived as higher performers

“going to visit one of the best performing councils” (Transcript Council D page 6, line 194).

Visits, however, were seen as a desirable method of ascertaining how things were done elsewhere but seen as time consuming:

“you don’t have time to go out and see everybody” (Transcript Council O, page 7, line 151).

Although visits were taking place, the main focus did not appear to be 'passive copying of best practice' (Hartley and Benington, 2006) but rather opportunities for enlarging networks.

“It’s really given us strength in our relationships with our neighbouring authorities” (Transcript Council B(ii), page 2, line 28),

or for reassurance on own performance

“[conclusion] when they came back was that they do things pretty much the same as we do” (Transcript Council D, page 27, line 195).

5.7.5 Summary of Mimetic Pressures

Compared with the evidence of normative and coercive pressures, the evidence of pressure from the research was that changes arising from mimetic sources was less

strong. The identified factors for this pressure were Comparators, Structures, Visits and Staff. Mirroring the structures of other organisations who were perceived as successful was not identified as a strong pressure, and structural change was opportunistic and not undertaken as a positive action to copy others. Councils were not seen as converging in their structures, nor particularly complying with any mimetic pressure. Some sharing of staff at service level and at senior management level was observed but again this was a weak pressure at the time of the research.

5.8 Benchmarking Culture in Districts

This section examines the evidence underpinning attitudes towards benchmarking based on the impact on their culture of previously imposed regimes. Within Districts there was a distinct culture surrounding benchmarking. The myths and norms that influenced attitudes of players in benchmarking came across as negative reasons for not undertaking benchmarking or for treating the results of benchmarking exercises with scepticism. This further sedimentary layer had built up within districts following past experiences of benchmarking and the following elements were observed:



Figure 12 Elements of Benchmarking Culture

5.8.1 Negative perceptions

The predominant view about benchmarking was that it related only to figures, even though a Performance Officer held the view of its wider application:

“sometimes people have got hung up when they hear the word benchmarking that it's just figures whereas to me you know you're benchmarking yourself against another organisation and it could be a process....a vast array of things” (Transcript Council F, page 2, line 75).

This 'hang-up' over numbers pervaded the views of many interviewees in

discussions about their practices and the research discovered a lot of negative attitudes towards the technique and there was evidence of some practices that could be described as dysfunctional. Negativism covered the difficulties in obtaining robust data; the extent of comparable data and the practical difficulties in engaging with other councils to share data, and cynicism about the delivered results.

The difficulty of obtaining comparative metrics was explained by the absence of a national figures and the difficulty on getting all local authorities to agree on a voluntary set of indicators:

“I think the more pressing argument is that they're struggling to come up with a set of metrics that everyone can agree on” (Transcript Council J, page 6, line 271).

The end of the time where there was a wide selection of national indicators for the authorities to use for comparison was suggested by an interview as:

“part of the reason that local benchmarking has died a death in terms of the metrics” (Transcript Council J, page 6, line 290).

5.8.2 Difficulties

The practical aspects of collating and comparing data with others appeared to give some difficulty. The range of data available was limited, but the informal protocols developed within groups sharing non-statutory performance data proved to be slow and complex. The informal protocols were in place regarding data sharing whereby groups agreed to provide data only on the basis that it would not be used in a competitive manner.

“when we set up the [county redacted] system we agreed collectively that it would not be used in a competitive way....because that just inhibits people from providing data in the future” (Transcript Council D page 27, line 894).

An example of this competitive use of data was explained when an offer to provide services to other councils was seen as predatory and not 'playing the game'.

“Chief Exec...saying to people 'well our such and such service is

much better than yours, perhaps I could provide that service and save you some money” (Transcript Council H, page 12, line 536).

Difficulties were presented as encompassing all facets of benchmarking:

“there is an issue over finding the right organisation to compare with or the right professional body...just sometimes it could be on that a straightforward indicator that must be comparable....” (Transcript Council R page 10, line 308).

The difficulties of finding appropriate partners were outlined at Council B:

‘Each service should identify partners based on performance and not ease of data collection’ (Internal report, Council B).

Performance staff at that council had some misgivings about the ability of benchmarking clubs to supply ‘best in class’ but accepted that the clubs were the best chance they had.

The range of available comparators following the demise of the rigidity of the NIS was seen as a problem:

‘Therefore, authorities are collecting a wider range of data which may not be the same and therefore not possible to benchmark with’ (Overview and Scrutiny, Council Q).

However, the East Midlands councils project had addressed the ‘pros’ and ‘cons’ of benchmark definitions:

‘The advantages of accessing benchmarking data must be weighed against the disadvantages of amending local indicators’ (‘Benchmarking across the East Midlands’- internal report for East Midlands Councils members)

The shortcomings of the LGA in providing comparative data were explained as

“they can only give you what's already been collected by another government agency” (Transcript Council Q, page 9, line 422).

Somewhat resigned to the inability of obtaining the sort of information they desired

“I wouldn't say...that we have yet come to a source of comparative data that we think is ideal and I'm not sure we ever will” (Transcript Council A, page 4, line 155).

5.8.3 Metrics

The perceptions of difficulties about the collection, collation, and forensic verification of data; in fact, three interviewees referred to being 'bogged down' (Council R, Council G and Council D] with the numbers or with defending their position. The practical difficulty in providing comparative data was that no authority wanted to appear to be the most expensive, so this led to several iterations of numbers before agreement to release the results of benchmarking exercises.

“instead of having these big variations after the first set of checking everything sort of came back to a more middle ground, so nobody was sticking their neck out above the pack.” (Transcript Council K page 2, line 69).

Performance Officers tended to see the limitations of benchmarking because it did not answer questions about performance. The word 'flawed' to describe the way information was collected at Council B the real issue 'was not how you collect the information or how you benchmark with others it's 'now that we know that.....that's what we should be looking at' (Transcript Council B, page 9, line 188)

i.e. using the benchmarking information as a pointer to customer satisfaction.

Difficulties were explained by interviewees in terms of lack of ability to compare 'like for like'; the time taken to collect comparative data and the non-availability of meaningful metrics, together with a frustration that the information obtained did not really play a part in improving services to customers:

“we actually reached that point where there was meaningful debate about what was good about those authorities that were doing both of those things well” (Transcript Council H, page 1, line 35).

The desire for 'like for like' information was frustrated by perceived difficulties in

comparisons in a statement that implied metrics:

“the biggest problem I have with benchmarking, particularly when I’m coming from a finance perspective, it is so hard to compare like for like” (Transcript Council I, page 2, line 77);

“there is often difficulty in getting benchmarking information from other people” (Transcript Council A, page 3, line 138);

“there are often differences in financial treatment for the way costs are recorded” (Transcript Council D, page 5, line 139).

The interviewee went on to elaborate on some of the difficulties such as differing ways of allocating management overheads and concluding that it was very difficult to identify the 'true' cost of service. In referring to the national planning exercise, the length of time taken in preparing, collating, amending and revising data was seen as 'tedious' and when the final results were released they were not seen as beneficial. However, this view was not universally held, and another interviewee suggested

“You can get too bogged down with the numbers people just have lots of excuses why their numbers are different.” (Transcript Council D, page 2, line 66).

5.8.4 Anonymity and Reciprocity

Fears of exposure as poor performers amongst peers were strongly felt, and anonymity and reciprocity were the internal rules set for informal groups at county level or wider regional clubs. Even within the county groups the results of any exercise were expected to be anonymised with councils listed as 'a', 'b', 'c' etc.

“you can't say we're better than [district redacted] or we're better than [district redacted] all we can say is that we appear to be 4th across the county” (Transcript Council D page 27, line 901).

The consequences of poor performance being 'exposed' in the public domain was explained as:

“If you're not performing particularly well....well it's potentially public name and shame” (Transcript Council Q, page 11, line 502);

“There are a number of authorities that aren't doing very well I'm not sure they would want to publicly demonstrate or even privately demonstrate.....they're not doing very well” (Transcript Council K, page 11, line 524).

The concern of humiliation from exposure as a poor performer meant that figures were submitted, circulated as draft and then re-circulated and this extended the time scale for providing information.

“Nobody wanted anything released until they had seen everybody else and they wanted the second round debate as wellmeasured it differently If I measure it that way, then my figures come out like this – so I want you to use those instead” (Transcript Council H, page 2, line 57).

Reciprocity was demanded as a member of a group on a simple exchange basis:

“.....if you give us the information, with everybody's agreement of course we will share it with you.” (Transcript Council P, page 3, line 89).

The level of effort required to provide information was also subject to network informal rules on exchange of information. The work involved in preparing figures for a non-statutory benchmarking club or group and in considering the range of information to be collected there was an awareness of the balance this required between inputs and benefits.

“It needs to be thought through how that mightThere's got to be something in it for the person providing the information. If it's more than couple of hours work, then someone going to want something back for it.” (Transcript Council I, page 3, line 140);

and there was confidence that the efforts used in providing information to others

would be 'repaid' with reciprocal information:

“so I've been a willing participant in providing the information and I look forward to getting a response there” (Transcript Council I, page 2, line 58).

5.8.5 Game Playing

Interviewees suggested examples of councils 'playing the system' to show good performance. This was achieved in various ways:

In the way costs were allocated:

“Some people are very good at playing the game in terms of how they will apportion their overheads how they will allocate their costs; and they can find a lot of their costs suddenly appearing in areas that aren't benchmarked.” (Transcript Council E, page 2, line 54).

Or in the selection of partners:

“who will find organisations with whom they can compare themselves that makes them look extremely positive.” (Transcript Council E, 4, line 112)

Or, the selective use of statistical comparison:

“it's fairly easy to say that we've made a 20% improvement in our performance this year but that doesn't tell you that last year the performance was absolutely appalling” (Transcript Council E, page 6, line 182);

or in an example relating to housing benefits, taking actions that would distort outcomes:

In referring to their visit to a high performing council, Council D noted that the other councils' methods were similar to their own but 'they count the start date of the claim differently' and in so doing were able to deliver better performance indicators. (Transcript Council D, line 197)

Behaviour designed to meet performance indicators, but not necessarily giving

better service to customers, and it was suggested that resources were diverted to [Planning] applications that were coming up to target date, whereas less resource was applied to cases that had already given over the 8 week target. (Transcript Council H, page 6, lines 252 to 257).

5.8.6 *Evolving Model*

Finally, there were suggestions that the practice of benchmarking was evolving and perceptions were changing. There was evidence that there were now different ways of obtaining the information and in a comment that will be addressed in the final chapter on the evidence towards compliance and convergence.

“As your organisation matures and starts to operate in a different way, your reliance on external factors like that [benchmarking] isn't as great because you've got the professional networks that trigger a lot of things you used to get through benchmarking.” (Transcript Council E, page 3, line 75).

The perception of benchmarking, as filtered by the years of difficulty with CPA and anxiety caused by the focus on numbers, is starting to shift as described by Council L as "we're obviously in a state of flux" (Transcript Council L page 1, line 15), towards the normative model and this echoes the analogy of a journey or travel introduced in chapter 3. There was an acknowledgement that a cultural shift was taking place towards a more sophisticated, less bureaucratic model:

“...it is moving now towards a more method based approach....how we can improve how we do things. Numbers are still there but it is more about how we do it rather than what we do.” (Transcript Council O, page 6, line 117).

5.9 Conclusion

Benchmarking practice in local authorities was not seen as driving further improvement but aspiring to the average and only bringing councils up to a minimum level. The nature of changes from benchmarking has changed since the days of CPA when councils were not seen as delivering good performance but now the emphasis has altered:

“ we were above national targets for all our indicators, the focus is on something completely different.” (Transcript Council K page 7, line 323).

The process was not seen as regular and systematic but undertaken on an ad hoc basis where one council decides to do a review of a particular service e.g. payroll (Council P) or a Crematorium (Council H) then they will contact peers to ask for predominantly financial information e.g. prices. At a district level, membership of the formal benchmarking clubs was not seen as especially beneficial as it was expensive, only covered a narrow range of metrics and, where the annual variations were small, not seen as warranting the resource cost of annual membership.

Whilst the outputs from benchmarking had limitations, the interviews brought out the hidden benefits of the benchmarking activities that were not shown in published metrics but brought valuable non-quantifiable gains to the way councils worked. Operational officers had built networks that shadowed those in place at the elite level, and interviewees spoke of the value of these in paving the way for inter-organisational assistance on implementation of new legislation, or handling problems they had not met before. The comparative analysis undertaken in exploring preliminary figures to check for ‘outliers’ had proved useful exposing errors in data interpretation and manipulation. The forensic examination of methods and calculation of figures for councils that appeared to be high performance, sometimes supported by site visits, gave feelings of reassurance when the methods behind those figures were found to be very similar to those of the benchmarking authority. The use of comparative metrics was widely used as a tool to determine priorities for service reviews. The most valuable legacy of sedimented benchmarking would appear to be its continued value as a learning tool.

6 Summary and Conclusions

6.1 The Approach to Benchmarking

This section examines the research questions and probes the way in which the fieldwork was able to explain the approach to benchmarking. It examines the extent to which the approach to benchmarking in district councils is converging and whether it is also complying to a range of isomorphic pressures and can thus be said to be explained by Neo-institutional Theory. Each of the elements of Neo-institutional theory will be examined to determine the extent to which this theory explains the observed approaches.

