Doctor of Business Administration

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Document One

Research Proposal

Exploring Strategic Turnaround in English Local Authorities

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Introduction

The purpose of this document is to set out and frame the nature of the research to be undertaken over the next three years in order to complete the Doctorate of Business Administration (DBA).

This document will identify the area to be researched and develop this into a number of themes and resulting research questions that will form the basis of a doctoral thesis. Five further Documents are to be produced for the DBA and this, the first document, sets points of reference for the remaining five, including the reflective journal.

Overview of the Research Topic

The objective of this research project is to establish the nature of strategic turnaround in the English Local Government Sector and its conversion into sustainable strategic practices. Local Government has long been a focus for central government attention in terms of total expenditure, service provision, Value for Money, regulation, control structures and service delivery. Overlaying this have been the major ideological thinking of management within the public services generally including the advent of New Public Management and the Third Way doctrines which have been considered internationally as well as in the UK context.

More recently, the Comprehensive Performance Assessment (CPA) process in the UK has identified, through external audit assessment, a framework

against which Local Authorities can be measured in terms of both service provision and strategic management. This has resulted in a trigger to identify Local Authorities that are thought to be performing poorly and/or below nationally recognised targets.

Local Authorities that do not perform well under the CPA process have been faced with a need to review their management functions and service delivery (including prioritisation), sometimes through central government intervention. It is these responses at the strategic level that form the basis of the research to be undertaken.

As a strategic overview for this research project I am looking to address one basic premise. If I were a Chief Executive starting a new job with a local council, what strategic processes would I expect to see in place to allow the council to respond effectively to any challenges that were placed upon it. This is a personal interest and one that comes from a working life of 20 years or so in and around the local authority sector.

I must stress that I have not been, nor do I currently have a desire to be the Chief Executive of a Local Authority. My interest in the topic comes from a desire to work in the future with Local Councils to ensure that they have appropriate processes in place to determine strategies and structures that will allow them to perform better in the future.

This research is therefore about strategy in the sense of structures and processes rather than a consideration of individual strategies themselves.

What the research is intended to discover are the ways in which Local Authorities are responding to the challenges they face at an organisational level rather than considering the actual responses to environmental conditions that they may have to respond to.

This is why the title of the study is "An Exploration of Strategic Turnaround in English Local Authorities". The exploration is in itself a journey into the mechanics of strategy formulation, choice and implementation. Initially this raises a series of potential questions. What structural issues need to be considered? What processes need to be in place to gather and interpret information to aid the strategic decision making process? Who informs strategic choice and how are the important decisions regarding strategic direction and choice going to be made? What mechanisms need to be in place to enable selected strategies to be implemented and monitored effectively? How will performance be measured and fed back into the strategic arena? These are just some of the questions that it is hoped will be answered along the way and have been used to formulate the main research questions of this project which are given in the next section.

This research will use the outcomes of the CPA process as a start point to identify local authorities that are poorly performing by this measure. It will then go on to determine the responses that have been made within these authorities to establish a turnaround in their performance.

This research will not provide a critical analysis of the CPA process itself as this would require a doctoral thesis of its own. However, issues raised regarding the CPA as an instrument for measuring success will be considered along the way as and when they arise.

This proposal will cover a number of key issues relevant to the research to be undertaken. At this stage the discussion provides an overview of the issues to be considered. The remaining documents to be submitted as part of the DBA itself will give more detail and a critical evaluation of the issues that will be raised.

Reflections on the Choice of Topic

I have worked in, been trained by and now deliver training within the public services, and local government in particular, for the best part of 20 years. It is no surprise therefore that I should choose Local Government as the 'laboratory' within which to undertake this research. The Local Government arena also provides a degree of comfort as the process of undertaking doctoral research is daunting task itself. My thinking behind choosing the topic is therefore not only linked to a desire to find out more about the sector in which I have worked for most of my working life, but also to give me the scope to learn about the process of research without having to take in and learn about a new sector.

As an accountant, I suppose there is a widespread view of being a grey, boring professional obsessed with spreadsheets. The traditional view of

accountants by the public at large could be linked to the methodological positivist standpoint, associated as it is with calculating and proving evidence by way of financial analysis. My experience of accounting as a career has been thankfully somewhat different. Most of my working life, both in teaching and in practice, has actually been focused around the more human aspects of accounting – those of motivation and the behaviour of individuals along side the development of strategic information that informs the direction of organisations and measures their achievements. It is this background that has led me to look at the strategic nature of local authorities.

As to the development of the research area itself, this has been a somewhat iterative and frustrating process. The research proposal is undoubtedly the most important aspect of the research process. If the proposal itself is not developed correctly then a number of disastrous consequences can arise leading to stress, a loss of direction and ultimately failure to complete (Fisher, 2004).

The choice of topic was borne out of an experience of and interest in the impact that the CPA was having on the strategic responses of local authorities. Initially I wanted to consider whether the CPA itself was shaping strategy within local authorities. It quickly became apparent that the answer to this was most likely yes given the impact that negative CPA scores have on both the finances and the external perception of those local authorities. This was borne out in some of the associated literature (see later). Clearly asking questions of the influence of CPA was not going

to last the course of a doctoral thesis and a different approach to the study would be required.

I wanted to retain a relationship to CPA in the study and the next step was to come up with an approach that would identify excellent authorities and establish what made them so good. I discussed this with supervisors and colleagues and what became apparent was that gaining access to these organisations could well prove problematic. At first this may seem strange as surely organisations that are performing well would want their excellence revealing to the world at large? However, a number of potential access issues were identified. What if excellent authorities were merely excellent because they told the right story rather than did the right thing? What if excellent authorities had aspects that were in decline and would prove sensitive if exposed? What if a study into excellent authorities exposed weaknesses that were not known about? These issues, or at least the risk of them occurring, could all lead to problems with gaining and sustaining access during the research project.

What was becoming clear was that I needed to adopt an approach to the research that allowed me to sustain the study over the course of the programme.   Fisher (2004) provides advice on selecting and refining the research area. I was confident that the research area was one that was both interesting to me and relevant (as I have described above). It was also durable, Local Government is not likely to disappear in the foreseeable future at least. The topic had been deemed adequate by my supervisors and I would be ale to resource the research.   The most

important aspect that I had to resolve was that of access and this was clearly going to be related to the framing of the research question. I did not quite follow the steps outlined by Fisher (2004) in his six-stage approach to choosing a topic exactly, but most of them were covered in some shape of from along the way.

This process of refining the research question has lead me to identifying failing/improving authorities and trying to establish what they are doing to put things right. This has a number of benefits for the research. Firstly access should be easier as authorities that are improving are more likely to want this promoting to the world at large. Also, my researching of the process may in some way lead to benefits for the organisations themselves both from internal and external experiences. Another benefit for the sector generally is that by focusing on improving authorities there may well be better examples of best practice or innovation arising from the needs of adversity – necessity is the mother of invention.

In reaching this point I feel that I now have the basis of a sustainable, interesting and useful research project. Getting to this stage, though frustrating at times, has helped me to understand better both the area that I am researching but also the flexible nature of research as a process. The need to adapt and change in response to constructive criticism and challenge I have found useful over the course of this process and I will look to incorporate this into the rest of the study.

Overview of the Document

This document will go on to consider the following:

- The Research Questions

- A brief introduction to Local Government

- An Overview of the CPA process

- An insight into current literature in this area of research and the development of an initial conceptual framework

- An outline plan of the remaining documents

- An outline of the main research issues and intended outcomes.

The Research Questions

The objective of this research project is to establish the nature of strategic turnaround in the English Local Government Sector and its conversion into sustainable strategic practices.

In order to achieve this objective the following initial research questions have been established:

1. What have been stakeholder perceptions to the CPA trigger for the need for turnaround within English Local Authorities?

2. What approaches to strategic turnaround are being adopted by English Local Authorities?

3. Has strategic turnaround been implemented effectively?

4. Are the approaches to turnaround strategy transferable into sustainable structures and processes?

5. To what extent can models of strategy and strategic turnaround in the private sector be translated into the English Local Government arena?

The research questions will be developed further following the completion of the literature review in Document 2.

The research to be undertaken in relation to the remaining documents will be structured to answer the above the questions. Documents 3 and 4 will focus on the first two research questions and questions 3, 4 and 5 will be considered in Document 5.

In addition to the formal research questions mentioned above, Document 6 will reflect on the process of research from the point of view of a reflective journal.

Local Government

Local Government is important, complex and costly (Worrall et al 1998, Flynn and Talbot 1996). It forms the delivery vehicle for many of the public services that are provided at a local level eg Education, Social Care Transportation. It is a sector worthy of study due to the significant impact it has on peoples lives in terms of service provision and the financial impact it has on taxpayers both in the form of national and local taxation.

In summary, Local Government in England and Wales employs over 2.1million people and spends over £70 billion a year (around 25% of public spending) of which about one quarter is funded from local taxation. There are over 21,000 elected members serving 410 local authorities.

Managing a local authority at a corporate and strategic level is a complex process that must meet the needs of a wide range of stakeholder groups including Central Government, Elected Members, the public and officers of the council themselves. The sector will clearly make an interesting field within which to study the processes strategic management, especially where organisations are operating under a turnaround regime.