6.1.1 Shortcomings

A range of benchmarking practices were observed in the research group and shortcomings were expressed in the practice of benchmarking. Cynicism about the metrics delivered by other councils was common, and views were expressed suggesting that gaming took place. There were difficulties in expressing the parameters for data collection and variables to be chosen and there was reluctance to divulge figures to the public domain, or from the councils' perspectives to the party-political domain, until officers were certain that the results could be explained. The use of benchmarking for comparison of production and cost functions is well developed in areas such as public utilities (Berg, 2007), but less clearly observed in areas where the modes of delivery are more heterogeneous. In some sampled cases, benchmarking was used as a comparison of benchmarks as reinforcement of the views held about performance or it was used as a tool to compare metrics with others and to obtain internal reassurance that the councils' performance was within reasonable parameters or to inform and prioritize service reviews. This view was summarized as:

“my interpretation of it is that benchmarking in itself is not especially important.....that what we are doing isn't way out on a limb, that there is a control procedure, so benchmarking forms part of an overall forming of an opinion, as opposed to being perhaps a forerunner” (Transcript Council I, page 1, line 39).

There was no evidence in this study that councils were using the benchmarking

activity to strive to deliver ‘best-in-class’ by comparing with other others, regardless of industry or sector. The current practices still reflected the conclusions of Bowerman and Ball (2000a) that the councils were taking a pragmatic approach and doing what was achievable. Councils were, however, keen to be in the upper quartile of performance, and researched performance within the sector, e.g.

“going to visit one of the best performing councils” (Transcript Council D, page 6, line 202)

but this was constrained by perceived costs of achieving higher performance:

“we were aiming to move as many into first or second quartile as possible consistent with an economic way of doing things” (Transcript Council D, page 10, line 306).

The interpretation of ‘Best’ for the councils was tempered by the values of the council and an awareness that what appeared to be ‘best’ could be inappropriate for their customers or their policies; meeting the needs of customers was seen as paramount:

“What works best for people that we’re meant to be looking after and serving” (Transcript Council F, page 14, line 655).

Examples were given of services by private or third sector providers that, superficially, appeared to deliver superior performance but the results were often treated with caution or scepticism. One council had compared performance to a private sector provider who was performing highly but then found this had been achieved at additional cost and did not pursue changes. Another council had looked at debt recovery and found that other providers had achieved better figures, but had used collection methods that the council considered ‘aggressive’ and not transferable to their operation. In Planning, delivering sound decisions was seen as providing an overall better service than simply delivering within the target weeks and having more work to do on subsequent appeals.

The phenomenon of not looking beyond the sector to learn from best in class was not surprising as it had been identified by Francis and Holloway (2007) who

considered that the impact of public sector league tables directed them [councils] towards intra-sector comparison.

In the following extract, reputation could be interpreted as 'high' reputation suggesting that it is comparative performance against others that is important. Although interviewees did not use the phrase 'legitimacy', if 'reputation' is used as a proxy for moral legitimacy, the value of the practice of benchmarking was seen as a:

“constant battle...in the public sector to keep your reputation so I think it's often...what performance and reviews and benchmarking is all about” (Transcript Council M, page 14, line 437).

The activity of undertaking benchmarking was not seen as evidence to signal legitimacy to stakeholders, but was a means to inform efficiency reviews. There was evidence that, even though councils had participated in a benchmarking exercise, they did not necessarily apply the information gained from that exercise (van Helden and Tillema, 2005; Council I). There was a desire for external assessment of performance, particularly of metric performance indicators (Council N; Council Q; Council K), and this confirms the research by Walker (Contributor: Economic and Social Research Council and Forum of Federations, 2013) who considered that benchmarking couldn't be successful without some form of quality assurance provided by an experienced audit body. The end of CPA meant that councils lost a means to communicate their performance to stakeholders and an opportunity to signal legitimacy.

6.1.2 Legitimacy of Voluntary Benchmarking Schemes

The question of whether benchmarking conducted on a voluntary or regional basis could provide sufficient legitimacy compared to a national regime with accompanied audit reassurance exposes some complex issues. In the context of comparing benchmarks as a tool of measurement (rather than assessment), a voluntary scheme would require several elements to provide legitimacy. Firstly, the organisation conducting the benchmarking i.e. determining the benchmarks, collecting, verifying, and presenting the comparators, would need to satisfy stakeholders of its legitimacy. In this situation, stakeholders could be regulators,

citizens, elected members, and elite and operational officers. Secondly, the benchmarks collected would need to cover the salient issues, such as financial resilience; community development, as well as transactional data. In addition, the stakeholders would need to be satisfied with the authenticity, accuracy, and sufficiency of presented figures. By its nature, a voluntary scheme will not have regulatory backing and will not automatically attract a full set of comparators and would have to rely on moral or cognitive legitimacy for councils to supply non-statutory figures. Sufficiency might therefore be limited to those indicators that are already in the public domain e.g. from statutory government returns and which are currently subject to audit reassurance. These potential limitations suggest that a scheme such as LG Inform, could be seen as legitimate provided it could deliver sufficient scope and coverage. This research indicated that elite officers wanted a measure to assess their performance against others and an incomplete set of benchmark comparators would not be a legitimate response to their requests. The question is complex and suggests a need for further research on attitudes towards the legitimacy of a non-regulatory scheme.

6.1.3 *Supply side or Demand Management*

Evidence from the research suggests that the practice of benchmarking is firmly focussed on the supply side of public services; significantly on metrics and the costs of providing services. Although there was a strong focus on customers as part of the observed organisational culture, this did not feed through to the aims of benchmarking practice. Benchmarking was narrow in its focus and was post facto cost analysis or other service metrics rather than comparing methods or styles. This reinforces the view that benchmarking as a means of improving efficiency belongs in the managerial paradigm of the balanced scorecard and quality management (Hansen, 2011) as a feature of NPM. As councils move through austerity and start to manage with new tools (Dalton, 2016), such as demand management – or service reduction within the new NPG discourse, the traditional approach to benchmarking as a measure of metrics appears to be of less value.

6.2 Environmental Turbulence

The environment in which the councils exist could be described as turbulent and they are affected by political pressures, technological change and increasing

customer demands. Bovaird and Loffler (2002) add the pressures from a differentiated civil society; exposure to the global economy; and a more sophisticated approach to media. This view of the environment is summed up by the following statements from a professional report that sought the views of Chief Executives:

*‘a new norm that is volatile, uncertain, complex and ambiguous’
(Zurich Municipal, 2016, p. 3);*

*and a view reinforced by a chairman of the District Councils
Network:*

*“...recognizing the many challenges that lie ahead as funding
reduces, demand rises and expectations grow” (Buckle, 2013).*

In addition, there is a need to take action towards a time when there will be considerably less central government funding and the ratios between funding sources will be changing. To continue providing services, district councils will either have to seek additional funding sources, significantly reduce demand or severely curtail services at the same time as managing changing models of collaboration with partners and agencies and developing strategies to sustain services into the future (Bovaird and Loffler, 2002). The financial pressures facing local authorities are severe and a study by (Grant Thornton, 2013a) suggested that by 2016 69% of councils in the South West and Midlands expected to face a 'tipping point'. The pressures were not felt equally across England and no districts in the South East expected to reach that level of severity. The report from Grant Thornton considered that 'some form of re-organisation, statutory or otherwise, will be a necessity for many authorities' (Grant Thornton, 2013a, p. 7). Further significant funding changes will arise from the Fair Funding Review (DCLG, 2017b) and an examination into the potential for local authorities to retain 100% of business rates (DCLG, 2017a).

6.2.1 Exogenous Isomorphic Pressures

The research responses were analysed to evidence the exogenous pressures on councils and these were analysed according to the types identified by DiMaggio

and Powell (1983).

The vertical coercive pressures (Villadsen, 2013), mainly from direct central government regarding funding, regulatory framework and judicial framework exerted strong influence but has not led to consistent homogeneous changes in the approach to benchmarking though the fiscal measures were seen as impacting on strategy.

“more of a stick.....because you're bending your strategy to achieve purely what the government wants” (Transcript Council A, page 7, line 327).

The councils were all subject to vertical coercive pressures to review their operations, in the form of reducing government funding, though some were subject to pressures to fund their operations without any government grant earlier than others. Observed compliance with the isomorphic pressures was not consistent between councils nor was the extent of compliance the same for each of the three types of isomorphic pressure and this phenomenon matches research in Denmark where it was discovered that:

‘municipalities can exhibit isomorphism in one area whilst being divergent in another’ (Villadsen, 2013, p. S68).

This coercive pressure was clearly felt and was a driver for changes in practices and structures, but the councils were not changing in the same way.

Although there was clear evidence of both vertical and horizontal (Villadsen, 2013) isomorphic pressures taking place, these were not the only determinants of changes in behaviour towards benchmarking. Two further factors, organisational culture, and benchmarking culture were dampening or acting as a filter that controlled the strength of the impact of the isomorphic pressures

Similarly, the horizontal normative isomorphic pressures (Villadsen, 2013) from professional bodies and peer networks were impacting on the councils but not causing similar changes to practices. Neo-institutional theory suggests that these institutions should start to homogenise, but evidence suggested to the contrary. Further, the mimetic pressures to act in a similar way to other councils was present

but not universal – some councils were acting and changing in the same way, but it was not true to say that all the councils were all morphing in the same direction in their structures and practices. This supports the evidence from technical publications (Grant Thornton, 2013b; Zurich Municipal, 2016) that councils are moving apart in their structures and practices.

There were no references in the interviews to using the expression 'benchmarking' to compare financial strategies.

6.2.2 *Endogenous Cultural Pressures*

The content of the interviews suggested that the approach to benchmarking in the current turbulent environment could not be solely explained by the three isomorphic pressures suggested by DiMaggio & Powell (1983) and that further cultural issues were proving to be further filters impacting on the scope and coverage of benchmarking. In a view that is at variance with Villadsen (2013) who noted that 'public organisations in a given field typically have to solve the same set of tasks, are subject to the same regulation, are funded in the same ways, and share important historical patterns' (Villadsen, 2013, p. 568), the councils in this study emphasised that they were unique and could not necessarily compare with other councils. They did however tend to share these 'important historical patterns' which included the legacy of the CPA benchmarking regime which was both compulsory and tightly regimented and not felt to have led to performance improvement.

6.3 Evidence of Sedimentation

Evidence from literature has shown that new systems and practices layer and sediment over existing ones (Christensen, 2012; Hyndman *et al.*, 2014); suggesting that, although the need for compulsory benchmarking has passed, the previous benchmarking characteristics remain and have not been replaced. This empirical evidence supports the metaphor from Pollitt and Bouckaert in explaining public sector reform that 'new brooms hardly ever sweep entirely clean' (Pollitt and Bouckaert, 2000, p. 12). Evidence from the empirical research noted a similar effect with benchmarking appearing to be sedimented in the councils' culture. The reasons why the councils were not all converging towards the same benchmarking practice rested with the ameliorating impact of both the district cultures and

benchmarking cultures. The normative pressures were mitigated by the impact of the culture of an organisation. One reason why the councils were not adopting benchmarking as a tool for comparison or improvement of structures and governance was that the tool has become inextricably linked with the unpopular CPA and is seen as a tool for measuring metrics rather than enhancing all activities. A comparison of benchmarks is sought after as a comfort that the metrics of service delivery were not out of line with a narrow set of self determined peers and could be seen as check against minimum standards. This reinforces a view that benchmarking is associated specifically with delivery of services rather than the wider expectations of place shaping and setting local priorities. In converging towards this common belief of the role of benchmarking the councils could be seen as responding to the normative pressures.

Councils used Peer Reviews to challenge their thinking on future developments and these were seen as useful, but interviewees found that they were seen as giving reassurance that the council was “heading in the right direction” (Transcript Council L, page 15, line 474) rather than a tool for improving performance.

6.3.1 *‘Hollowing Out’ of Corporate Centres and Sedimentation*

Under the Best Value regime considerable resource was required to produce the information for central assessment (Wilson and Game, 2011) and this was evidenced in the sampled councils, e.g.

“.... with people, three or four people, two to three people full time employed on collecting all sorts of performance data....” (Transcript Council G, Page 3, Line 128)

Although interviewees were not questioned specifically about any ‘hollowing out’ of their corporate centres, there were examples in their responses suggesting that in the previous performance assessment regime more staff were employed and currently resources were more limited. Sedimentation in this research uses Hyndman et al’s (2014) interpretation that it is ‘ideas and concepts’ that sediment and then influence current practice. The Best Value and CPA legislation and their expectations of benchmarking had sedimented into the organisational cultures and had consequently impacted on the resource employed. The magnitude of the

sedimentation was predicated directly on the influence of the legislation, rather than indirectly on the numbers of staff employed in the activity.

6.4 Evidence of Compliance and Convergence

Research suggested that councils were responding to the isomorphic pressures but in differing ways. Councils were not converging in their benchmarking practices. One council had decided not to undertake benchmarking at all preferring instead to adopt a Systems Thinking approach (Seddon, 2012). Evidence showed that some were enthusiastic participants in geographical clubs, though these tended to be in the north of the research area where one council was providing some resource to organise the activity, whilst others eschewed clubs. Some councils had taken up the LGA offer of a Peer Review whilst others had not; the results of Peer Reviews were not universally published on the Internet (Downe, Martin and Döring, 2014). Two of the councils in the sample had continued a mutual review arrangement but that practice was not repeated across the sample.

6.5 Norms and Legitimacy

Isomorphic pressures, imitation and legitimacy seeking behaviours are suggested as drivers for organisations to adopt structures and practices that are the norms in the field (Bowerman, 2002; Ashworth, Boyne and Delbridge, 2007), but there was no clear 'norm' for either structures or practices arising from this research. Governance structures were not universally the same across the sample, where some had Cabinet and others a committee system. Managerial arrangements also varied; there were examples of a shared Chief Executive, shared s.151 officer, shared service managers, shared accommodation, and fully shared services. Some councils had co-location with other agencies (e.g. Police; County Council departments; Department of Works and Pensions – Job Centres) but this was not consistent across all councils.