Some of the reasons for this strategic complexity are as follows:

- Local Councils provide a wide range of functions over a wide range of structures. In the UK, this mixed provision means that not all services are provided by each type of local authority.

- Funding is through a mixture of Central Government grant, local taxation and, to a lesser extent, fees and charges. Each funding method has its own set of rules and regulations.

- There is a duality of management whereby directly employed officials carry out the wishes of publicly Elected Members. At the political level the cyclical nature of the election system means that power can shift periodically bringing with it a new out look and a new set of policies and priorities. At the Officer level, local councils are staffed by a range of professional disciplines such as teachers, social workers, engineers and environmental health workers on the front line with accountants, lawyers, IT professionals and administrators in the 'back office'.

Looking more widely, the strategic management of local government has been significantly influenced by central government control in the form of various regulation and intervention mechanisms since the early 1970s (Wallis and Dollery, 2005). Examples of these mechanisms include Local Management of Schools, CCT, changes to funding regimes (Capping etc) and more recently the requirement to undergo best value reviews, CPA inspections and develop a plethora of Strategic Plans (Local Strategic Partnerships, Local Area Agreements, Local Transport Plans, Waste Strategies etc etc). Managing strategically within local government therefore implies a need to incorporate the needs of a wider 'structural' environment rather than just a market environment.

Comprehensive Performance Assessment

The Comprehensive Performance Assessment (CPA) process was introduced in 2002 and is the process by which the Audit Commission carries out its duty under section 99 of the Local Government Act 2003 to independently monitor and report on the performance of Local Government (Audit Commission 2006). Since its introduction in 2002, the CPA has evolved in response to changes in the operational and regulatory environment, rising public expectations and the performance of Local Government itself (Audit Commission 2006).

As stated earlier, it will not be within the scope of this research to critique the CPA process itself. However, it will be useful at his stage to outline some of the key features of CPA. These features will be explored further in the literature review and subsequent documents.

An outline of the CPA process for Single Tier and Unitary Authorities (which differs slightly for District Councils) is given below and has been taken directly from the Audit Commission own document "CPA – The Harder Test" (2006). The CPA incorporates 4 different elements that are combined to determine an overall performance score for an authority. For Single Tier and County Councils this scoring results in the award of a number of stars relating to the relative performance of the council; 4 Stars being the best award and 0 Stars being the worst. The resulting scores are published in the form of a report for each authority and in comparative tables on the Audit Commissions web site.

Figure 1

Single tier and county council framework for 2006

Direction of travel
Improving strongly
Improving well
Improving adequately
Not improving adequately
OR Not improving

Use of resources
Financial reporting
Financial management
Financial standing
Internal control
Value for money

CPA category
4 stars
3 stars
2 stars
1 star
0 stars

Corporate assessment
Ambition
Prioritisation
Capacity
Performance management
Achievement

Children and young people | Social care (adults) | Housing | Environment | Culture | Benefits | Fire*

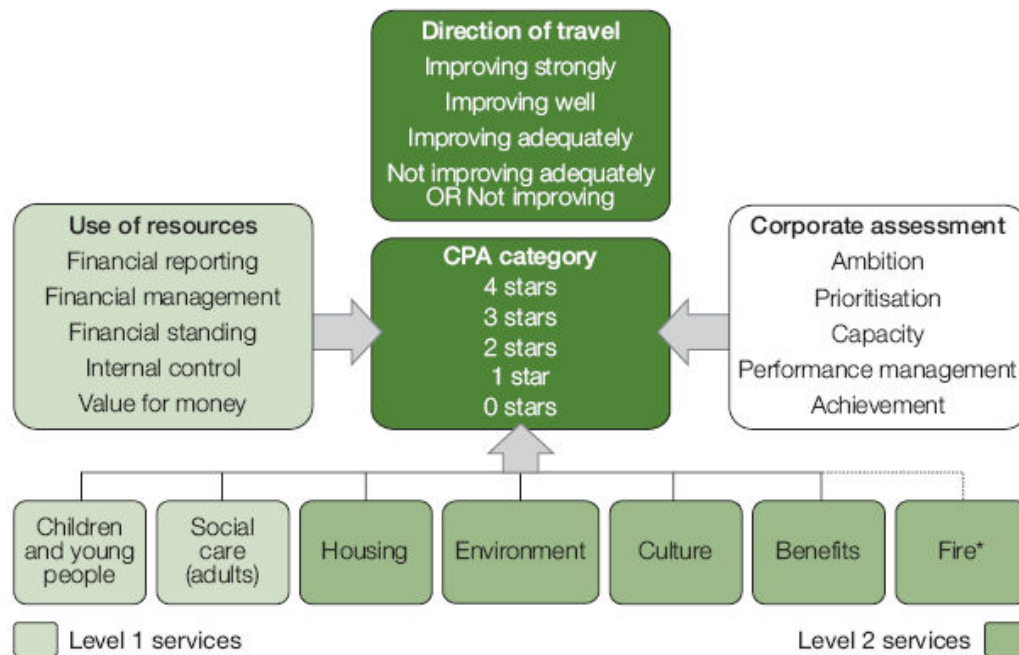Level 1 services   Level 2 services

Figure 1: Single tier and County Council Framework for 2006 (Source: Audit Commission 2006)

The CPA is a rolling programme that incorporates a range of annual and periodic reviews for each of the four elements. It is therefore possible to track the performance of authorities over time since the implementation of the CPA process. This will be useful when identifying changes in performance over time and will be of particular use in Document 4.

Importantly, the CPA will be undergoing a further transformation at some stage in the future. The Government's White Paper on Local Government (2006) includes a proposed revision to the existing regime. This change should not have a significant impact on this study and in fact it will be interesting to observe reactions at the strategic level to the revised process.

An Overview of the Relevant Literature

The purpose of this section is to outline the main areas of literature that will need to be reviewed in order to undertake the study. The main literature review provides the focus for Document 2 and it is here that a more robust conceptual framework will also be developed.

At this stage it is necessary only to highlight the key issue that will need to be studied and to establish the key themes that are likely to arise from the review.

To start this process I have developed an initial conceptual framework to help scope the literature to be covered.
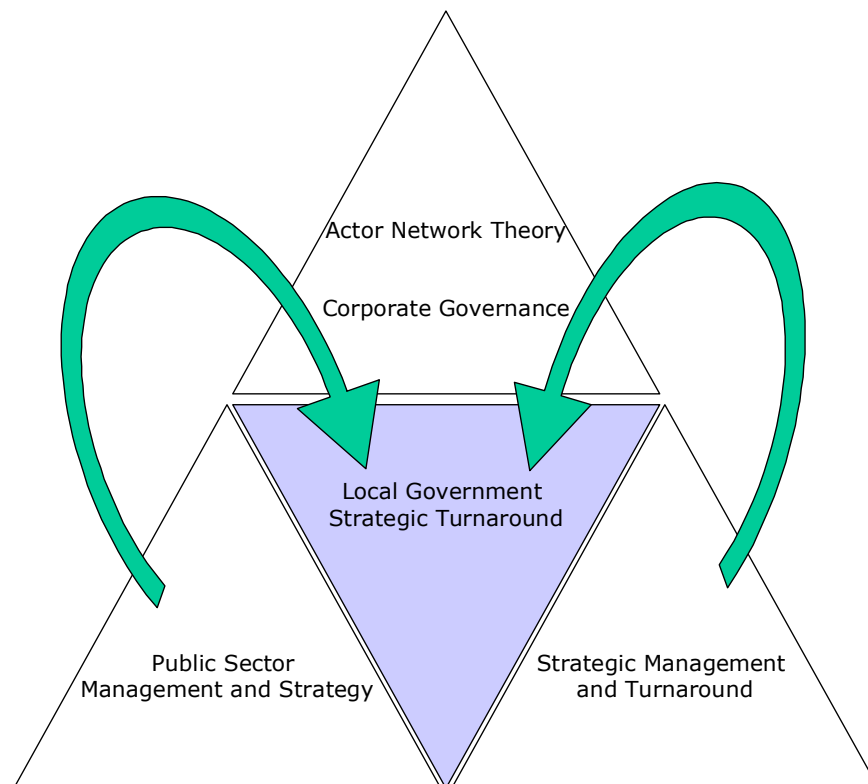

Figure 2: Conceptual Framework developed

The main focus of the study is to explore strategic turnaround in English Local Authorities. This focus will provide the basis of establishing a body of relevant literature that will help in understanding the topic. However, as this is a relatively specialised field of study, it is recognised that the research will have to draw on other related bodies of literature.

The initial conceptual framework above highlights the broad areas of literature that will be relevant to the study and how they will be related to the main focus of local government turnaround. It is envisaged at this stage that the more general literature relating to on the one hand Public Sector Management and Strategy and on the other Strategic Management and Turnaround will need to be interpreted through the use of other theories related to Corporate Governance (eg Agency Theory, Stakeholder Theory) and also Actor Network Theory (ANT).

Taking the main headings identified in the conceptual framework as the start point, what follows is an expansion of the main sub themes within each broader category.