Strategies for dealing with the coercive economic and funding pressures have changed over time and new strategies are now seen as legitimate, such as this example of an investment strategy:

“If we had told our members 10 years ago that in 2016 they would be the proud owners of a petrol station, a supermarket, a former working men's club and an upmarket office block and be planning to

develop and own their own hotel we would have been met with expressions of disbelief.....” (Policy Officer Sevenoaks District Council quoted in The Guardian 30 November 2016)

The evidence that benchmarking was undertaken for the purpose of legitimacy rather than efficiency (McNair and Watts, 2006) was weak.

“the authority isn't trying to buck the trend and disagree with the government – it's important for members....I don't think it's seen to be important by local people” (Transcript Council O, page 16, line 332).

There was no evidence that the Peer Review was used a communication to external stakeholders as a tool of legitimacy management. This suggests that the concept of legitimacy is now more fluid than seen by DiMaggio and Powell (1983) who wrote of the constraining power of isomorphism and has evolved into a post Neo-institutional era where there is a much wider spectrum of legitimate behaviours beyond structures and now more likely focussing on financial strategies and the requirement for the local authority to engage in place shaping and maintaining organisational viability.

6.6 Conclusions

The evidence of compliance but not convergence concurs with the findings of Ashworth et al (2007) who found substantial evidence for compliance but less evidence of convergence. Villadsen takes this further suggesting that 'only about half of the examined organisational practices were local governments convergent and becoming more similar over time' (Villadsen, 2013, p. 865). Whilst this research into benchmarking was concentrating on a specific process rather than overtly examining structures, it was observed that the structures were changing but not all moving in the same direction. This suggests that councils now find that a spread of structural norms can be legitimate. The route to legitimacy is no longer to simply adopt similar structures, as outlined by DiMaggio and Powell (1983), but a mixed economy of models e.g. shared management, shared services, merged councils, can all be perceived by stakeholders as 'legitimate'. The act of undertaking benchmarking was not seen as an endorsing behaviour conferring

legitimacy.

Neo-institutional theory would suggest that entities move from initial stasis by complying with isomorphic pressures and converging their structures and processes into a new stasis. With district councils that are generally expected to provide a similar range of services (though not necessarily to deliver them), receive funding in a similar way and are subject to similar judicial framework there might be an expectation that they would unfreeze from a very similar set of structures and re-freeze, over time, to a new but different set of similar structures and that varying structures, strategies or cultures, would be perceived as non-legitimate. In practice the researched councils were selecting from an array of structures and following different strategies and implementing these modifications over different time scales influenced by political changes and the length of time for implementation. A council explained that, following the Peer Challenge:

“we gave ourselves 12 months to actually implement any of the recommendations.” (Transcript Council L, page 16, line 498),

explaining that they were in the mid-term review of their corporate plan and were preparing for changes following their election in the year.

The research also confirms the work of Villadsen (2013), writing about Danish local government, who suggested that entities may wish to display differences to attract customers. This suggests that the requirement to have a continuing future, i.e. survival, supersedes other legitimacy requirements. He describes it thus:

‘even organisations not operating in the competitive marketplace are likely to desire elements of idiosyncrasy which make them different from the population of organisations in which they exist.’ (Villadsen, 2013, p. S64).

Idiosyncratic is not an adjective that is commonly associated with English District Councils, but using it in the context of differentiating a council from other similar councils i.e. 'distinctiveness', it may an advantage to a council to be perceived as different from others or to be seen to have a unique identity; as in Denmark, 'municipalities compete to attract business to their jurisdiction' (Villadsen, 2013,

p. S65). Villadsen goes on to explain a potential performance gain arising from increased legitimacy because of 'a better ability to attract and retain quality personnel' (Villadsen, 2013, p. S66). In an era where the only funding sources available to councils are from council tax and business rates, they will be keen to attract businesses into their areas because they bring in tax revenue and potentially employment. In the UK, councils have shown a variety of initiatives to attract new business or growth of existing into their areas. The LGA have some case studies of the way they have assisted councils in attracting business and increasing visitors for cultural activities (Local Government Association, 2015, 2017a). Common attributes presented by councils to support and attract businesses and to display the differences that their location offers are connectivity by road and rail; a skilled workforce; proximity to centres of excellence such as Universities or research facilities; and quality of life with attractive housing, leisure facilities and good schools. Smaller authorities will emphasise fast broadband; small business start-up facilities and have websites supporting businesses to find grants and funding opportunities.

In these new fiscal circumstances, councils have freedom to adopt a new range of strategies and structures because 'legitimacy' now spans a wider spectrum than in previous decades and the requirement to have a continuing future may supersede previous legitimacy expectations of homogeneity. Paradoxically, Villadsen (2013) continues by suggesting that municipalities therefore face pressures to conform to normative standards and be isomorphic which suggests a more homogeneous set of districts without differentiation.

6.7 Revised Conceptual Framework

The conclusions drawn from the exploratory fieldwork suggest that the initial conceptual framework was simplistic and other factors need to be introduced to make sense of the approach to benchmarking in district councils and the following conceptual framework is proposed:

Conceptual Framework – revised

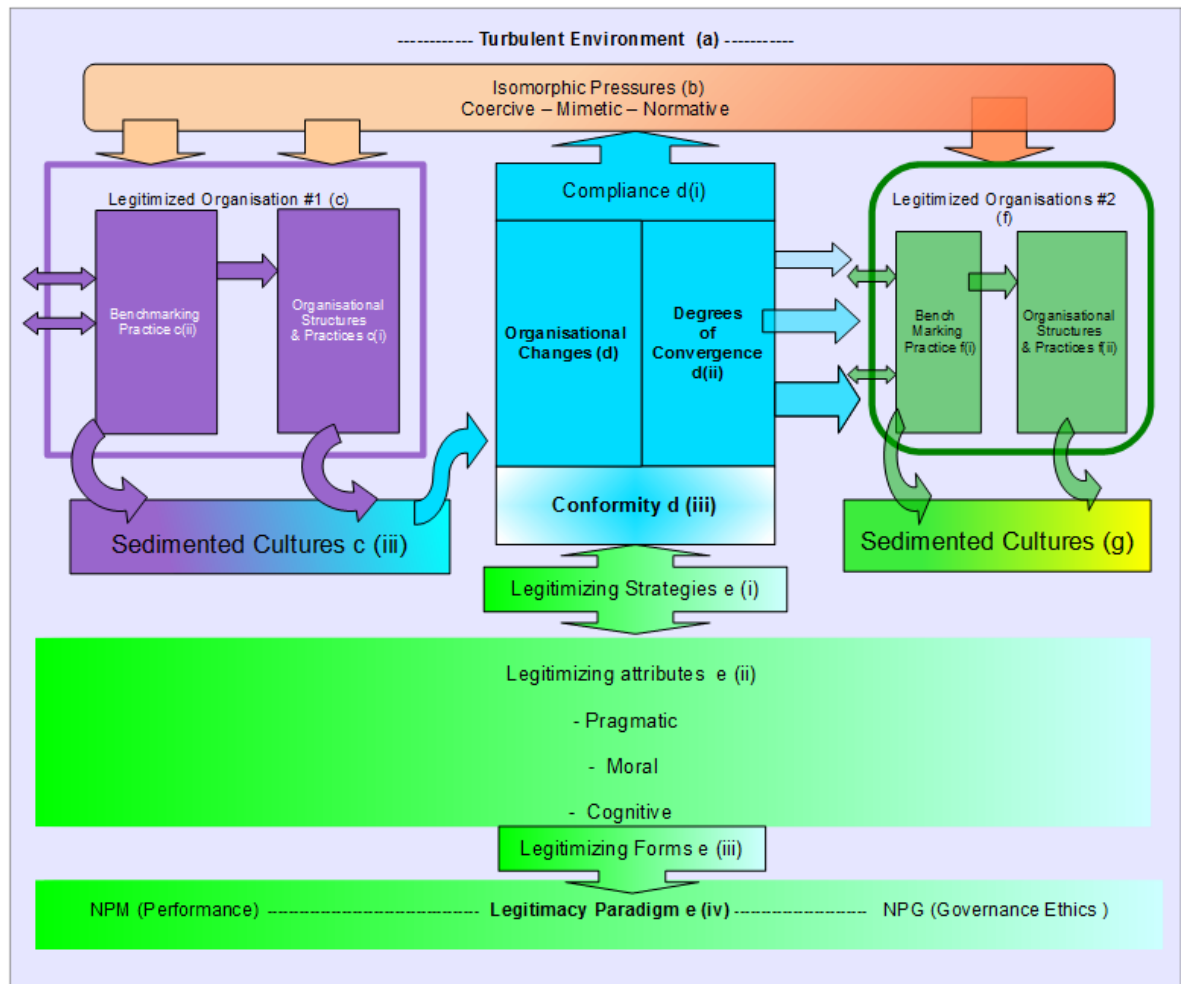


Figure 13 Revised Conceptual Framework

This revised conceptual framework builds on the original framework (Figure 3) by recognizing that organisations are still in a turbulent environment particularly from a fiscal and political perspective but introduces new components to reflect the findings from the research and shows how the activity of benchmarking, as undertaken in the districts, feeds into the changes that are taking place. The isomorphic pressures (DiMaggio and Powell, 1983) still exist but the changing legitimacy continuum is introduced to show the movement from the NPM paradigm and, with it, the coercive regime from central government on benchmarking and performance, towards a shift in the direction of a New Public Governance model (Osborne, 2010; Hyndman *et al.*, 2014) that continues to bring isomorphic pressures but of a different nature to those under NPM.

Components of the Conceptual Framework

In the framework, the turbulent environment is shown as component (a). In particular this acknowledges the turbulent funding environment and the changing ratios of funding sources faced by district councils. The isomorphic pressures are still present and shown as component (b); the downward arrows indicate that the isomorphic pressures continue over time and in practice the pressures from coercive, normative, and mimetic sources will ebb and flow with each experiencing changing priorities over time. The original legitimised organisation, component (c), is indicated on the left and is symbolically shown as a rectangle; the activity of benchmarking, as practised in councils, is suggested by arrows out from the organisation to other organisations; the information flowing in both directions reflecting the exchanging of information especially metrics. The experience of benchmarking is laid down as part of the historical culture of the organisation and so forms part of the sedimented culture of the organisation and is included as component c(iii). Some of the information derived from benchmarking activities (e.g. councils referred to benchmarking informing their service reviews) is used to inform the changes to organisational structures and processes (diagram component (d)).

The centre of the framework representing the organisational changes (d) that take place is separated on the diagram into three sections. The first two are as expected from the initial conceptual framework being compliance (component d(i)), and convergence (component d(ii)). Convergence is suggested by arrows of differing sizes acknowledging that councils are changing but at different paces and to different extents and not simply converging towards homogeneity. The structures of some Councils are adopting shared arrangements but that is not the pathway for all councils; there was evidence to suggest that councils were becoming more heterogeneous in their structures, strategies, and practices. The third component of organisational response is described as Conformance (component d(iii)) and this illustrates the organisational changes arise as a response to the two-way dialogue (e(i)) that takes place as councils hear and react (e(ii)) to changes in their strategies to meet the attributes of the various legitimising forms (e(iii)). The collection of types of legitimacy form the ongoing legitimacy paradigm (e(iv)). This conformity to the legitimacy paradigm is shown as a separate response to suggest it is an

endogenous response to fit the new paradigm. Component (e(iv)) continues across the whole framework because it is dynamic and continually evolving. Significantly the practice of benchmarking does not feed directly into the Legitimizing attributes. Symbolically, no arrows are shown from the organisation block to the legitimacy block.

Following the organisational changes, the new organisational structure emerges as Legitimized Organisations #2, component (f). The new structure(s) for organisations, symbolically shown as a rounded rectangle to reflect the fact that organisational changes can be subtle rather than major, continue to undertake benchmarking by sharing information and ideas (conveyed by the two arrows). The new organisational structures note the information from benchmarking activities and these too become sedimented (downwards arrows) in the organisational culture and influence future changes in the organisational structures. The new structures continue to be influenced by isomorphic pressures (component b) and the changing public sector paradigm and, beyond the range of the diagram, continue to make evolutionary changes.

Organisations continue to comply with the isomorphic pressures, as they did in response to government pressures to act in a more commercial manner under NPM, but now there are different pressures such as the emphasis on governance (CIPFA and SOLACE, 2017), ethics and increasingly attitudes to risk.

The changing way in which services are delivered including the increasing move from direct delivery to co-delivery through partnerships is influencing views on risk within the wider local government sector with Chief Executive Officers saying:

‘oversight and governance of partners as critical and aligned risk as essential...’ (Zurich Municipal, 2016, p. 3);

‘I worry about the fragility of partner relationships and the fragility of partner organisations’ (ibid 2016, p. 3).

These new structures and partnerships will bring new legitimacy challenges and added risk to an organisation if one of its partners loses legitimacy or chooses to

manage legitimacy in a different way. In addition to these exogenous pressures, the impact on the organisation and responses to pressures under the previous legitimacy regime have become sedimented (Cooper *et al.*, 1996) in the culture of the organisations and begin to exert further pressures on the way organisations change.

The act of undertaking benchmarking activities continues in the councils because that previous requirement has sedimented into the culture of the organisations; but it has ceased to be a response to a coercive pressure e.g. from central government or the Audit Commission but more of a response to the normative pressures from professional colleagues (e.g. Planning benchmarking or officer clubs).

The visual manifestation of organisational change of unfreeze - move - freeze (Lewin, 1947) has been modified to reflect a continuum of changes to structures, overlapping changes in practices and suggesting a continuous response to external pressures. The structural change is represented in a more nuanced way to reflect smaller changes e.g. incremental sharing of services or management (examples in Council K; Council E; Council A) rather than a solid state changing to very different solid state. Continuing the refrigeration metaphor, the councils did not show evidence of freezing into new solid states but continually modifying and adapting to ongoing pressures. The key research questions from the LGA Peer Challenge reinforce the need to plan how they can continue to be viable under these pressures.

7 Contributions to Knowledge and Practice

7.1 Contribution to Theoretical Knowledge

This research explored the approach to benchmarking in district councils in England and examined the pressures to undertake benchmarking and the consequences of that activity. The research began by examining benchmarking through the lens of Neo-institutional theory and empirical study has provided evidence to show how the practice of benchmarking has been influenced by external coercive, mimetic, and normative pressures. Factors making up these pressures in the district councils have been identified with evidence from practical examples. From this study a new conceptual framework (as shown on page 183) has been developed which synthesises three existing theoretical positions and explains how these operate in the current local government environment.

Evidence suggests that previous isomorphic pressures, particularly the pressure to undertake benchmarking from a previous compulsory regime, have sedimented into the current culture of the organisations, and, further, this research has shown how those organisations are responding to pressures as the legitimacy paradigm changes. The revised conceptual framework observes that districts are still in a turbulent fiscal environment and moving through a gradually changing legitimacy continuum from NPM to the new organisational paradigm of NPG. However, the change is gradual and, as with other sedimented ideas, the factors that brought legitimacy under NPM still exist. The theoretical change response of organisations to change their state by unfreezing and refreezing into a new form was not observed in this research, but rather changes were constant, and continuous with little evidence that the studied organisations were settling into new structures and remaining in a solid state.

The research returned the following evidence to the specific research questions.

Q1 Are Districts undertaking benchmarking or [just] comparing benchmarks?

All but two of the sampled districts said they undertook benchmarking and described the actions they were taking. Work in collaborative groups or formal or informal clubs, or comparison with wider comparators using the sector led LG Inform, appeared to be comparison of metric benchmarks as a means of checking

that their metrics were close (or where they were not close, could be explained) to those of a narrow number of other districts which confirms the findings of Bowerman and Ball (2000b). The exercise gave a feel of comfort to ongoing practices. There was no evidence of active process benchmarking; if that activity was taking place it would not be described as 'benchmarking' – being the term reserved for numbers and metrics. Some comparison of benchmarks was undertaken as a means of highlighting working practices that could be reviewed to see if better performance could be obtained by examining the way those services were delivered. These service reviews were based on metrics, rather than qualitative assessments of how the services were meeting customer demands. One of the councils that did not undertake benchmarking explained that they were using Systems Thinking (Seddon, 2012) to focus on what their customers actually wanted, rather than copying practices from elsewhere. A couple of councils mentioned comparing practices with other organisations such as Housing Associations, but this was done by comparing metrics rather than undertaking wider functional benchmarking.

Q2 How are District Councils changing their approach to benchmarking during the period of localism;

Within the districts the predominant approach to the activity described as benchmarking was as a metrics tool; information was exchanged on numbers and amounts and not practices or methods. Exchanges or comparisons were preferred between councils perceived as very similar in nature to themselves and it was common to hear that figures could not be compared because councils were perceived as unique. Different practices were employed; some councils belonged to clubs whilst others did not. The Midlands councils had an active regional club, but there was not a similar organisation in the South or East, though councils in the larger shire counties tended to undertake metric benchmarking with councils in their county. Weaknesses were seen in the LG Inform tool in that it only covered a limited range of district level services. Overall, the approach to benchmarking was focussed on service delivery.

Q3 Are district councils 'converging' and 'complying' in their practice of

benchmarking;

There is no longer any government or Audit Commission requirement to undertake benchmarking, so councils would not be complying to that pressure; the evidence for complying with isomorphic pressures was stronger for normative pressures than for mimetic (Appendix L). Councils were not converging in their practice of benchmarking; some were using LG Inform and some were participating in the national CIPFA benchmarking clubs but there was no uniformity of practice, nor was there strong evidence that they were all moving in the same direction. The evidence of benchmarking culture across the councils confirms the findings of Ashworth et al (2007) who found that the level of impact of isomorphic pressures was stronger on cultures than on structures and processes.

Q4 Are District Councils 'converging' in their practices;

Evidence suggested that the strongest of the pressures was coercive. This research supports the findings of Ashworth et al (2007) in that there was greater evidence for compliance to isomorphic pressures than there was evidence of convergences in behaviours and structures. Although it was not described as 'benchmarking' – a term reserved for comparison of metrics – there was evidence that councils were converging in their practices particularly in terms of sharing arrangements, but there was no uniformity in the way that the sharing was taking place. Some councils mentioned that they shared a service officer or service team with other councils but not all councils were sharing the same services; one council was about to share a Chief Executive, but this was not common across the sample. There was no obvious movement towards a homogeneity of structures; different councils had different managerial and political structures. There did, however, appear to be some common cultural themes identified within the sample such as leadership, the need for innovation and the culture of customer focus.

Q5 Has the impact of previous isomorphic pressures sedimented into current cultures and what impact does this have;

Previous compulsory requirements to benchmark as part of the CPA regime, with the impact on overall scores, still resonated in the councils and was still impacting on the way in which benchmarking was undertaken supporting the view of

Hyndman et al (2014) on sedimentation. Although there was a desire to have a checking mechanism to judge comparative performance and to provide assurance that the authority was doing well and to offer evidence of legitimacy, the current benchmarking practices were not filling that need.

Q6 What does the concept of legitimacy mean in the district council context and how is their approach to benchmarking helping to achieve this.

Legitimacy in local councils is not a constant and is moving along the continuum from the NPM to NPG. All the councils studied in this research had been in existence for some years and none were in crisis measures, so in terms of Suchman's (1995) legitimacy types they would be expected to be maintaining their legitimacy. Within the era of NPM, legitimacy was gained by conforming to the commercially oriented targets and external assessments of CPA, and gaining kudos, amongst peers, from achieving a successful score. Participation in the activity of benchmarking is no longer required to confer legitimacy and the research challenges the findings of Watts and Mead (2005) that legitimacy (in additions to isomorphic pressures) was the driver for benchmarking. The new activities to which councils use to conform to the changing legitimacy are those related to governance, transparency and sustainability (Osborne, 2006; Hyndman *et al.*, 2014), and the Peer Reviews were assisting councils to change their strategies and practices to deliver these. Actions delivering legitimacy are now more focussed on citizens and gaining confidence of the public (Andrews, 2008; Boyne *et al.*, 2009) and metrics benchmarking was not perceived as a tool for delivering or measuring these components.

7.1.1 Summary

In conclusion, this research has contributed to theory by supporting the work of Ashworth et al (2007) in providing evidence that the levels of response to isomorphic pressures were stronger on cultures than on structures. It has also supported the work of Hyndman et al (2014) in providing evidence of sedimentation of old coercive pressures into the organisational culture of the councils, but has, to some extent, challenged the work of Watts and Mead (2005) with evidence suggesting that benchmarking is no longer only undertaken to show legitimacy.

This research has also contributed to theory by investigating the extent to which neo-institutional theory can be used to explain the approach to benchmarking in a sample of district councils in the English public sector. The theory has proved a popular and common theory particularly in public sector accounting research (Jacobs, 2012) and this work provides evidence of the extent of suitability and utility of this theory pre-selected for contemporary public sector organisational research.

Neo-institutional theory offered a disciplined approach with which to guide the research and to extract and analyse the components of isomorphic pressures on the selected public sector organisations. The theory required a focus on the environment in which the organisations were acting and this facilitated analysis of the elements leading to fiscal turbulence. In addition, it also gave structure to the aggregation of evidence of factors that were found to be sedimented in their organisational culture. The theory aided the development of the revised conceptual framework which models the actions of benchmarking within the turbulent environment and legitimacy paradigms in which change is taking place.

The research also synthesised the theoretical 'unfreeze – freeze' explanation of organisational change from Lewin (1947), to inform the conceptual frameworks, but empirical evidence has contributed to theory by showing that the organisations in this study were not freezing into stasis in new models but rather constantly adapting suggesting that contemporary organisations change at a faster and incremental pace than those observed by Lewin.

There were weaknesses in the reliance on neo-institutional theory as a construct for analysing the approach to benchmarking. With regard to study of exogenous isomorphic pressures, the theory is generalist and does not offer tools to focus at a level of granularity that would be required to explain the velocity or comparative volatility between the three types of isomorphic pressures. In practice it was found that the dominance of individual isomorphic pressures varied over time, with coercive pressure predominating at the time of this research. It did not provide the theoretical support for explaining differences arising from political and legislative changes or attitudes towards risk. In this respect the research has supported the findings of Covalleski and Dirsmith who criticise neo-institutional theory for

failing 'to explain the role of power and interest based behaviour' (Covaleski and Dirsmith, 1995, p. 148). The research also found that the impact of the pressures and consequential responses varied between organizations (e.g. responses to coercive pressures for shared services) in both range and intensity of approach between councils. Whilst general coercive pressures were exerted by central government to make changes, councils did not all respond to the same extent (e.g. invitations to apply for hypothecated Transformation Challenge Grant funding; spread of shared services).

Whilst neo-institutional theory provided a framework for analysing the exogenous isomorphic pressures, the research found that additional endogenous and sedimented pressures also had a significant effect on organisational cultures and the theory did not provide tools to facilitate understanding of the ways in which endogenous cultural pressures were impacting on cultural change. The 'macro' nature of neo-institutional theory has been identified and this research confirms that the theory lacks 'endogenous explanations for processes of stability and change' (Suddaby, Seidl and Lê, 2013, p. 331). Neo-institutional theory does not differentiate between the turbulent environment and the external legitimacy paradigm, again reinforcing the argument for theoretical pluralism and supporting the view of Jacobs (2012) who noted that some authors had blended different theoretical insights to better make sense of the complexity of public sector activity.

In summary, the research found the use of neo-institutional theory valuable in setting the research framework but evidence from this study supports the findings of Greenwood et al (2014) who determined that the theory was a simplistic one.

7.2 Limitations and further research

This section discusses the limitations to the study that were identified both before and during the field research, together with suggestions for further research.

The limitations of geography, politics and Localism were recognised before the work began (as Appendix K). During the research and writing up period more limitations were exposed, and these are also explained.

7.2.1 Case Location

This study of district councils was limited to a geographical area and was

undertaken at a time of reducing government financial support. The research only explored cases in the South, East, South East, East and West Midlands. Although some regional differences were exposed between the Midlands and the other regions, the approach to benchmarking in the North and North West regions was not captured. Similarly, the research was limited to district councils and did not cover Unitaries or County Councils who may have different approaches.

Further research covering a wider area or from a time period after government support is withdrawn would provide further information on the responses to isomorphic pressures.

7.2.2 *Political Risk*

The interviews took place with Officers and not with politically elected members and as a consequence didn't capture member views on whether they understand by benchmarking and what they expect their officers to be doing and whether benchmarking means performance assessment. Further study encompassing the views of elected members, or specifically Cabinet members (or Chairman) with responsibility for performance, would determine the extent to which they found the benchmarking they received, or metrics they saw at a national level as legitimizing.

The political control of the case sites was not part of the original selection criteria though the coverage (see Appendix D as similar to control of districts in the selected region. Further study could determine if there were differences in perception of benchmarking or comparison of benchmarks between local authorities with different political control, particularly where the local control differed from national government.

7.2.3 *Legitimacy*

This study observed more evidence of impact and influence from coercive and normative pressures to make changes, but less evidence of mimetic forces leading to changes, however the research focussed on the precise tool of benchmarking and further research would be useful in determining the extent to which the three isomorphic pressures exert pressures on the organisations to make changes on other strategies and processes. In particular the extent to which the influence of

the sector led improvements drive is changing performance.

Normative pressures to undertake benchmarking and participate in benchmarking clubs appeared to be greater in councils in the East and West Midlands than it was in the South and East and further research would establish the reasons for this. Further research could investigate a hypothesis that perceptions of benchmarking legitimacy improve with wider participation in clubs.

With the observed changes in the legitimacy paradigm towards NPG there is a need for further research to ascertain how councils now understand legitimizing behaviours. The question guidelines for the semi structured interviews only included one question about legitimacy. The word is not in common usage within district councils and the research did not probe the ways in which councils were managing or demonstrating their legitimacy at any of the levels described in theory. Further research could be undertaken into the methods used to manage legitimacy in times of austerity and how councils are indicating their forms of legitimacy.

Further work could be undertaken into investigating which factors predominate as current isomorphic pressures and how previous coercive pressures may have themselves morphed into normative pressures and, further, to examine which bodies are exerting those pressures. As new structural models develop, such as shared services and shared management, there is potential to investigate management actions and use of signalling tools in councils as they manage individual legitimacy within the new environment.

7.2.4 Professional Disciplines

The research questions did not probe for membership of any professional groups either at national level or within the shire counties for Performance Officers. It is a limitation that the professionalisation of these officers was not explored, though there is no national body conferring a qualification specifically for that discipline. The professional disciplines of interviewees fell into three categories; Elite officers (here Chief Executives and s.151), Operational officers (i.e. service management) and Performance Officers. There were differences in perspective and content for each of those groups. For example, Performance Officers spoke in detail of their

relationships with benchmarking partners in clubs and the practical issues they faced using LG Inform, the frustrations of preparing accurate figures and the need for reciprocity in sharing data. They were also more likely to go into detail about Performance indicators. Elite interviewees did not cover those details and were less likely to mention LG Inform because they had less day to day experience of it. However, the Performance Officers were not unaware of the 'bigger picture' especially if their council had been involved in a Peer Review. The number of service officers was small, and it was not possible to generalise from their input across all the cases. In discussion on the strategic issues such as Localism there was similarity across levels with an interpretation that it was about local residents and providing the services they felt were important

Comments about the roles of political [party] groups came across from all levels as did references to the Officer-Member relationship, though only a Chief Executive used the expression 'my councillors'. Interviewees at all levels were politically aware but only elite interviewees mentioned the need for discussions on future policies with opposition members prior to an election.