Local Government Turnaround

This area has been identified as the key body of literature that will contribute towards the research to be undertaken. Not only that, but the research itself will also add to the wider understanding of local authority turnaround as well as strategic management within local government generally.

Literature in this area is understandably sparse given the focused nature of the research topic. However, over the years there have been some reviews of the performance and turnaround within local government and the public services/not for profit sector that can be usefully used as a start point for the literature review.

Often, comparisons are made between the reasons and responses to turnaround in the public and private sectors (Paton and Mordaunt, 2004, Walshe et al 2004). Such comparisons look to identify whether the reasons for failure in the private sector can be transferred into the public services and whether there is any similarity in the approaches that can be adopted between the sectors. This consideration will form a significant part of Document 5 and is reflected in research question 5. The conclusions to date in this area usually centre around a recognition of a number of factors:

- Identifying poorly performing organisations is equally important in the public and private sectors
- How to identify poor performance in the public sector is more complex than in the private sector due to the existence of multiple stakeholder objectives rather than the blunt instrument of profit as a measure of return on investment
- Responses to turnaround can be usefully learned from the private sector in order to ensure lasting recovery (Paton and Mordaunt 2004) especially when considering the intensity of the stresses involved

- In the public services, strategic responses have to be adapted rather than adopted from the private sector as cultural, structural, funding and performance measurement criteria differ between the sectors

Some of the literature focuses on the actual triggers and responses to strategic turnaround within local government although there is very little on this. Turner et al (2004) consider the results of a study of 10 English Local Authorities who have started to implement a turnaround strategy. The early findings of what is in fact a longer-term review indicate that councils were slow to recognise the need for turnaround and this had to be instigated by external intervention (in the form of the Audit Commission). Furthermore, their initial conclusions centre around the need to measure success not in terms of compliance with this external impetus but in terms of genuine ownership of the resultant change programme. This will be a key aspect of this research project as it links into the adoption of a sustainable and successful strategic management process and is reflected research questions 3 and 4.

Other studies focus on the role of Leadership in successful organisation turnaround. Joyce (2004) and Mordaunt and Cornforth (2004) concentrate on the role that leaders and management boards can have throughout the turnaround process. Not surprisingly these studies identify that appropriate leadership is critical to turnaround situations. However they also highlight that the role of leadership is more complex than in other the sectors due to the needs to balance a wide range of stakeholder

engagement and overcome significant cultural and structural barriers, especially balancing the tensions between political and administrative visions of success. This often results in responses that run counter to the received wisdom of leadership in turnaround situations. The success of turnaround in these is not yet apparent due to the timescales involved.

Finally in this section it is appropriate to consider the literature that exists around the CPA process itself. In some of the above studies the CPA has been used as the main trigger for identifying the need for turnaround. This supports the approach to be adopted in this study of using the ongoing CPA record as a means of identifying appropriate councils to study. However the views expressed around the CPA process are not always favourable. Game (2006) adopts a critical approach to the CPA mechanism itself and is therefore useful to show the flip side of the rhetoric on CPA put forward by the UK Government and the Audit Commission. Two aspects emerge from the study however, one of which is a cautionary tale and the other a positive impact. Firstly Snakes and Ladders (but mostly ladders) is used as an analogy for describing the seaming continuous improvement of councils over the years under CPA. This is considered to be unrealistic and is as much to do with the scoring methodology as actual improvements in the councils themselves. With all councils potentially heading for excellent status, this prompted a change to the CPA methodology ('The Harder Test') to push councils further down the performance ladder (snakes?). Secondly, those councils identified a poorly performing do seem to be making improvements not only against the scoring methodology but also in terms of internalising the responses

to change rather than just playing the game. Despite the potential negative slant portrayed by Game overall the article helps to justify the use of CPA as a way of identifying councils to study.

Public Sector Management and Strategy

The next nearest body of literature to a discrete study of Local Government Turnaround is the topic of Public Sector Management and Strategy. This is a useful body of literature as although there are some differences, Local Government shares many similarities in terms of objectives, context, culture and structure with other parts of the public and not for profit sectors.

This broad section of literature considers, in part, the specific nature of Local Government Strategy setting and the relationship between the political and administrative processes (Dereli 2003, Worrall et al 1998, Wallis and Dollery 2005). This issue is also reflected in the wider literature exploring strategic relationships between central government and the administrative bodies/agencies of service delivery within for example the NHS and other government departments.

It will therefore be a useful source of reference when establishing responses to turnaround but also more widely the implementation of sustainable strategic processes.

Worrall et al (1998) consider that the terms 'strategy', 'strategic planning' and ' strategic management' are well used terms within the public sector arena. However they conclude that there is no common interpretation as to what being strategic means in the local government context, especially when it comes to implementation. This is an issue that will be explored during this research as to whether a common interpretation appears to lead to the sustainability of effective strategy making.

There is also a growing body of literature relating to financial and performance measurement and control. While this topic will not be considered in depth within the study it is clearly relevant to the consideration of both turnaround and strategic responses for any organisation. Some of the literature makes strong links between performance measurement, stakeholder expectations and the formulation of strategy (McAdam et al 2005, Adcroft and Willis 2005, Radnor and McGuire 2004). Again there will be important linkages back to the identification of the need for turnaround and the impact such environmental influences will have on the resulting strategy formation.

In terms of strategic planning generally there is discussion within the literature of the different approaches and models that can be adapted from the private sector (Eskildsen et al 2004, Worrall et al 1998, Joyce 2001, Pollitt 2003, Johnson and Scholes et al 2001). This again forms a key tenet of this study that will explore the effectiveness of translating models between the sectors. The message from the literature is clear; yes private sector models are useful, but tread with caution they are not

always readily adaptable. Some models associated with strategic management are therefore often re-modelled and adapted to the public sector context- the Boston Consulting Group portfolio matrix being one example, stakeholder mapping processes being another.

A further and critical set of literature relates to the actual formulation of strategy itself. This is key to understanding how public sector organisations manage themselves strategically and relate to both their internal and external environments. Some writers in this area suggest that strategy setting is often seen within the sector as being an enforced choice rather than an embedded process (Collier et al in Johnson and Scholes (ed) 2001). This results in strategies that are both reactive and short term rather than holistic and sustainable. This is serves to illustrate the unique control environment within which the public sector works and may in deed be a necessary factor in responding effectively to the external environment. Other writers suggest that better organisations have developed a way of managing that allows 'reactions' to be absorbed but which is not purely reactive (Worrall et al 1998). It will be useful to explore this dimension within the research and this will be done through documents 2 to 5.

Another related area is that of New Public Management (NPM). This has been an international phenomenon over the past 15 years or so and has seen a movement from rigid bureaucratic management within the public services to one that is more concerned with disaggregation, competition and incentivisation (Dunleavy and Margetts 2000 in Pollitt 2003). Many of

the characteristics of NPM could be termed discrete strategies in their own right, for example the use of the private sector to deliver services. Other aspects however have more of a bearing on the process of strategic management and thus turnaround. Such issues as focusing on outcomes, performance measurement frameworks, organisational structures and consumer needs all transfer into the strategic arena. As such, the backdrop of NPM will provide an element of context to the research to be undertaken.

Strategic Management and Turnaround

Within the initial conceptual framework, this is probably the body of literature that is most widely published. This literature relates to general concepts of strategy, management and turnaround within the private sector arena. Many of the key models of strategy have been developed for the private sector and there are a significant number of texts and academic articles to consider. As has been mentioned above, the key task here will be to identify theories which have relevance to the public sector and this literature will be used to gain a better understanding of the core models that are often referred to in the Public Sector literature discussed previously. Mintzberg, Porter, Quinn, Ansoff, Hamel and Prahald are some of the 'big guns' when it comes to considering organisational strategy.

Strategy is defined over again in the literature, sometimes as a process, sometimes as a series of actions, sometimes as a plan, sometime as an outcome. The literature review in Document 2 will consider more widely

the meaning of strategy in this broader context. Clearly the work of Mintzberg (1994 in Johnson and Scholes 2002) will be important here in evaluating the relevance of intended and emergent strategies on local government turnaround. Other strategic concerns are offered up by other authors; Core Competencies (Pralahad and Hamel 1990) and Leverage (Hamel and Prahald 1993), Competitive Advantage (Porter 1985), Culture (Shein 1985), Organisational Learning (Senge 1991). Such issues can be found in any leading strategy text books, in this case Johnson and Scholes 2002 and Thompson and Martin 2005. These aspects amongst others will be considered in the literature review and examples of transferability will be considered through the primary research.

Linked closely to strategic management is the concept of turnaround. Within the private sector, failure is often identified through falling profits, loss of liquidity and falling market share (Slatter 1984). Such issues are not wholly relevant to Local Government due to its financial structure. However, this is not to say that the literature on private sector turnaround is not relevant. Indeed, the symptoms behind failure may well be similar and worth comparative investigation. Also, the responses for the organisation at a structural level may also be similar. Much of the literature focuses on staged approaches that can be observed within organisations (see for example Slatter 1984). This will be expanded upon within the literature review to develop a framework against which activity within the local government sector can be compared.