Further research into both the professional discipline of Performance Officers and their perceptions of the value of benchmarking, and the comparative views of other disciplines would be useful.

7.2.5 *Multiple Interviews*

Interviews were originally requested to be with Chief Executives, and two Chiefs did agree to be interviewed. In other cases, the interviews took place with a variety of senior officers (s.151 officers), service, and performance officers. It is a limitation that there were not interviews at each of these levels at each site to facilitate a full multiple comparison. Further studies might benefit from undertaking interviews with separate layers of staff in each case to provide extra analysis. An hypothesis for future research could be that perceptions of the legitimacy of benchmarking activity are greater for performance officers than for other professional disciplines.

7.2.6 *Staffing*

The study did not address changes in staffing size or mix from the time of dealing

with best value and CPA to the present. This would have given useful background to the phenomenon of ‘hollowing out ‘ of the corporate centres. Future studies on this topic could compare the extent and pace of staff changes dealing with performance, or specifically benchmarking, compared with perceptions of legitimacy from peer councils or elected members.

7.2.7 *Changes since Original Study*

The field research was carried out in 2014-15 and was completed before the General Election in May 2015 which saw the end of the Tory-LibDem coalition. This section discusses the probability that if the research were to be repeated in 2018/19 there would be a difference in response,

The overall financial environment is now even more uncertain than in 2014 and the period of austerity has continued beyond the expected five years. Central government grant has reduced as expected and the future of finance from business rates is subject to changes on business rate retention, and the consequences of the Fair Funding Review effective in 2020 (Sandford, 2018). Financial incentives for new housing (New Homes Bonus) are still short term.

There are no new central government assessment regimes, but there are changes within the sector. New comparative financial indices have been developed from within the sector that were not available in 2014 e.g. a Financial Resilience Index proposal (CIPFA); a financial strength index from a Treasury adviser (Marrs, 2018); an economic vibrancy index (Grant Thornton, 2018), suggesting increased interest in comparative performance.

Participation in benchmarking activity is continuing. The sector led LG Inform which was in its infancy at the time of the field study has reached a level of maturity and, working with East Midlands councils, and, in contrast to the government imposed BVPIs, is developing a voluntary basket of local metrics that are introduced on a democratic basis if voted for by at least 30 members. The LG Inform offer is the sectors own free benchmarking tool and the ‘bottom up’ selection of indicators may attract more participants to benchmarking.

The impact of benchmarking and BVPIs may be receding, and CPA may also have sedimented. The early rounds of CPC began in 2011 and included Localism as

one of the themes forming the focus of the early challenges (Local Government Association, 2013) and that too is likely to have sedimented as it is not in the core components for 2018/19 (Local Government Association, 2018).

Legitimacy, particularly as conferred by other professionals, has also seen marginal changes since 2014 with increased emphasis on Financial Resilience and Place.

Whilst all of these changes are fairly subtle they do suggest that if the research were to be repeated in 2019 there would be nuanced differences in responses and findings.

7.3 Contribution to Professional Practice

This research has exposed several issues that will be of benefit to practice. At a simplistic level, practitioners will be interested to observe the practices and attitudes of their peers regarding benchmarking as it relates to performance improvement; but the research has shown issues at a deeper level both in the practice of benchmarking and the lessons for organisational change.

Regarding benchmarking practice, the work has revealed that districts perceptions of benchmarking is that it relates only to metrics benchmarking as a measure of comparative efficiency between peers. It is used as a comparison or resource to determine areas for further research ('service reviews') rather than process benchmarking with a desire to improve specific processes. Metrics benchmarking clearly had a role in the times of NPM where there was a focus on efficiency in the direct delivery of services. In the post NPM era a greater emphasis is required on benchmarking for effectiveness in meeting users' needs and ensuring progress towards future goals – rather than a simplistic comparison as in the past. Benchmarking as practised tended to be 'backwards facing' and concentrated on outputs rather than outcomes.

The study has confirmed the value of officer networks for the exchange of information and ideas. The benchmarking club offer from the professional group CIPFA was criticised as being expensive for districts, and there was general mistrust of figures with a suspicion of game playing to improve comparative results. Further, the volatility of the figures was seen as insufficient to warrant

annual benchmarking. There would appear to be a need for officer bodies to review their offer of collaborative comparisons to meet the new needs post NPM.

At an organisational level this work has exposed valuable information about the way historical influences and practices sediment into the organisational culture and influence future activities. The effect of CPA, National Performance Indicators and the requirements of Best Value are still having an impact on the way these organisations make their decisions and organisational changes

The research suggests that officers were enthusiastic in collecting benchmarking information, but effort was consumed in data manipulation in presenting figures that ensured the results of metrics were shown as close to an 'average' and avoiding extremes of reported performance; it was not clear whether performance was reviewed after reporting in order to change practices and improve performance in order to deliver better performance. The benchmarking emphasis was on practices and service delivery rather than structures and policies and this suggests that the efforts employed on the task focus of benchmarking could be better directed on needs facing research.

The research has identified several actions that councils could do to improve the effectiveness of benchmarking and clubs and the following ideas are suggested:

- Develop means of sharing good practice. The main benefit of club activity was the opportunity for learning and information exchange and initiatives that encourage sharing of innovation and good practice e.g. by presentation of case studies and network meetings
- Adjust performance indicators to the sector norm. There is likely to be greater benefit from being able to select from wider comparators, rather than choosing to modify and personalise performance indicators.
- There may be potential in investigating the LGA offer. After initial technical issues, LG Inform has become more sophisticated and it likely to increase in both usefulness and legitimacy with a wider participation. Unlike some clubs and commercial benchmarking organisations, there is no subscription fee, and the LGA has now introduced the opportunity for new performance indicators if sufficient councils (over 30) would like to

include them.

7.3.1 Assessment

Interviewees wanted a means of comparing their performances without the pejorative history of the CPA. They presented a need to understand how well they were doing compared to others, but it is difficult to see how comparative data could be published without the downsides felt about CPA. In promoting the sector led offer, Sawyers (2015) writes of the sector led improvement as 'allowing local government to show central government that it can maintain standards and improve performance, without needing to be burdened with resource-sapping hoops to jump through' (Sawyers, 2015, p. 23), however this suggests a single facing focus to the sector led improvement regime in providing evidence to central government and so reinforcing a coercive perception of central government assessment. This ignores the pressures from peer to peer assessment – which might be called normative assessment, but more importantly brings into question the driving force behind assessment which under Localism should be the electorate or recipients of services. With the changing ratios of funding sources in local government with reductions in funding from central government to local government and increasing importance of funding from locally raised finance, there is a corresponding shift in the status of assessment regimes.

The Sector led 'Peer Review' or LGA Corporate Peer Challenge was liked as a means of assessment because it was specific to the district and its perceived needs. It was particularly praised because it involved members and was not simply officer to officer assessment. It is worthy of mention here that the results of the Peer Challenge were not a 'score' or league table position but rather the output was a narrative report specifically focussed on future actions to help the district meets its own needs. The Corporate Peer Challenge was optional and not all districts took up the offer.

7.3.2 Conclusions

This research will better enable practitioners to apply benchmarking resources within their organisations with the knowledge of the benefits and drawbacks experienced by others. It provides a candid insight into the current operational practices of benchmarking and that will inform future initiatives and clubs. It also

provides an insight into how past influences on benchmarking remain in organisations after the original compulsion has passed. The sector led initiatives have been explored and this report provides feedback on how these have been used and how they could be improved and gives feedback on perceptions of their usefulness. During NPM there was a strong focus on cost, but post NPM there is now a greater need to match councils' activities to areas and issues that are specific to the mix of populations and their needs; to ensure that efforts are focussed and forward looking.

In summary, the benefits felt by practice are a need for benchmarking clubs to revise their benchmarking offer, and for the sector led improvement offers to continue.

8 Appendices

8.1 Appendix A Local Government Information

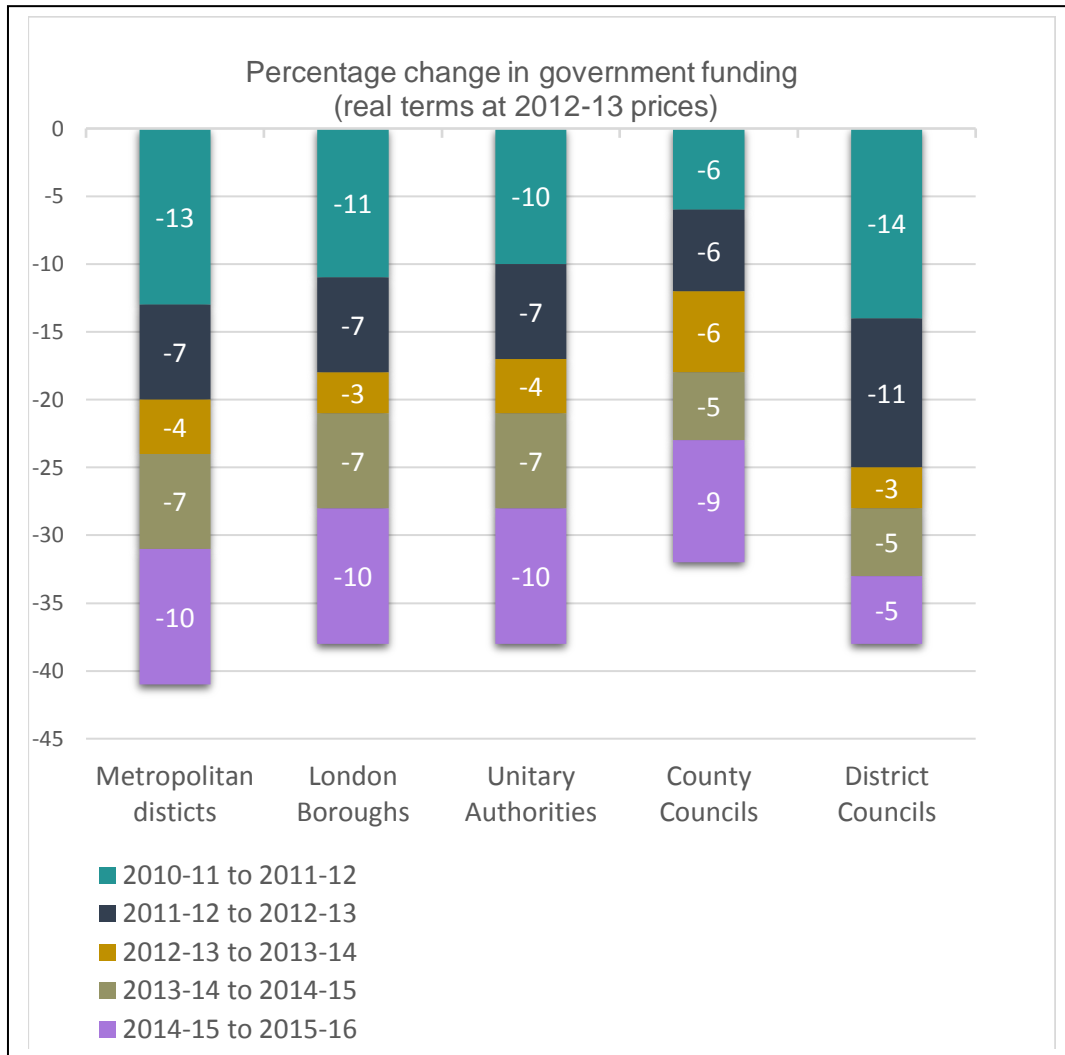
Appendix A (i) Local Government Responsibilities

	Metropolitan Districts	London Boroughs	Unitary Authorities	County Councils	District Councils
Education	✓	✓	✓	✓	
Highways	✓	✓	✓	✓	
Transport Planning	✓	✓	✓	✓	
Passenger Transport			✓	✓	
Social Care	✓	✓	✓	✓	
Housing	✓	✓	✓		✓
Libraries	✓	✓	✓	✓	
Leisure and Recreation	✓	✓	✓		✓
Environmental Health	✓	✓	✓		✓
Waste Collection	✓	✓	✓		✓
Waste disposal	✓	✓	✓	✓	
Planning applications	✓	✓	✓		✓
Strategic Planning	✓	✓	✓	✓	
Local tax collection	✓	✓	✓		✓

Source: DCLG Local Government Financial Statistics England No.25 2015

Appendix A (ii) Changes in Government Funding to authorities 2010-11 to 2015-16.

There is variation in the level of funding reductions across different authority types.