A final area on turnaround to consider is that of recognition and acceptance. Before organisations can move forward they must surely need to identify and accept that they have a problem. This does not appear to be covered within the literature so clearly further investigation is needed within the literature review itself. This will also form part of the primary research especially with documents 3 and 5.

Corporate Governance and ANT

At this stage of the research it is envisaged that theories related to corporate governance and ANT will prove invaluable as the lense through which an understanding of the transference of models and theories from one sector to another can be seen.

As such, the research project will consider the application of other theories such as Agency Theory (Friedman 1962, Brenner and Cochran 1991), Stakeholder Theory (Freeman 1984, Brenner and Cochran 1991, Miles 1987, Key 1999), and the use of the Garbage Can (Cohen et al 1972). One further theory recognised at this stage is that of Actor Network Theory (ANT). Aspects of ANT will be explored in terms of the networks of actors and actants that exist both at a human and non-human level within the research. Of particular interest is the use of the concept of translation within ANT. This has been referred to on various occasions throughout this document and it is hoped that an understanding of translation from the ANT perspective will aid understanding of the transferability of concepts across sectors.

The Documents and Methodological Issues

Document 2 – The Literature Review and Conceptual Framework

Document 2 will establish a critical review of the literature relevant to the topic. An outline of the literature available has been considered earlier in this document and this will be developed further in Document 2.

Demonstrating a critical awareness of the available literature is an important consideration of any research exercise (Gill and Johnson 1991). To be critical, the literature review will need to demonstrate the arguments put forward in support of and against the findings of the literature in question. This will also need to reflect my own assessment in addition to that of others (Fisher 2004).

As has already been seen an initial conceptual framework has been established identifying both the main bodies of literature to be studied, but also recognising that there is a degree of inter-dependence between them. This will be taken further within Document 2 in order that the structure of the subsequent research can be more effectively managed. This follows a structured rather than a grounded approach to the research process (Fisher 2004), as is required within the DBA framework itself. However, this will be revisited in Document 5 when the initial conceptual framework will be reviewed and updated on a grounded basis. This progression of the conceptual framework is necessary both to aid the

structure of Document 5 but also as a means for identifying and framing further research that could be undertaken subsequent to this study.

Document 3 – The Case Study

The purpose of Document 3 is to undertake a piece of ethnographic or case study based research. The proposal for Document 3 is that it will take the form of a longitudinal case study of two or three local authorities that are performing poorly against the CPA criteria and as a result have moved into a turnaround situation.   The longitudinal study will extend throughout the research and be revisited in final thesis (Document 5).

The initial focus for document 3 will be to answer the first two research questions

- What have been stakeholder perceptions to the CPA trigger for the need for turnaround within English Local Authorities?

- What approaches to strategic turnaround are being adopted by English Local Authorities?

The longitudinal nature of the study will not become apparent until it is revisited in Document 5.

The planned approach to tackling the case study is as follows:
- Map historically the CPA scores of English local authorities to determine movements in performance over time

- Identify a target group of Local Authorities who are likely to be in a turnaround situation

- Select a small group of authorities that are agreeable to being the focus of the case studies in this document

- Develop the case research for each of the local authorities selected

- Compare the experiences of the case authorities and look for similarities and differences in approach

The detailed methodological issues will be considered further within Document 3 itself. At this stage it is necessary to identify the main research methods to be adopted to carry out the research. The case study approach is beneficial as it allows an indepth knowledge of the case or related cases to be studied (Robson 1993 in Saunders et al 2000). It is intended that a mix of interviews and focus groups with relevant internal and external stakeholders will be undertaken (eg staff, members, senior officers, audit commission and office of regional government). At this stage it is not intended to use questionnaires as a means of gathering data although this may be included at a later stage.

Detailed questions will be established as a result of the critical literature review in Document 2. However, initial thoughts on the main lines of enquiry to be used within the case study are as follows:

- What have been identified as the key reasons for 'failure'?

- What are/were internal attitudes to need for turnaround (Politicians, Senior Officer, Staff)?

- What are/were external attitudes to need for turnaround (Audit Commission, Office of Regional Government)?

- What was the process for identifying change was necessary?

- What change processes were/are being introduced and why?

- What have been the roles of Leadership, Change Agents and Political engagement?

- Is it planned to use models from other sectors? – translation – ANT

- Has the sustainability of the turnaround been considered?

- To what extent has there been staff involvement and staff engagement?

Document 4 – Quantitative Research

Document 4 represents an quantitative study and like document 3 will also be targeted at answering research questions 1 and 2 although from a wider perspective. Whereas the case study will allow a deeper understanding of the issues within a couple of organisations, the purpose of the research in document 4 is to gain a broad understanding of the types of approach being adopted by local authorities nationally.

The empirical research will take the form of two inter-related studies. The first will be an analysis of CPA data that exists in the public domain. The information to be considered will include the tracking of CPA scores for all English Local Authorities over the life of the CPA process. In addition to this those organisations that have shown improvement will be further

examined using the reports published by external bodies related to the CPA process. This will give an external view of the main reasons for improvement and how things are changing over time.

It is intended that there will be a second part to the empirical research which will be the development of a questionnaire to be targeted at a selected group local authorities who have clearly achieved a positive transformation in performance. It is initially intended that this group will be kept small enough to be able to manage the response rate to the questionnaire which is notoriously difficult to predict (Saunders et al 2000). At this stage of the planning process it is uncertain whether there will be enough time available to develop this second part of the study within Document 4. This is viewed to be an important part of the research and there is scope within the project to consider this second aspect in Document 5 should the need arise.

Again detailed questions will be developed following completion of the critical literature review. At this stage the following types of questions have been identified as useful ways of answering the research question:

- What are/were the perceptions of the CPA within the councils and have these affected reactions to the need for turnaround?
- What were the initial reactions to earlier CPA scores?
- How easily was the need for turnaround recognised and accepted?
- What have been the key approaches to turnaround within the authority?

- What models have been used to support the turnaround process and were issues of translation/transferability encountered?

- To what extent have catalysts been used – consultants, change agents, external/internal parties?

- What have been the costs and investment associated with the turnaround strategy?

- Over what timescales was turnaround planned and delivered?

- Could discrete phases of turnaround be recognised?

- What benefits were identified and have these been achieved?

- What issues of organisational capacity and capability were encountered?

- How were issues of prioritisation dealt with during the various phases of turnaround?

- How have leadership and political engagement contributed to initial failure and subsequent success?

Document 5 – The Thesis

Document 5 is the final thesis of the research project and will represent both a synthesis of the themes identified in documents 3 and 4 as well as answering the remaining research questions 3, 4 and 5 that are given below:

- Has strategic turnaround been implemented effectively?

- Are the approaches to turnaround strategy transferable into sustainable structures and processes?

- To what extent can models of strategy and strategic turnaround in the private sector be translated into the English Local Government arena?

This document will revisit the longitudinal study of the case authorities that began in Document 3 and will seek to assess whether turnaround has been effective in each respective authority and whether the changes brought about are likely to be sustainable.

The findings of Document 4 will be compared to those of the case authorities to see if there are any aspects of best practice that can be adopted within the case authorities.

The results of the empirical work in Document 4 will also highlight those authorities that have consistently performed well. It is intended to review the CPA reports of these authorities and also visit and interview a small number to establish what lessons can be learnt that could benefit turnaround authorities looking to sustain their improvement.

It is in this document that consideration of translation will be undertaken using ANT and other appropriate models. It is intended to establish an overview of strategic management within local government resulting from

the need to turnaround strategic practices and then sustain effective strategic mechanisms and processes.

This document will also provide an opportunity to update the literature in the subject area and revise the conceptual framework to a more grounded approach.

The timing of this document will also mean that account may need to be taken of changes within the Local Government arena. Most notably these would be the introduction of the Local Government White Paper, the planned changes to the CPA process and quite possibly a change in Central Government.

Outline of the Main Research Issues and Intended Outcomes

The main research issues that need to be addressed with regards to this study are those of access and ethics.

Access is of particular importance to the longitudinal study in Documents 3 and 5 in order that appropriate case materials can be developed. Access will be required from suitable local authorities as well as representatives from external stakeholders such as the Audit Commission and Central Government.

At this stage tentative access requirements have been discussed with two local authorities who are known to be facing a turnaround situation and the response has been initially positive. A third organisation has also been identified with which the researcher already has some contacts at a strategic level. The researcher has a strong network within the sector including local authorities, regulators and professional bodies and it is intended to use this networks secure appropriate access.

Ethical issues will clearly focus around the need to respect the confidentiality of the organisations involved in the case study analysis and the anonymity of the individual participants. Part of the access negotiation process will involve assurances to host organisations that confidentiality and anonymity will be upheld through informed consent (Saunders et al 2000: 134). With regard to the study of CPA data sets, this represents publicly available information so the issue of confidentiality

will be less relevant, although as with the case material any observations will be dealt with objectively (Saunders et al 2000: 135, Fisher 2004: 56). A further issue to consider will be the impact that this research could have on access issues for the wider research community. This is an active area for research and as such the researcher will conduct himself in a way so as not jeopardise other research projects.