Source: National Audit Office analysis of Department of Local Government and Communities data

Notes

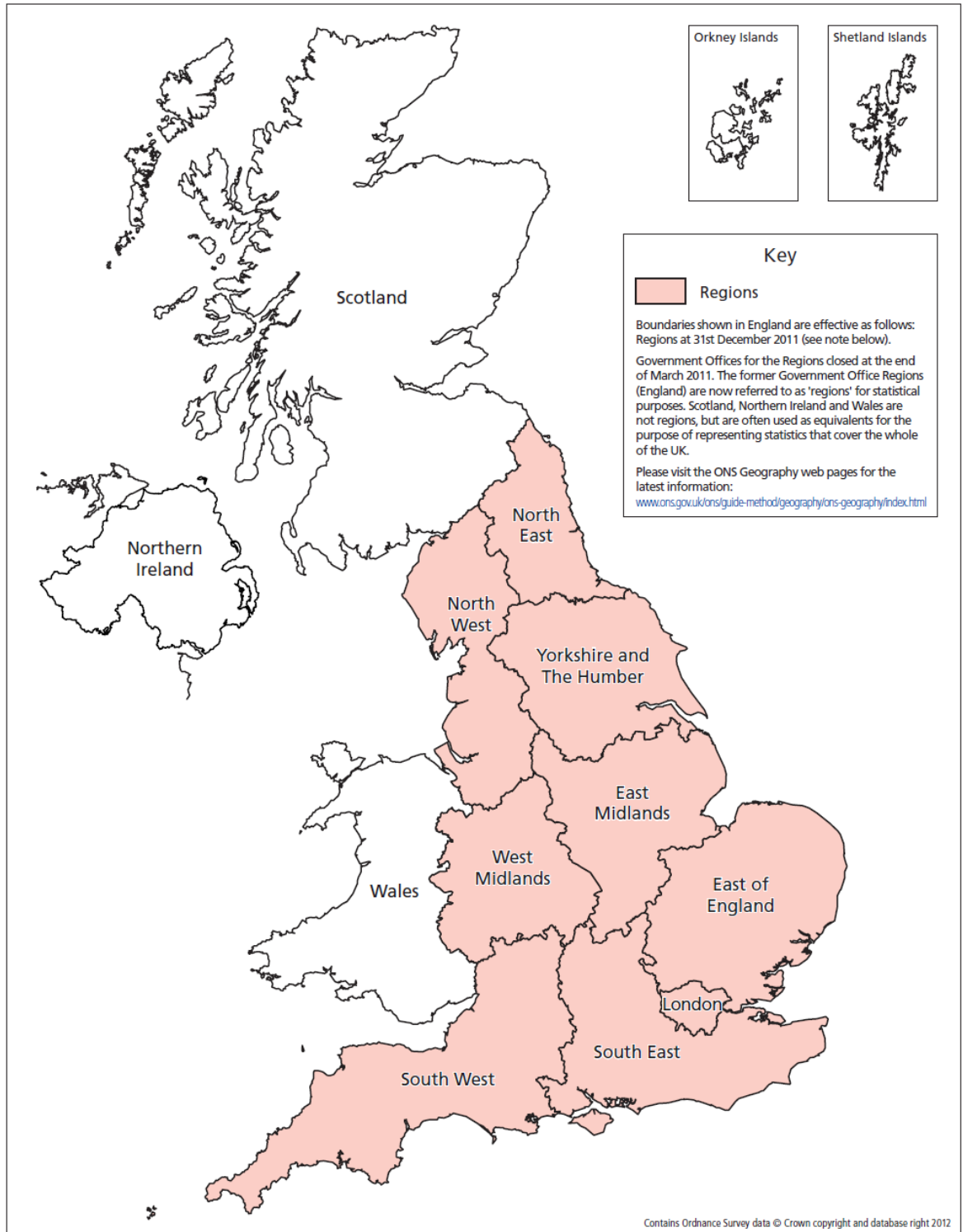
1 Chart includes government funding component of revenue spending power data published annually by the Department. Public health grant and the Better Care Fund are excluded.

2 Chart shows annual change in a weighted index. See methodology available at: www.nao.org.uk/report/impacts-funding-reductions-local-authorities/

3 Individual bands show annual change as a percentage of funding in 2010-11, rather than year-on-year percentage change. Individual bands are summable to produce total change from 2010-11 to 2015-16.

Appendix A (iii) Government Regions

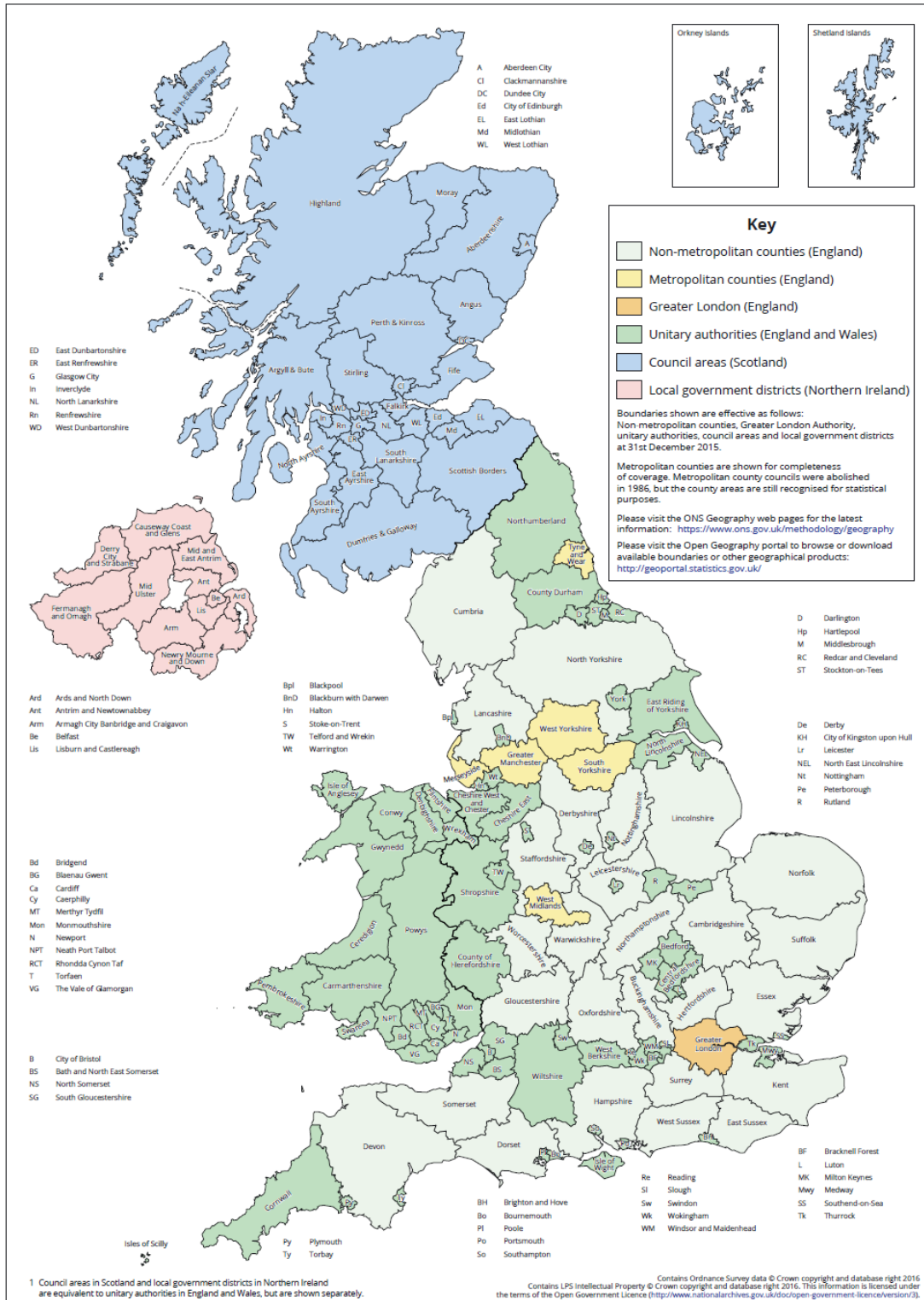
United Kingdom: Regions, 2011



Source: Office for National Statistics

Appendix A(iv) UK Counties and Unitary Authorities

UK: Counties and Unitary Authorities,¹ 2015



Source: Office for National Statistics

8.2 Appendix B Districts receiving Nil Revenue Support Grant in 2017/18

Class	Local Authority	Settlement Funding Assessment	Revenue Support Grant
SD	Bromsgrove	1.63	0.00
SD	Chiltern	1.39	0.00
SD	East Dorset	1.29	0.00
SD	Elmbridge	2.17	0.00
SD	Epsom and Ewell	1.33	0.00
SD	Maidstone	3.04	0.00
SD	Mole Valley	1.20	0.00
SD	North Hertfordshire	2.55	0.00
SD	Reigate and Banstead	2.23	0.00
SD	Sevenoaks	2.15	0.00
SD	Spelthorne	1.80	0.00
SD	Surrey Heath	1.46	0.00
SD	Tandridge	1.36	0.00
SD	Tonbridge and Malling	2.15	0.00
SD	Woking	1.99	0.00

Class SD = Shire Districts

Settlement Funding Assessment is £m

<https://www.gov.uk/government/publications/key-information-for-local-authorities-final-local-government-finance-settlement-2017-to-2018>

8.3 Appendix C Case Study Protocol

Case Study Protocol after Yin (2009)

A Introduction to the case study and purpose of the protocol

The basic question for the research is 'What approach are English District Councils taking towards benchmarking for performance improvement?'

The theoretical framework for this research is as follows:

Aims

The aim of this research is to examine the approach within English Local Government to benchmarking for performance improvement after the Localism Act.

Objectives

The Objectives will be to:

- Investigate the extent to which comparison with other organisations is used to drive improvements in performance;
- Assess the impact of benchmarking activities on district councils' practices, structures, and policies;
- Analyse how the results of benchmarking activities are used in the organisations;
- Understand the drivers behind decisions to undertake benchmarking;
- Assess the extent to which benchmarking is perceived as a legitimising activity under Localism.
- The research problem can be summarised as 'Can the approach to benchmarking under Localism be explained by Neo-institutional theory?'

This protocol sets out the process of the research and acts as a guide for all the steps that will be followed to complete the research. The study, analysis and writing up will be conducted by the researcher in person, however this protocol could act as a record of exactly how the research is undertaken such that a repeat

piece of work could be undertaken under the same set of procedures.

B Data Collection procedures

Data will be collected from interviewees at 18 district councils. The interviews are front loaded in the research and the precise numbers in each tranche are loose to allow for workload pressures. The exact sites will be selected in the following way:

- Initially a purposive sample of 5 representatives from district councils who are already members of the LGA knowledge hub group on benchmarking and performance management.
- 3 interviews will be selected from members of specific benchmarking clubs and 2 or 3 interviews from other districts.
- The remaining set of district level interviews will be taken from officers or members from district councils with roles in performance improvement.
- Two further interviews will be planned with academic members of the Knowledge Hub to act as part the triangulation exercise.

Data Collection Plan

The type of evidence that will be collected is recordings of semi-structured interviews with officers (and academics and members) who are knowledgeable about the impact of benchmarking in their organisation and its role in performance enhancement

Expected preparation prior to site visit:

- Location map. Contact phone numbers
- Check recording equipment
- Back up pen and paper
- Consent letter as Kingston Research protocol
- List of questions as Appx C

The evidence to be collected prior to each interview will be:

- officer and governance structure at location;
- latest audit report for district councils (showing the value for money and resilience opinion from external auditors for at least one year (depending on timing of interview));
- latest set of final accounts or annual report for district – for background and to see any particular plans for changes to structures; new policies or plans to improve performance;
- results for districts from previous CPA /use of Resources scores;
- latest budget reports (for indication of financial stress).

C Outline of Case Study report

The case study report will comprise;

- Understanding of benchmarking and comparison to literature e.g. indicator or ideas benchmarking.
- Perceptions about Coercive benchmarking from Audit Commission, government, and regulatory regimes
- Mimetic behaviours and their impact on structures and processes
- Professional (normative) view of benchmarking as a performance tool
- Conclusion of views
- on the implementation of benchmarking as a legitimising tool

8.4 Appendix D Transcription Sources and Archival materials

(i) Transcript References

Transcript Reference	Region in which Council is located	CPA Score 2009	Officer (s) Interviewed
A	South West	Fair	Chief Executive
B	East Midlands	Fair	Performance Officer and Service Officer
C	East	Good	Performance Officer
D	East	Good	Finance Officer s.151 and Performance Officer
E	East Midlands	Weak	Service Officer
F	South East	Excellent	Performance Officer
G	East	Fair	Finance Officer s.151 and Performance Officer
H	South East	Excellent	Finance Officer s.151
I	South East	Good	Finance Officer
J	South West	3 star (Non district)	Performance Officer
K	South East	Excellent	Service Officer
L	South East	Fair	Finance Officer and Performance Officer
M	West Midlands	Excellent	Performance Officer
N	West Midlands	Excellent	Performance Officer
O	East Midlands	Excellent	Chief Executive
P	East Midlands	Good	Performance Officer
Q	East Midlands	Fair	Performance Officers (2)
R	East	Excellent	Performance Officer

Political Control of Sampled Councils as at May 2014

	No of Districts	% of sample
Conservative	13	72
Labour	2	11
Lib-Dem	1	6
No Overall Control	2	11
	18	100

Appendix D (ii) Transcript References and Archival materials

Council Transcript Reference	Materials available in Public Domain		Material provided by interviewees that is not available in the public domain (Note c)
	Statutory Financial Documents (Note a)	Other material in Public Domain (Note b)	
A	4	5	-
B	4	5	2
C	4	6	-
D	4	8	-
E	4	6	22
F	4	5	-
G	4	7	2
H	4	2	-
I	4	6	1
J	4	11	7
K	4	5	-
L	4	6	-
M	4	6	-
N	4	12	-
O	4	8	-
P	4	8	-
Q	4	4	-
R	4	9	-
Total	72	113	34

Notes

a): Explanatory foreword from Annual Statement of Accounts; Audit findings report (IAS 260); Annual Audit Letter; Annual Governance Statement.

b): Documents from public sources e.g. management structures, professional magazine articles written by interviewees; Corporate Plans; Committee reports providing performance management information; Local Government Association Peer Challenge Reports.

c): Documents offered by interviewees that are not available in public domain i.e. not reported on council websites, e.g. reports from Benchmarking clubs; items from subscription services.

8.5 Appendix E Ethical Approval from Kingston University

Approved electronically by Faculty Research Ethics Committee

SECTION B (Complete this section if another ethics committee has already granted approval for the project. Otherwise, proceed to Section C)

Committee that granted approval	
Date of approval	

Please attach evidence that the project has been fully approved (usually an approval letter). The original application should be retained on file in the Faculty for inspection where necessary. The Faculty Research Ethics Committee (FREC) may require further information or clarification from you and you should not embark on the project until you receive notification from the FREC that recognition of the approval has been granted. You should proceed directly to Section D of this form and submit this as a fast-track application.