Intended Outcomes - Who Will Be Interested In This Research?

The table below highlights those parties most likely to benefit from this research study. Some of the reasons why I wish to study this topic have been referred to in earlier parts of the document so are not repeated here.

Interested Party	Nature of Interest
The Researcher	I am interested in this research for a number of reasons. Firstly, as an academic I am interested in furthering my research capacity and ability. The DBA is an ideal vehicle for pursuing this and the reflective journal will be the document where progress on this front is reviewed. Secondly, as a lecturer in Public Sector finance, strategy and management, I am interested in studying organisations from within the sector and am particularly fascinated by the nature of decision making and the changing nature of the sector itself. Local

	Authorities provide an excellent vehicle to study this.
The Academic Community	It is hoped that this research will be of benefit to the wider academic community not only through a better understanding of the conceptualisation and reaction to turnaround strategies within local authorities but also through a better understanding of how strategy is formulated and implemented within public sector organisations. A further aim of the research will be to produce a series of papers for either publication or presentation at conferences either within the academic community or the bodies listed in the following section.
Professional Associations, Trainers and Developers	A number of public sector and local authority related bodies will be interested in the outcomes of the research. These include Central Government and the department for Communities and Local Government in particular, The Local Government Association, The IDeA, The Chartered Institute of Public Finance and Accountancy, and of course the Audit Commission. Apart from the traditional academic community, there are a number of independent training organisations that

	specialise in training, development and consultancy within either the public sector generally or Local Authorities in particular. These organisations will also find the results of the research useful. It is hoped to approach some of the above interested parties for funding for some aspects of the research.
Managers and Organisations	Whilst much of the research will be focused from the viewpoint of the local authorities forming the case study, it is hoped that the principle findings of the research, and the development of a methodology for studying this area will also be of use to other local authorities. The potential for further research and on behalf of other organisations is self-evident.
Policy Makers, Regulators	Given the nature of the study within the public sector, there is a high degree of relevance for policy makers and regulatory bodies. Again this is a possible group where funding for the research could be sought, or follow up research opportunities may become available.

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Document 2 – Critical Literature Review

Exploring Strategic Turnaround in English Local Government

Martin Jones

2008

Document 2 is submitted in part fulfilment of the requirements of the Nottingham Trent University for the degree of Doctorate of Business Administration

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INTRODUCTION

The purpose of this document is to undertake a critical review of the literature of, and surrounding, the topic of strategic turnaround in UK Local Government. The review will first consider the development of strategy and strategic management as an academic field of study and then consider the specific topic of strategic turnaround and how this is related to the main field of strategic management. Many of the theories relating to strategic management, and in part strategic turnaround, originate from the United States (US) and the Private Sector in particular, therefore the review will also consider the specific nature of local government in relation to the private sector and identify areas of overlap and conflict as well as possibilities for the transference and translation of strategic theories and concepts into the local government sector.

Within this broad framework, a number of other issues will be considered and reviewed in order to develop a conceptual framework that can be used to frame the research questions and methodological approaches that will underpin the Doctoral research. These other issues include leadership and performance measurement. Needless to say, the original overview of the literature outlined in the research proposal, though useful, only offered a guide to appropriate literature. The literature on which this document is based revealed many complexities that had not been foreseen at the research proposal stage. Therefore, new disciplines such as leadership are now included whereas some aspects of the original proposal are removed, such as actor network. To paraphrase Mintzberg (1978), it appears that research formulation as well as strategy formulation can be emergent rather than deliberate.

STRATEGY

Of Strategy, Strategic and Management – Definitions

Before considering the components of strategic turnaround, it is necessary to establish the meaning of strategy in the organisational sense. In order to be able to conceptualise how, if at all, organisations can effectively turnaround strategically, what strategy actually means (or 'a' strategy or being strategic) needs to be established. In one sense, defining strategy is a relatively easy process. The word itself originates from the Greek *strategos* and literally means the "art of the general" (Snow and Hambrick 1980 p527[1]). This military context conjures up meanings of battles and warfare and represents a potentially aggressive standpoint. Such an association sits well with other terms used in the business world; "cut and thrust", "taking no prisoners", and "blood on the carpet" for example. However, is this really the meaning that 'strategy' conveys in the modern world of business, or, for the purposes of this study, the public services and Local Government in particular? James (1984) suggested that to be successful, organisations needed to adopt conflict orientated 'end-game' strategies that reflected the combative nature of the 1980's market place. Nearly a decade later, Kay (1993) countered this view by suggesting that business success usually depends on adding value in yourself rather than destroying it in others and that fighting against overwhelming odds may be a necessary military strategy, but is not sensible in business where the financial risks are high but can be avoided and hedged against. In the public sector, the concept of adding value (rather than destroying it) has its roots back in the 1980s and the rise of the value for money approach to public services (Joyce 1999, Rhodes 1988, Wilson and Game 2006). Fighting against the odds however is perhaps something that public sector bodies feel they are constantly dealing with due to the imposed nature of many of the decisions they face (Collier et al 2001).

A study of strategy forms the mainstay of MBA programmes across the world (Porter 1998). The translation of the word strategy to the world of business was promoted by the academics of the Harvard Business School in the 1950s and was used to represent a 'normative model' for integrating numerous complex decisions (Snow and Hambrick 1980, Ansoff 1988). Interestingly, the term strategy was not co-opted as a field of study until

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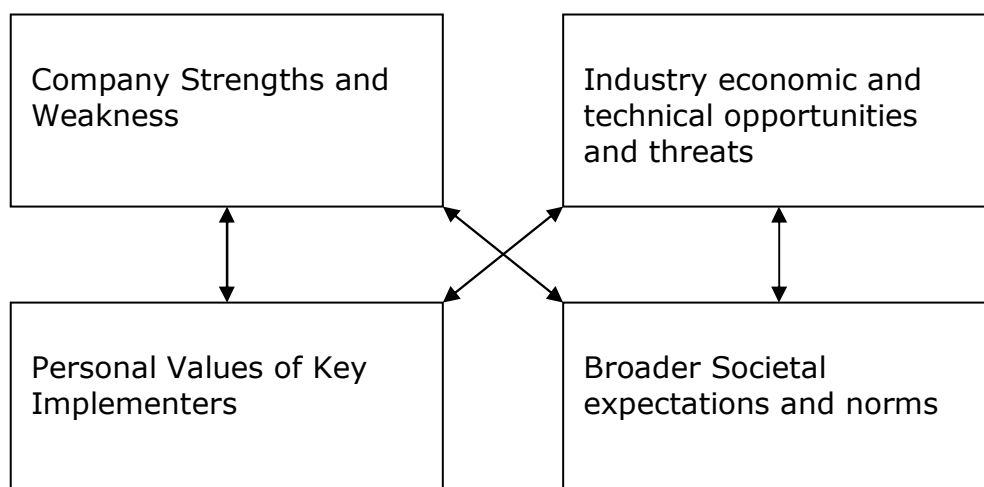[1] see also Hart 1967, Bracker 1980, in Whittington 1993

much later. Even in the mid 1970s, policy was used to describe the plans of an organisation where nowadays the word strategy is used. Management Policy (Mintzberg 1977) and Business Policy (Porter 1978) are the terms used to describe top-level business decision making, with strategic decisions and strategy formulation being subsets of the policy discipline. More recently, strategy has become a field of study in its own right with 'policy', in various forms, being used as a phrase to describe how strategies are enacted and achieved within organisations (Porter 1998, Cummins and Wilson 2003). How does this Greek translation help in understanding strategy in the organisational context? Only partially it would appear, although it does provide a start point for the journey of understanding.

Academics generally adopt a common approach to defining the term strategy, at least initially, as some kind of plan, set in advance to achieve a desired outcome. This approach to defining strategy paraphrases Chandler (1962) and appears in numerous texts (Mintzberg 1978, Snow and Hambrick 1980, Johnson and Scholes 2002, Thompson and Martin 2005) and at least offers some simplicity that can be identified with on a personal level, a strategy for life for example. However, life is never that simple, and since its adoption by the US academics a number of approaches to defining strategy have been forthcoming. These will be dealt with in more detail later, for now it would be useful to identify the different uses of the word strategy and its contexts.

To start with there is the singular use of the word strategy as in "developing *a strategy*", or "*the strategy*". This would be used to infer the plan approach advocated by Chandler and can be said to identify a particular 'thing' or object of strategy. Next there is the use of the word strategy on its own, with no 'a' or 'the'. What is 'strategy' as opposed to what is 'a strategy'? Here there appear to be multiple meanings and uses. Strategy is used on the one hand as a pluralistic noun, as the combined individual strategies of the organisation and even the document that contains the strategy or as an adjective used to describe what the organisation's intensions are. Strategy is also used as a verb to indicate that something called strategy is being done or, taken even further, to include the process of strategy development as well as an academic field of study. Further complications arise with the use of the word 'strategic'. Something is strategic if it displays certain qualities. If it is important, complex, big, expensive and has significant implications for example.