SECTION C

Provide a brief project description (max. 150 words). This should be written for a lay audience

This research will examine the approach within English Local Government to the business technique of comparative benchmarking for performance improvement.

The researcher will interview senior officers, with responsibility for improving performance in a range of District Councils, to:

- Investigate the extent to which comparison with other organisations is used to drive improvements in performance;
- Assess the impact of benchmarking activities on councils' practices, structures and policies;
- Analyse how the results of benchmarking activities are used in the organisations;
- Understand the drivers behind decisions to undertake benchmarking;
- Assess the extent to which benchmarking is undertaken for symbolic purposes only to display 'legitimacy' under the Localism Act 2011, rather than as a tool for performance improvement.

The researcher will interpret from the responses, the extent to which the actions of local governments can be explained by the coercive, mimetic or normative pressures described in neo-institutional theory

Estimate duration of the project (months)	18 months
State the source of funding	Self funding

Is it collaborative research?

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
-----	--------------------------	----	-------------------------------------

If YES, name of the collaborator institutions:

1.	
2.	
3.	

2

4.	
5.	
6.	
7.	
8.	

Briefly describe the procedures to be used which involve human participants

Prospective interviewees will be approached by email and asked if they would agree to an interview.
Semi structured face to face interviews will take place with working age adults at the interviewee's workplace
Interviews will be recorded using a digital recorder (subject to interviewee agreement). Where they do not agree, handwritten notes will be made.

Interviewees will be offered a copy of the transcript to check for accuracy.

Summarise the data sources to be used in the project

The data sources will be employees at senior levels in English District councils.

Storage, access and disposal of data

Describe what research data will be stored, where, for what period of time, the measures that will be put in place to ensure security of the data, who will have access to the data, and the method and timing of disposal of the data.

Audio recording of interviews will be made on a digital recording device. The audio files will be transferred to my personal computer at the earliest opportunity, with a back up copy on the Kingston hard drive.

The audio files will be loaded into Nvivo to provide evidence for the research.

Interviews will be transcribed into WORD and transferred to Nvivo. These files will be stored on my pc which is password protected and will be backed up on the Kingston hard drive which is also password protected

Access to the data will be restricted to myself, and to my supervisor.

The computer files will be deleted from both systems immediately after the final publication of my dissertation. Paper copies of the transcripts will not include any names that would identify the interviewees, and copies used for preparation of the dissertation will be shredded after final publication.

Risk Assessment Questionnaire: Does the proposed research involve any of the following?

		YES	NO
0.	The use of human biological material?		✓
1.	Children or young people under 18 years of age?		✓
1.a	If YES, have you complied with the requirements of the DBS?		
2.	People with an intellectual or mental impairment, temporary or permanent?		✓
3.	People highly dependent on medical care, e.g., emergency care, intensive care, neonatal intensive care, terminally ill, or unconscious?		✓
4.	Prisoners, illegal immigrants or financially destitute?		✓
5.	Women who are known to be pregnant?		✓
6.	Will people from a specific ethnic, cultural or indigenous group be targeted in the proposed research, or is there potential that they may be targeted?		✓
7.	Assisted reproductive technology?		✓
8.	Human genetic research?		✓
9.	Epidemiology research?		✓
10.	Stem cell research?		✓
11.	Use of environmentally toxic chemicals?		✓
12.	Use of ionizing radiation?		✓
13.	Ingestion of potentially harmful or harmful dose of foods, fluids or drugs?		✓
14.	Contravention of social/cultural boundaries?		✓
15.	Involves use of data without prior consent?		✓

16.	Involves bodily contact? <i>Shaking hands as part of normal business greetings</i>		✓
17.	Compromising professional boundaries between participants and researchers?		✓
18.	Deception of participants, concealment or covert observation?		✓
19.	Will this research significantly affect the health* outcomes or health services of subjects or communities?		✓
20.	Is there a significant risk of enduring physical and/or psychological harm/distress to participants?		✓
21.	Does your research raise any issues of personal safety for you or other researchers involved? (especially if taking place outside working hours or off KU premises) <i>Research interviews will take place during working hours in public buildings</i>		✓
22.	Will the research be conducted without written informed consent being obtained from the participants?		✓
23.	Will financial/in kind payments (other than reasonable expenses and compensation for time) be offered to participants? (Indicate in the proposal how much and on what basis) <i>No payments will be made</i>		✓
24.	Is there a potential danger to participants in case of accidental unauthorised access to data?		✓

[Note *health is defined as not just the physical well-being of the individual but also the social, emotional and cultural well-being of the whole community].

SECTION D (To be signed by all applicants)

Declaration to be signed by the applicant(s) and the supervisor (in the case of a student):

- I confirm that the research will be undertaken in accordance with the Kingston University *Guidance and procedures for undertaking research involving human participants*.
- I will undertake to report formally to the relevant Faculty Research Ethics Committee for continuing review approval where required.
- I shall ensure that any changes in approved research protocols or membership of the research team are reported promptly for approval by the relevant Faculty Research Ethics Committee.
- I shall ensure that the research study complies with the law and University policy on Health and Safety.
- I confirm that the research study is compliant with the requirements of the Disclosure and Barring Service where applicable.
- I am satisfied that the research study is compliant with the Data Protection Act 1998, and that necessary arrangements have been, or will be made with regard to the storage and processing of participants' personal information and generally, to ensure confidentiality of such data supplied and generated in the course of the research.
(Further advice may be sought from the Data Protection Officer, University Secretary's Office)
- I shall ensure that the research is undertaken in accordance with the University's Single Equality Scheme.
- I will ensure that all adverse or unforeseen problems arising from the research project are reported immediately to the Chair of the relevant Faculty Research Ethics Committee.
- I will undertake to provide notification when the study is complete and if it fails to start or is abandoned;
- (For supervisors, if the applicant is a student) I have met and advised the student on the ethical aspects of the study design, and am satisfied that it complies with the current professional (where relevant), departmental and University guidelines. I accept responsibility for the conduct of this research and the maintenance of any consent documents as required by this Committee.

- understand that failure to provide accurate information can invalidate ethical approval.

Is this an application for fast-track ethical approval?

(Fast track is only available for projects either pre-approved by another ethics committee, or where you have accurately indicated 'No' to every question on the Risk Assessment Questionnaire – Pg4)

Yes	✓	No	
-----	---	----	--

Please sign and date	<i>Signature</i>	<i>Date</i>
Lead applicant		30 March 2014
Co-applicant		
Co-applicant		
Co-applicant		
Supervisor		

NOTE

If this is a block release application and/or you have answered YES to any of the questions in the Risk Assessment, you must complete a full application for ethical approval and provide the information outlined in the checklist below. Your project proposal should show that there are adequate controls in place to address the issues raised in your Risk Assessment.

If you have answered NO to all of the questions in the Risk Assessment you may submit the form to your Faculty Ethics Administrator as a fast-track application. You must append your participant information sheet. The Faculty Research Ethics Committee (FREC) may require further information or clarification from you and you should not embark on the project until you receive notification from your Faculty that recognition of the approval has been granted.

CHECKLIST (Where a full application for ethical approval is required)

Please complete the checklist and attach it to your full application for ethical approval:

Before submitting this application, please check that you have done the following: (N/A = not applicable)	Applicant			<i>Committee use only</i>		
	Yes	No	N/A	Yes	No	N/A
All questions have been answered						
All applicants have signed the application form						
The research proposal is attached						
Informed Consent Form is attached						
Participant Information Sheets are attached						

All letters, advertisements, posters or other recruitment material to be used are attached						
All surveys, questionnaires, interview/focus group schedules, data sheets, etc, to be used in collecting data are attached						
Reference list attached, where applicable						

8.6 Appendix F Declaration for Interviewees RE5

RESEARCH ETHICS: CONSENT FORM

Full title of Project: Benchmarking in Local Government

Name, position and contact address of Researcher:

Helen Martin



Please Initial Box

- | | |
|---|--------------------------|
| 1. I confirm that I have read and understand the information sheet for the above study and have had the opportunity to ask questions. | <input type="checkbox"/> |
| 2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving reason. | <input type="checkbox"/> |
| 3. I agree to take part in the above study. | <input type="checkbox"/> |
| 4. I agree to the interview being audio recorded | <input type="checkbox"/> |
| 5. I agree to the use of anonymised quotes in publications | <input type="checkbox"/> |
| 6. I would like a copy of the full dissertation/ management summary at the end of the research. (delete as appropriate) | <input type="checkbox"/> |

Yes/No

Interviewee Signature

8.7 Appendix G Outline Question sheet for Interviews

Questions for semi-structured interviews ##### District

Introduction

- Could you please explain how you see your role In Performance Improvement here at #####

Questions about benchmarking

- What do you understand by the term 'benchmarking?'
Probe: benchmarks or indicator benchmarking, and best practice or ideas benchmarking
Probe: metrics; methods
Structures
Was bm involved in this #####
- How important is it to your Members that your authority participates in benchmarking activities or Clubs?
- I've heard only about 1 in 6 Councils participate in BM clubs – why do you think that is?

Questions about Comparative Performance

- Under CPA, (Comprehensive Performance Assessment) the relative performance of local authorities was assessed by the Audit Commission; . How effective do you think that regime was in driving up performance?
- Under Localism we no longer have CPA, how important is it to you and to your members to compare the performance of this authority with others?`
- Could you explain some of the practical mechanisms you are employing here at #####.....district to drive up your performance?
- How do you or members know if you are 'achieving' or 'cruising'?
- How do local authorities now assess their performance compared to others?

Questions about Professional Groups/Organisations

-
- What role do you think officer groups at county level (e.g. County Financial /Planning/ CEO) officers) play in improving the performance of local authorities.
 - Can you give an example of changes that you have made to your practices as a result of this kind of officer networking?

What about the impact of country wide groups

- What impact do the national officer groups such as District Councils Network; SOLACE, SOCITM, SDCT (as appropriate to interviewee), have in terms of performance improvement?
- What is your view of the usefulness of organisations such as APSE in helping this authority to improve its performance?

The impact of Localism

- How does your council measure citizen satisfaction under Localism?

The role of (coercive?) bodies in driving changes in performance

- What role do you think **central Govt.** is playing in helping local govt to improve performance?
- What do you see as the role of **your auditors** in performance improvement here and at regional level? (Refer to their assessment in latest vfm report)
- (Refer to any comments in last auditors report) - **Have you made any changes to your longer term strategies or practices following the comments in your most recent audit report?**
- (Refer to audit report on financial resilience). Have you used the latest audit report to compare their assessment of your resilience with other authorities?
- Which was more effective in driving up performance – CPA or the new privatised audit reports; why was that?
- Is Transformation Challenge money carrot or stick?

Role of the Local Government Association

- What is your opinion on the effectiveness of LGA Peer Review in enhancing performance improvement
- What difference would it make to the Peer Challenge if it was only officers?
- Are you familiar with LG INFORM as a tool to improve performance? Could you tell me how you have used it?

Changes to structures

- What is the biggest influence that would cause this organisation to change its structure (management or governance)

I'd to read you a quote from the Municipal Journal and ask you to give me your view on it

'you don't need to relinquish localism to have the same basic structure as a dozen other councils across the country' (Jameson 2013).

- How do you think local authorities might be changing their structures in, say, the next decade?
- What shared services/shared management do you have here –
- Why do you think some authorities have shared/joined – whilst others have not? (e.g. Suffolk; Dorset)

Finally - Questions about legitimacy³

- How important do you think it is for local authorities to be seen to be sharing services, or senior management, or undertaking benchmarking? Why?

and the future??

³ reputation was used at [redacted]

8.8 Appendix H Additional information provided to interviewees

PROJECT TITLE: Benchmarking in Local Government

Participant Information Sheet

Introduction

I am currently undertaking research into Benchmarking for a Doctorate in Business Administration (DBA) with Kingston Business School. I would like to invite you to participate in this research.

My research will examine documents in the public domain such as web sites, annual reports, and reports from professional organisations, as well as undertaking interviews with people who are directly involved in benchmarking or other performance improvement activities.

How will the results be used?

The data from this research will be used for research purposes only in the following way.

- DBA thesis
- Academic research papers and presentations
- A summary report to be circulated to all interested participants or participating organisations.

Please indicate on the consent form if you would like to receive a summary of the results.

What is the purpose of the study?

This study seeks to examine the approach within English Local Government to benchmarking for performance improvement after the Localism Act. I propose to:

- investigate the extent to which comparison with other organisations is driving improvements in performance;
- examine the impact of benchmarking activities on district councils

-
- practices, structures and policies;
 - understand the drivers behind decisions to undertake benchmarking.

Why have I been invited to take part in the study?

I propose to interview people who:

- have participated in work undertaken by the Local Government Association Knowledge Hub
- are involved with one of the CIPFA Benchmarking clubs
- are involved with the Capita Benchmarking club
- Have a role concerned with performance and improvement

Do I have to take part?

No, you do not have to participate. You can withdraw at any time during the interview without giving a reason.

What will my involvement require?

If you take part, I would like to ask you some questions about your personal attitudes towards benchmarking and performance improvement in local government. This will take approximately one hour. The answers to the questions will be audio recorded.

You will be given the opportunity to review the transcript of the interview and you will be able to delete/modify or elaborate on any of your responses

What are the possible disadvantages or risks of taking part?

I do not consider there to be any disadvantages to you or to your organisation from participation in this research.

What are the possible benefits of taking part?

It is unlikely that there will be a direct benefit to your authority, but at the completion of my study I will be in a strong position to identify the ways in which councils can improve performance, and how benchmarking clubs or other improvement groups can work most effectively.

What happens when the research study stops?

At the end of the study I will produce my dissertation for Kingston. If you would like a copy of this, I would be pleased to send it to you, alternatively I will be producing a lay summary of my findings and plan to have this available by January 2016.

What if there is a problem?

Any complaint or concern about any aspect of the way you have been dealt with during the course of the study will be addressed by the Faculty Research Ethics Committee; please contact the Research Administrator Valerie Thorne (V.Thorne@kingston.ac.uk) in the first instance.

Will my taking part in the study be kept confidential?

Yes. People's names or job titles or their authority will not be included in reports. All of the information you give will be anonymised so that those reading reports from the research will not know who has contributed to it.

Contact details of researcher and, where appropriate supervisor?

My work contact details are:

Helen.Martin@Sevenoaks.gov.uk:

Daytime telephone: 01732 227483

Address: xxxxxxxxxxxxxxxxx

XXXXX

XXXXX

XXXXXXXXX

The supervisor of this project is Kent Springdal. His contact details are:

K.Springdal@Kingston.ac.uk

Daytime telephone: 020 8417 9000 Ext. 65241

Who is organising and funding the research?

This research is self funded

Who has reviewed the project?

The study has been reviewed and received clearance from Kingston University Research Committee.

Thank you for taking the time to read this Information Sheet.

8.9 Appendix I Final Nodes used in NVivo - Analysis by Interview Transcripts

Nodes	Number of sources Coded	Number of Coding references
<i>Count of sources</i>	19	
1.0.1 Context – Core	7	11
1.0.2 Context – Core - Future	7	16
2.1.1 Context – Politics	3	8
2.1.2 Context – Politics – Localism	7	8
2.1.3 Context – Politics – National	7	7
2.2.0 Context – Members	19	78
2.3.0 Context – Customers	15	32
3.1.0 Cultural Background – Uniqueness	5	14
3.2.1 Cultural Background – History	2	2
3.2.2 Cultural Background – History – Reflections	9	26
3.3.0 Cultural Background – Pride	6	19
3.4.1 Cultural Background – Learning & Achievement – Achievement	4	9
3.4.2 Cultural Background – Learning & Achievement – Learning	9	20
3.4.3 Cultural Background – Learning & Achievement – Efficiency	2	2
3.5.1 Cultural Background – People -Roles	2	4
3.5.1 Cultural Background – People – Staff Praise	2	2
3.5.2 Cultural Background – People – Drivers	4	6
3.5.2 Cultural Background – People – Staff	4	8
3.5.3 Cultural Background – People - Leadership	4	9
4.1.0 Benchmarking Practice – Core	17	89
4.1.1 Benchmarking Practice – Core – Benefits	6	20
4.2.0 Benchmarking Practice – Definitions	17	64
4.3.1 Benchmarking Practice – Info and Data – Data deficiency	1	1
4.3.2 Benchmarking Practice – Info and Data- Data handling	2	5
4.3.3 Benchmarking Practice – Info and Data- Info Sources	2	5
4.4.1 Benchmarking Practice – Performance	11	32
4.4.2 Benchmarking Practice – Performance – Results	5	13
5.0.0 Pressures – Coercive – Core – Drivers	11	25
5.1.0 Pressures – Coercive – Core	3	4
5.1.1 Pressures – Coercive - Assessment	9	14
5.1.2 Pressures – Coercive – Assessment – Perf Indicators	12	21
5.2.0 Pressures – Coercive – Audits	12	24
5.3.0 Pressures – Coercive – Funding	8	10
5.4.0 Pressures – Coercive – Government	11	30

Appendix I Final Nodes used in NVivo continued

Nodes	Number of sources Coded	Number of Coding references
<i>Count of sources</i>	19	
6.0.0 Pressures - Normative - Core	8	17
6.1.0 Pressures – Normative – Sector Led Peer Review	15	44
6.1.1 Pressures – Normative – Sector Led Teams & Leaders	2	3
6.1.2 Pressures – Normative – Sector Led LG Inform	12	34
6.2.1 Pressures – Normative – Profession Led– CIPFA clubs	5	14
6.2.2 Pressures – Normative – Profession Led– Other clubs	11	19
6.3.0 Pressures – Normative – Networks – Formal	8	15
6.4.0 Pressures – Normative – Networks – Informal	4	6
6.4.1 Pressures – Normative – Networks – Informal – BM Partners	14	69
6.4.2 Pressures – Normative – Networks – Informal – Compliance	1	1
6.4.3 Pressures – Normative – Networks – Informal - Perf Off Role	3	5
7.0.0 Pressures – Mimetic – Core	2	3
7.1.0 Pressures – Mimetic – Comparators	9	20
7.2.0 Pressures – Mimetic – Structures	9	21
7.3.0 Pressures – Mimetic – Service Reviews	7	12
7.4.0 Pressures – Mimetic – Visits	6	8
8.1.0 Benchmarking Culture – Negative Perceptions	1	1
8.2.1 Benchmarking Culture – Difficulties	15	53
8.2.2 Benchmarking Culture – Difficulties – Excuses	2	3
8.2.3 Benchmarking Culture – Difficulties- Measurement flaws	1	2
8.3.1 Benchmarking Culture – Metrics	1	2
8.4.1 Benchmarking Culture – Anonymity & Reciprocity Anon.	3	3
8.4.2 Benchmarking Culture – Anonymity & Reciprocity Rec.	5	7
8.4.3 Benchmarking Culture – Anonymity & Reciprocity Sharing Protocols	1	1
8.5.0 Benchmarking Culture – Game Playing	6	12
8.6.1 Benchmarking Culture – Evolving Model	2	2
8.6.2 Benchmarking Culture – Evolving Model – BM changes	4	7
8.6.3 Benchmarking Culture – Evolving Mode – other Imp Mechanisms	4	14
9.1.0 Compliance and Convergence	2	2
9.1.0 Legitimacy - Core	5	11

8.10 Appendix J Coding references in Interview Transcripts by Professional Discipline

Nodes	Coding References from Senior and Service Staff	Coding References from Performance officers
<i>Count of sources</i>	10	9
1.0.1 Context – Core	2	9
1.0.2 Context – Core - Future	5	11
2.1.1 Context – Politics	5	3
2.1.2 Context – Politics – Localism	5	3
2.1.3 Context – Politics – National	4	3
2.2.0 Context – Members	50	28
2.3.0 Context – Customers	16	16
3.1.0 Cultural Background – Uniqueness	7	7
3.2.1 Cultural Background – History	1	1
3.2.2 Cultural Background – History – Reflections	9	17
3.3.0 Cultural Background – Pride	8	11
3.4.1 Cultural Background – Learning & Achievement – Achievement	2	7
3.4.2 Cultural Background – Learning & Achievement – Learning	14	6
3.4.3 Cultural Background – Learning & Achievement – Efficiency	1	1
3.5.1 Cultural Background – People -Roles	2	2
3.5.1 Cultural Background – People – Staff Praise	1	1
3.5.2 Cultural Background – People – Drivers	1	5
3.5.2 Cultural Background – People – Staff	6	2
3.5.3 Cultural Background – People - Leadership	6	3
4.1.0 Benchmarking Practice – Core	54	35
4.1.1 Benchmarking Practice – Core – Benefits	18	2
4.2.0 Benchmarking Practice – Definitions	17	47
4.3.1 Benchmarking Practice – Info and Data- Data deficiency	1	0
4.3.2 Benchmarking Practice – Info and Data- Data handling	5	0
4.3.3 Benchmarking Practice – Info and Data- Info Sources	4	1
4.4.1 Benchmarking Practice – Performance	10	22
4.4.2 Benchmarking Practice – Performance – Results	10	3
5.0.0 Pressures – Coercive – Core – Drivers	10	15
5.1.0 Pressures – Coercive – Core	2	2
5.1.1 Pressures – Coercive - Assessment	7	7
5.1.2 Pressures – Coercive – Assessment – Perf Indicators	7	14
5.2.0 Pressures – Coercive – Audits	17	7
5.3.0 Pressures – Coercive – Funding	8	2
5.4.0 Pressures – Coercive – Government	16	14

Appendix J Coding references by Professional Discipline continued

Nodes	Coding References from Senior and Service Staff	Coding References from Performance officers
<i>Count of sources</i>	10	9
6.0.0 Pressures - Normative - Core	10	7
6.1.0 Pressures – Normative – Sector Led Peer Review	21	23
6.1.1 Pressures – Normative – Sector Led Teams & Leaders	1	2
6.1.2 Pressures – Normative – Sector Led LG Inform	8	26
6.2.1 Pressures – Normative – Profession Led – CIPFA clubs	7	7
6.2.2 Pressures – Normative – Profession Led – Other clubs	8	11
6.3.0 Pressures – Normative – Networks – Formal	10	5
6.4.0 Pressures – Normative – Networks – Informal	4	2
6.4.1 Pressures – Normative – Networks – Informal – BM Partners	36	33
6.4.2 Pressures – Normative – Networks – Informal – Compliance	0	1
6.4.3 Pressures – Normative – Networks – Informal - Perf Off Role	0	5
7.0.0 Pressures – Mimetic – Core	1	2
7.1.0 Pressures – Mimetic – Comparators	9	11
7.2.0 Pressures – Mimetic – Structures	12	9
7.3.0 Pressures – Mimetic – Service Reviews	7	5
7.4.0 Pressures – Mimetic – Visits	4	4
8.1.0 Benchmarking Culture – Negative Perceptions	1	0
8.2.1 Benchmarking Culture – Difficulties	33	20
8.2.2 Benchmarking Culture – Difficulties – Excuses	2	1
8.2.3 Benchmarking Culture – Difficulties- Measurement flaws	2	0
8.3.1 Benchmarking Culture – Metrics	2	0
8.4.1 Benchmarking Culture – Anonymity & Reciprocity Anon.	1	2
8.4.2 Benchmarking Culture – Anonymity & Reciprocity Rec.	4	3
8.4.3 Benchmarking Culture – Anonymity & Reciprocity Sharing Protocols	1	0
8.5.0 Benchmarking Culture – Game Playing	11	1
8.6.1 Benchmarking Culture – Evolving Model	1	1
8.6.2 Benchmarking Culture – Evolving Model – BM changes	5	2
8.6.3 Benchmarking Culture – Evolving Mode – other Imp Mechanisms	13	1
9.1.0 Compliance and Convergence	0	2
9.1.0 Legitimacy - Core	6	5

Note: interview with S151 Officer and Performance Officer together is coded here as Senior and Service.

8.11 Appendix K De-limitations

De-limitations

The delimitations of the project are detailed by the following scoping exercise

Sector: English Local Government at district council level.

Time frame: Post implementation of the 2012 Localism Act

Language: The research will be conducted in English

Geography: The data collection will be focussed on the East and South of England

Sources: Information will be obtained from published sources in the public domain

Use will be made of data available from the national data set which covers the period up to financial year 2010/11.

Limitations

The research limitations in this context are weaknesses or potential deficiencies in the research (Collis, 2009).

Location of Interviews

The research will be conducted at district council level only and will exclude county, metropolitan, unitary and London Borough councils. There is risk that practices at these tiers will be dissimilar from districts however it is not in the nature of this qualitative research to be able to generalise to other tiers of administration.

Political risk

Interviews are proposed with paid officers and not with politicians. This carries a risk that different perceptions from politicians will not be taken into account.

A general election is scheduled for 2015 and local elections may take place at target councils during the course of the study. This may mean that prospective interviewees are unwilling to undertake interviews at that time; or that behaviours change as a result of political decisions. Time will be built into the work schedule to allow for non-availability of interviewees by scheduling the interviews over a longer period of time.

Professional risk

The researcher is a local government officer and responses from interviewees may be slanted to impress or 'show the best side' of their authority to a person from a similar organisation; they may choose despite, clear offers of confidentiality to conceal factors that present their authority in an unfavourable light. The professional discipline of any interviewees may impact on their responses and may introduce bias to the interviews.

Legislative impacts

The research will take place in early years after the enactment of the Localism Act during a period of significant fiscal uncertainty and flux which may be atypical of organisational practices after the legislation has been embedded.

Language risk

The interviews will be conducted in English which is the normal language of business in local government; the researcher is employed within the sector, so the risk of misunderstanding of language or industry jargon is expected to be low. It is probable that the gender and ethnic background of the researcher and some of the interviewees will be different; however, as the questions are business related this is not expected to influence the outcome of the interviews (Heijes, 2011).

Interviewee Bias risk

The interviewing is based on a philosophical assumption of honest responses from respondents. But there is a risk that actors may provide biased responses to reflect a better position of their organisation, or an individual view that may be at variance to the views and policies of the council where they are employed but these risks are inherent in surveys as well as interview methods. The risk of self-serving bias is reduced by guaranteeing the interviewees anonymity in the research output.

Interviewer bias risk (also referred to as experimenter bias)

The interviewer will see the research through the lens of a career within local government and therefore may run the risk of approaching the research with more subjectivity. Any bias in the initial set of questions could embed bias within the results. This risk will be handled by recording the results of the interviews and discussing the initial interviews coding with a third party.

'Moderator' risk

The interviewees may view the interview with the expectation of learning more about other council's practices from the researcher and try to take the interview slot to enhance their own councils learning.

Reflexivity Risk

The interviewees may respond with what they think the interviewer wants to hear (Yin, 1994; Tellis, 1997b, 1997a).

Health and Safety Risks

Interviews are expected to be carried out on interviewee's premises. National and any local health and safety requirements will be observed.

8.12 Appendix L Analysis of Coding Reference analysed by Isomorphic Pressures

Council Transcript Reference	Coercive References	Mimetic references	Normative References
Council A	15	4	8
Council B	9	9	25
Council C	1	0	2
Council D	9	5	14
Council E	7	4	8
Council F	4	0	5
Council G	5	0	4
Council H	4	3	7
Council I	8	3	8
Council J	6	6	25
Council K	6	2	10
Council L	6	4	17
Council M	4	4	10
Council N	11	1	20
Council O	7	7	20
Council P	10	4	18
Council Q	9	2	22
Council R	7	6	4
Grand Total	128	64	227

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