Clearly strategic issues are linked to strategy and vice versa, confusingly the two phrases are often used together (see Hertzberg 1977, page 96 and similarly Hofer 1980 who uses the term operating strategies). It is the use of the word strategic that seems to offer the key to understanding the weight that strategy is given within the organisational context. It appears that because things that are strategic covey a sense of size and importance, so writers on strategy afford it the same gravitas. Porter (1979, 1980, 1981, 1996, 1998) considers strategy to be the development of a broad business formula for how a business is going to compete. To Porter, strategy is about an organisation positioning itself within its industry in such a way to enable its goals to be met by a series of policies. For Ansoff (1988, 1991) strategy is similarly about the posture of the organisation within its industry and how it prioritises resources to achieve the best potential. Both approaches result from an analytical approach based on case study research within a range of organisations and industries. This approach to understanding strategy, and strategy formulation, is essentially scientific and positivist in nature and has resulted in what are termed prescriptive approaches to strategy formulation (Ansoff 1988, Mintzberg 1998). Such prescriptive views are based on earlier research by Learned, Christiansen, Andrews and Guth (1969) (the LCAG model) who identified four key elements of effective strategy formulation. This early model became the cornerstone of many of the theoretical developments in the field of strategy and we can see the basic DNA of such models as SWOT, Environmental Analysis, Resource Audit and Stakeholder Analysis.

Figure 3   The LCAG Model (Learned et al 1969)

| Company Strengths and Weakness | Industry economic and technical opportunities and threats |
| Personal Values of Key Implementers | Broader Societal expectations and norms |

The LGCA model was born out of the Industrial Organisation school of management research of the 1950s and 1960s (Porter 1981). Porter adopted aspects of this school in the 1980s as he developed his theories around positioning and competitive strategies. This was based on the Industrial Organisational paradigm that Industry Structure dictates Conduct (or strategy) within the industry, which in terms impacts upon the relative Performance of both the industry and the firms within it (Porter 1981). Ansoff (1988) draws a distinction between 3 different levels or classes of decision making within organisations. Operational (realizing profit maximisation), Administrative (organising resources to maximise profit) and Strategic (decisions about optimising a firms profit potential). The focus of Operational decisions is on the day to day, Administrative is about structures, prioritising resources and accountability and Strategic is concerned with positioning the organisation within its market place or industry. Strategic decision- making in this sense again relates back to the importance of industry structure within the industrial organisation paradigm and "the relation between the firm and its environment" (Ansoff 1988 p24). As will be seen later, the impact of the environmental context of local government is equally important on the conduct and performance of local authorities.

So a strategy is not now merely just a plan, but it is an important plan about important things. It is the plan of the organisation itself, its direction and its future. Or is it? Mintzberg (1972, 1978); Mintzberg and Waters (1982, 1984, 1985), Mintzberg et al (1986), Mintzberg and McHugh (1985), Mintzberg and Westley (1992), Brunet Mintzberg and Waters (1986) introduce and sustain, over the next two decades, the concept that strategies can and do emerge from the organisation rather than develop as a planned rational approach to strategic design. This view is predicated on Mintzberg's earlier work with a number of organisations. In Mintzberg's view, strategy should be seen not as a plan to do in the future (inferring as it does a set of work that must have been done prior to the future and the plan's implementation) but as a 'pattern in a stream of decisions' (Mintzberg and Walters 1985 p257). This pattern comes together over time to represent the strategy of the organisation. As an alternative to prescriptive views of strategy formulation, Mintzberg's approach takes a descriptive approach to the study of strategy formulation (Ansoff 1988, Mintzberg 1998). Such an approach seeks to explain what

actually happens within organisations rather than attempting to prescribe what should happen.

This debate between strategy formation as either a series of planned events that have arisen through a rational strategy design process and strategies as things that should be allowed to emerge from organisations, became something of a standoff between the two schools of thought during the 1980s and 1990s. Both Schools concur at one level as to what the strategy of the organisation represents, that is that it is the thing that establishes the direction of the organisation and what it is capable of achieving and that it is about matching the resources of the organisation to its environment. Where differences in thinking emerge surround the ways in which strategies are formulated by organisations. On the one hand strategy formulation is seen as a series of rational processes (the strategy tool-kit) that scans the environment, compares to the current position, re-positions the organisation and then implements structures, investments, processes and plans to enable the desired position to be achieved. Alternatively, there is the view that strategies are emergent rather than planned within organisations. In this case, strategies are classified as Intended, Deliberate, Realised, Un-realised and Emergent (Mintzberg 1985). If an intended strategy is realised then it is a Deliberate Strategy and could conceivably have been the result of a deliberately designed and planned process. However, planned strategies also result in unrealised (or failed) strategies ie the organisation does not achieve what it set out to. Therefore the time, effort and resources that went into planning the strategy were wasted. Conversely, there are also successful strategies that do not result from any formal planning, but rather emerge from a series of patterns of consistencies within the organisation that when taken together shape an organisation's future.

Mintzberg (1985) identifies that deliberate (or planned) and emergent strategies lie at the opposite ends of a continuum of strategy formulation, with neither being likely to be seen in practice due to the number of unlikely dependent variables that exist. Intentional strategies are too inflexible for unknown futures (Stacey, 1993). It is important to recognise therefore that Mintzberg does not actually preclude or ignore the role of planned approaches to deliberate strategy formulation within organisations but rather posts two significant health warnings. Firstly, that plans may not be realised and secondly, that to

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focus solely on planned strategy formulation and to structure an organisation accordingly, means that organisations may miss the opportunity to develop emergent strategies over time. In reality, Mintzberg concludes, organisational strategies are most likely to develop from a mix of deliberate and emergent processes, and "would expect to find tendencies in the direction of deliberate and emergent strategies rather than perfect forms of either" (Mintzberg, 1985 page 260). It is important therefore to recognise the usefulness of emergent strategy formulation, and the same is true in ensuring that organisations are structured appropriately to allow this to happen. This theme is permeated through the subsequent literature and manifests itself in concepts such as the learning organisation (Senge 1990a) and Moss Kanter's (1983) architecture of culture and strategic change. Moss Kanter's work with over 100 American corporations identified 5 forces affecting strategic change. Departures from tradition represent internal opportunities to create new ideas, often by accident, crisis or galvanising events are external forces acting on the organisation that prompt change responses, strategic decisions are taken by the leadership of the organisation often co-joining the two earlier forces, Individual prime movers push change through to conclusion and finally action vehicles represent the practical structures and initiatives that convert conceptual strategic ideas into workable deliverables at the grass roots level.

Differentiating Strategy

What is it that makes strategy and strategic decision making different from the run of the mill decision making that goes on within organisations? Numerous decisions are made within organisations every day and by a variety of different people at all levels of the organisation. Many of these decisions are operating or administrative decisions (Ansoff 1988, Porter 1996) and deal with the day to operations of the organisation. Operational decisions are important to organisational success, as is operational efficiency (Porter 1996), however, they are to do primarily with the internal workings of the organisation. Strategic decisions on the other hand are concerned with external rather than internal problems (Ansoff 1988). Mintzberg (1987) goes further in delineating strategy. He identifies five potential definitions for strategy that are used within the growing literature of strategic management. These represent five approaches to viewing strategy as a plan, a ploy, a pattern, a position and a perspective. Even though each definition offers a

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different outlook on what strategy can mean, each view of strategy works within its own context, and it is the context within which it is employed that is important. In working with these definitions, Mintzberg is coming from a descriptive, rather than prescriptive, perspective. In this sense he is trying to explain what is observed within organisations, rather than saying what must happen. He concludes that it is possible for the different definitions of strategy to be working at the same time within organisations, depending on the viewpoint of the observer. While recognising that the definitions can compete with each other for acceptability, it is also necessary to recognise (importantly to Mintzberg) that they compliment each other as well. To Mintzberg strategies are in fact social constructs, and as such whatever definition is placed on strategy it should be recognised that, whether the definition is right or wrong, strategies represent how organisations (in themselves social constructs), and the people within them, view themselves. Mintzberg's typology is inclusive of other writers' ideas. By including strategy as a plan he is accepting the work of Ansoff and similarly, by including ploys and positioning he is recognising the contribution of Porter. This is something that he develops further in later work where he identifies 10 strategic schools and again sees the potential for elements of each to co-exist. This reconciliation is similarly born out in the writings of both Ansoff (1988) and Porter (1998) and the literature becomes settled on a position that recognises the contributions of both the prescriptive and descriptive approaches to researching strategy.

Quinn (1980 in Mintzberg et al 2003 p 10) defines strategy as

"a pattern or plan that integrates an organisation's major goals, policies and action sequences into a cohesive whole. A well formulated strategy helps to marshal and allocate an organisation's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents."

Once again strategy is seen as sitting at the top of the tree integrating goals, policies and action sequences. In this sense, strategy is about pulling things together and a definite hierarchy of organisational decision making is put forward. Quinn also differentiates between strategies and tactics, with tactics operating at a lower level than strategy, although this is contingent on the position within the organisational hierarchy – the

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marketing director's strategy may be the chief executive's tactics. Significantly, Quinn introduces the notion that strategies can be viewed either a priori (to guide action) or a posteriori (resulting from actual behaviour). This is the same as Mintzberg's identification of intended and realised strategies, with emergent strategies also being seen as a posteriori. In Quinn's view, the a priori/ a posteriori distinction gives importance to whether strategy identification is established through reviewing the written formal strategic documents of organisations or through observing the emerging stream of decisions that result in a widely held understanding of what the strategy is. In a comparative review of writings on military/diplomatic and business strategy evaluation, Quinn proposes a set of criteria for evaluating a good strategy. Working on the premise that the complexity of external factors and the uniqueness of the strategic situation mean that just because a strategy was successful does not mean that it was good, the following critical factors should be present. Clear decisive objectives, maintaining the initiative, the concentration of superior power, flexibility of capabilities and manoeuvrability, co-ordinated and committed leadership, surprise and security. The competitive nature of such criteria is self-evident and the translation of this set of criteria into a public sector setting may be problematic. However, with the exception of surprise, the presence of the other criteria may be something that could be seen within successful local government strategy making. Quinn also identifies that successful strategies from the military/diplomatic context have four dimensions. Firstly they contain and encompass the major goals, polices and action sequences of the organisation – if strategy is about overall direction, goal development must be integral to its formulation. Secondly, a few key concepts and thrusts help to shape effective strategies. This is because, thirdly, strategy deals with the unknowable and unpredictable and finally in large complex organisations strategies (or tactics) will need co-ordinating across all levels of the organisation. The sheer scale of the strategy task, and the organisational and environmental concerns attached to it, some of which may be temporary, means that it would not be possible, or practicable to develop a detailed and comprehensive set of firm strategies for the organisation to follow.

The Emergence of the Strategic Discipline

Mintzberg (with Ahsltrad and Lampel 1998 and with Lampel 1999), take a historical look at the development of strategic management and identify 10 schools of thought that are grouped into the two broad approaches of prescriptive schools, telling what to do, and descriptive schools, describing what happens. In this review, the development of strategic management as a field of study is examined by evaluating the standpoints of the different academics. It offers a useful insight not only into the chronology of strategic literature, but also in trying to develop a typology of strategic thinking and management systems (Ansoff 1980) across an often confusingly broad spectrum. The main schools identified range from the prescriptive Design, Planning and Positioning Schools to the more descriptive Entrepreneurial, Cognitive, Learning, Power, Cultural, Environmental and Configuration schools. While the approach adopted by Mintzberg can, and has, been contested (see Ansoff 1991 and Mintzberg 1991) it does at least offer a more inclusive approach to the study of strategy development, concluding that the different schools all have a relevance depending on the stage of organisational development and also fundamentally recognising the complex nature of strategy formation.

" *Dealing with all this complexity in one process may seem overwhelming. But that is the nature of the beast. Strategy formation is judgemental designing, intuitive visioning, and emergent learning; it is about transformation as well as perpetuation; it must involve individual cognition and social interaction, cooperative as well as conflictive; it has to include analysing before and programming after as well as negotiating during; and all this must be in response to what may be a demanding environment. Try to omit any of this, and watch what happens!"*

In this statement, Mintzberg and Lampel (1999, in Mintzberg et al 2003 p28) bring together what have up until this point been conflicting schools of thought, the prescriptive based on 'scientific' models of organisational strategy making and the descriptive, though again based on observation, but recognising that strategies can emerge rather than be prescribed.

It is important to recognise that Mintzberg has been a major critic of the pseudo-scientific ways that the design, planning and positioning schools have promoted a singularly structured approach to solving the problem strategy formulation. This to some extent

prejudices his position in drawing this typology together, especially as he places his own thinking within the typology. Interestingly, Mintzberg positions himself within the Configuration School, which has a 'superior' feel to it, or certainly in the way that it is described. It is inclusive, integrative and practice based, it is also the school that seeks to combine and recognise elements of the other schools and, surprisingly, also includes a prescriptive element, for example Chandler. Mintzberg's earlier work on strategy alone would certainly have placed him within the descriptive Learning School, based as it is on emerging processes.

The identification of different schools, exhibiting as they do different traits and presuppositions about how strategies are formulated, will be useful to this Doctoral study. Such a typology represents a useful framework for exploring the reactions to the need for strategic change within the organisations to be studied. At a higher level exploring whether the turnaround has followed a prescriptive methodology such as the design or planning schools, or whether the strategy was more learning/emergent or power or configuration based would be both interesting and useful to understand. Similarly it would be useful to explore whether Mintzberg et al's assertion that some of the schools could represent stages in the strategy formation process holds true in the local government arena, away from the more traditional private sector environments within which the various theories were promulgated.

Examining Strategy - Methodological Issues

Given the different schools of thought and the shear nature of the 'strategy beast' (Mintzberg 1998), it is important for researches to be aware of which aspects of strategy they are viewing at any one time in order to adopt appropriate methodological standpoints for research. Snow and Hambrick (1980) offer some advice to researchers in overcoming theoretical and methodological problems. The advice is based on the experience of their own research with around 200 organisations and they identify problems associated with four main approaches to undertaking research into strategy Investigator Inference, Self Typing, External Assessment and Objective Indicators. Each approach has its own strengths and weaknesses when used independently, but when use in conjunction with each other (some or all), the authors maintain that they can converge to portray a

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particular strategy for the organisation, not dissimilar from the concept of triangulation (Saunders et al 2000) or if taken a stage further, could possibly expose a plurality of perspectives (Fisher 2004). Investigator inference relies on the researcher assessing the organisation's strategy and could be employed in the production of case studies. This approach has a number of potential strengths, namely it enables a holistic account to be given that can be adaptable and a basis for grounded theory (Fisher 2004), also it allows the development of detailed, intensive knowledge about a single "case"' (Robson 1993) and is therefore a potentially rich source of evidence (Morris and Wood 1991). There is also the scope for generalisation, although this can be contested (Watson 1994 and Yin 1994). However, the approach also suffers from the potential weaknesses of case study research such as a loss of representativeness, either through researcher bias or bias in the information gathered, the potential for reflexivity and also a danger of lack of 'science' by just telling a story (Fisher 2004).   Self Typing uses the organisation's top managers and allows them to 'characterize' the organisation's strategy. While this has the advantage of utilising the group of people within the organisation that largely determine the organisations strategy, it may be that this is only the intended, or espoused strategy, and not the realised strategy. Also the approach requires managers to position the organisation's strategy against a set of pre-determined strategy descriptors (eg defender, prospector, analyser or reactor (Miles and Snow 1978)). Manager's perceptions of what strategy is do not always match that of the researcher (for example managers tend to express strategy in terms of intentions rather than realised strategies (Hambrick 1979, Quinn 1980)) and also managers resist attempts to classify their organisation, thinking it to be unique. Finally conflicting results can be received from the different managers participating, which can lead to doubts over the fallibility of the measurement approach (Bourgeois 1978). External Assessment uses the ratings of those external to the organisation (such as competitors or industry analysts etc). While this is a useful source of independent information, external parties may not have knowledge of the current strategy or its development. Also the results of Self typing and external assessment can, not surprisingly, give rise to conflicting results. Snow and Hambrick's advice is to err on the side of self typing because it comes from within the organisation. One clear parallel with local government is the role of the Audit Commission as a source of external evidence. Part of their role is to evaluate both self assessment and stakeholder survey information so their view is often based in itself on a combination of self typing and external assessment

evidence. The Audit Commission may therefore represent a stronger source of external evidence than those sources used in the private sector. Finally, Objective Indicators can be used in attempt to measure an organisation's strategy. While such measures do not rely on perceptions, pure objective measures are often difficult to find in the private sector. In the public sector however a number of strategy documents exist as public documents for local Authorities and these would provide a useful source of objective measurement. The problem again would be distinguishing whether the strategies are intended or realised.

Mintzberg (1979b) also shares experiences on undertaking research into strategy formulation. The approach advocated stems form Mintzberg's descriptive ideological position when it comes to strategy research. Seven key principles are presented as a research typology that has underpinned the various research projects undertaken. These are as follows, to be as purely descriptive as possible, to rely on simple methodologies, to be as purely inductive as possible while at the same time systematic, to measure the research in real organisational terms, support systematic data with anecdotal data and finally to synthesise diverse elements into the configuration of ideal or pure types.

STRATEGIC TURNAROUND

Within the initial conceptual framework outlined in Document 1, the literature on strategic turnaround was identified as being a key body of literature for this study.   In this section a review of the nature of strategic turnaround will be undertaken in order to identify a working definition that will be used throughout this study. The review will also to identify the main aspects of strategic turnaround and these are then developed further in the rest of the document.

Defining Strategic Turnaround

Having examined the nature of strategy and strategic decision making, what is strategic turnaround? At first glance, defining the term should be relatively straightforward. It does after all have a fairly intuitive feel to it; it's important and it's about changing direction. However, after reviewing the literature opinion is divided on how strategic turnaround

could, or should, be achieved (Harker and Sharma 2000). Hambrick and Schecter (1983) refer to the abundance of folklore around the subject of strategic turnaround, but that there is scant information or systematic evidence of how turnaround can be achieved. This part of the review seeks to establish for the purposes of this study a workable definition of strategic turnaround that can be developed into a public sector application. It is important to identify at this stage that as with strategy, the vast majority of literature in this field is focused on the private sector. As such, definitions of organisational failure are tied in with the business need to generate profits and satisfy shareholders in order to survive. This focus within the private sector has been increasing since the early 1980s due to the need for organisations to be appropriately responsive to changes in their market places. Globalisation, advances in technology and the cost of capital (Hambrick and Schecter 1983), increasingly competitive and complex business environments (Landrum et al 2000) and the increasing number of bankruptcies (Francis and Desai 2005) are examples of the reasons traditionally put forward for this increase in interest and awareness.

Despite the relative newness of the subject area, it is interesting to note that there has been a historical study of the work of Henri Fayol and his contribution to the strategic turnaround of the integrated steel-producing firm of Commentry, Fourchambault and Decazeville in 1888 (Wren 2001).

One of the definitions available comes from Pandit (2000), who defines turnaround as the actions taken to bring about a recovery in a failing organisation. Also, turnaround has been defined as decline followed by performance improvement (Schendel et al 1976, Robbins and Pearce 1992) or as 'a process that takes a company from a situation of poor performance to a situation of good sustained performance' (Brandes and Brege 1993, p186). Comparing these three approaches to defining turnaround, it can be seen that there is a certain degree of commonality between them. All three suggest that things get better for the organisation after a period of decline. Two specifically mention performance improvement while the other implies it. All three also include a degree of subjectivity around what constitutes failing, declining and poor/good performance. Also however, there are some differences. One definition describes actions and another describes processes and in the third it is just about getting better (how is not specified). This implies that a range of approaches to achieving turnaround is possible. Also, only one of

the definitions refers to sustainability. It could be argued that, by the very nature of turnaround, it is implied in the other two, however, sustainability would appear to be an important aspect of organisational turnaround, otherwise why bother? Finally, two of the definitions extend the issue of subjectivity to the scale of improvement itself. For example, what does recovery mean? In one very major sense, this could be just going back to the level of performance achieved before decline set in – which might not have been very good in the first place and could have been a factor that contributed to the original decline. Neither does 'performance improvement' convey a sense of scale. Performance may have improved, but the organisation still might not be performing very well. Only the Brandes and Brege definition seeks to capture a sense of good or poor in relation to the performance of the organisation. As has been said above, these terms are in of themselves subjective but at least there presence indicates a measure of either how much performance has improved, or perhaps needs to improve.

Improvement is present in all three definitions and is also prominently represented in the literature. Most writers point to a sense of organisational decline or failure as a pre-curser to the need to turnaround. Indeed overcoming failure is where most of the writing in this field is focused (Khandwalla 1983, Hambrick and Schecter 1983, Harker 1996, Wren 2001, Francis and Desai 2005, Filatotchev and Toms 2006). Where the literature diverges is with regard to how the need for turnaround is identified and, more significantly, the way in which turnaround occurs. However, despite these different classifications of turnaround and how to achieve it, the literature is mainly focussed on improving on poor performance. As such, Brandes and Brege definition is workable as a general, or overarching, definition for the purposes of this study, concerned as it is with strategic turnaround in English local government, and its sustainability.

Hofer (1980), in a study of 12 American companies in different industries ranging from the automotive industry to the electronic industry, identifies the need to differentiate between strategic turnaround situations and operational turnaround situations. Hofer's study, and his earlier work with Schendel (1978), represents an important base reference within the literature with a number of subsequent studies referring to it (Porter 1981, Hambrick and Schecter 1983, Khandwalla 1983, Mintzberg and Westley 1992, Hart and Banbury 1994, Harker 1996, Harker and Sharma 1999, Fracis and Desai 2005, Filatotchev and Toms

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2006). Hofer defines strategic turnaround as either those situations that result in an organisation changing its strategy for dealing with its existing business or those where an organisation chooses to operate in a new business or businesses. Overall this would be termed the business level strategy. Operating strategies on the other hand do not require a change in the business level strategy but rather focus on increasing revenues, decreasing costs, decreasing assets or a combination of effort. This is similar in some ways to Ansoff's (1988) distinction between operational, administrative and strategic decision making seen earlier. Hofer recognises that in practice the difference between strategic and operating turnarounds is in fact blurred and in some cases, organisations may need to adopt a different strategic position in order to successfully employ operational turnaround strategies such as asset reduction. In essence, Hofer is drawing a distinction between short term and long term actions to achieve turnaround, and this is largely drawn from the work of Schendel et al who studied the decline and turnaround of 54 companies that competed in 17 different industrial sectors and 40 different industries. Importantly, Hofer uses the framework developed by Schendel et al's study to argue that it is important that organisations first recognise the causes of organisational decline in order to select the appropriate turnaround position, whether strategic or operational. In Hofer's study, he identified that of the 12 organisations reviewed, those that were unsuccessful (i.e. went into liquidation) adopted the incorrect turnaround position for the circumstances they were facing. Actually, where failure ultimately occurred, this was primarily due to management selecting an operating turnaround when a strategic turnaround was required. However, failure did not occur when management attempted a strategic turnaround when an operating turnaround was indicated.

Another finding from Hofer's study is that management seldom selected a strategic turnaround position, preferring instead to adopt an operating turnaround position or voluntary liquidation (thereby eliminating losses). The reasons for this are not clear from Hofer's study although he does postulate that this may be because of the lack of strategic windows whereby an organisation actually has the capacity or opportunity to affect a strategic shift in position. Of course, it could also be because organisations prefer to adopt familiar solutions to new problems (Cyert and March 1963, Cohen et al 1972,and Snow and Hambrick 1980)

Hofer's study is based in the private sector and focuses heavily on financial performance (i.e. profitability) as the benchmark against which success and failure is measured, and also in identifying the symptoms and root causes of organisational decline. This study is built on a foundation of accounting measures (Altman 1968, Beaver 1966 and Wilcox 1971 and 1973) that can be used to predict organisational failure and be used as targets for improved performance. However, despite such measures not being wholly transferable to the public sector setting, some of the key findings of Hofer's study may well be relevant when framing the research of documents 3, 4 and 5. These are, which type of response is required, strategic or operational, based on an analysis of the organisations decline? Is it worthwhile effecting a turnaround at all i.e. does the organisation have the capability, capacity and resources to undertake a successful turnaround?, is there an appropriate 'Strategic Window' whereby a shift in strategic position can be enacted by the organisation, rather than just relying on cost cutting measures?

Another important distinction to draw is to determine whether an apparent change in organisational strategy witnessed is actually strategic adjustment rather than strategic change. Many organisations prefer to apply familiar solutions to new problems (Cyert and March 1963). Snow and Hambrick (1980) argue that where organisations use these familiar responses, they are actually adjusting rather than changing their strategy. This is related to findings in other studies where the causes of organisational decline themselves have been as a result management overlaying past successes onto current problems, sometimes referred to as over learning (Starbuck et al 1978) with other evidence suggesting that a key factor why companies failed to turnaround was that managers relied on well know recipes from within (Harker 1996). Moss Kanter (1983) refers to this as the roast pig syndrome. Alternatively management may adopt the wrong approach to managing the change within the organisation (Hedge 1982). Change can be seen to occur within organisations as distinct episodes or events predicated by some change in either the internal environment (eg changes in personnel) or external environment (eg changes in technology). Turnaround is one such change, or episode, in an organisation's lifecycle (Mintzberg and Walters 1992) that tends to be depicted as a relatively rapid, highly deliberate and centrally directed change, whether this is operating or strategic turnaround (Hofer 1980). Revitalisation on the other hand, traditionally follows a gentler pace of change but results in a more embedded change that 'infuses the organisation rather than

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being infiltrated from the top' (Mintzberg and Walters 1992 p 47). The distinction between turnaround and revitalisation is a mix of criticality and timescale, scale and urgency. In the private sector, the importance of the financial liquidity to the firm increases the need for rapid responses and therefore the more autocratic approaches associated with turnaround situations. The downside to this is that the opportunities for organisational learning and the embedding of a new and sustainable culture and structure may be lost due to the speed of change. The quick wins offered by Retrenchment (Boyne 2004) or operational turnaround (Hofer 1980) may take the pressure off the long-term requirements for organisational change across all levels of the organisation and its strategies (Mintzberg and Walters 1992). In the longer term therefore, to achieve a sustained turnaround position that addresses the causes of the original failure, it would be necessary to ensure that turnaround is driven by inducted learning (Mintzberg and Walters 1992).

Separating Strategic Turnaround from Strategic Management

This review of the literature started by exploring the nature of strategic decision making within organisations. Having now considered strategic turnaround, where does it sit in relation to general theories and schools of thought on Strategy?

General Strategy is concerned with organisations matching resources to their environments (Prahalad and Thomas 1977). This is often seen in the organisational development of planned approaches to strategy (SWOT, environmental analysis, resources audit etc) (Chandler 1962, Ansoff 1988, 1991, Porter 1981, 1986,1988) or through emergent strategies (Mintzberg 1978, 1987, 1990, Quinn 1977, 1978). In the normal course of events, organisations are using strategy either to get ahead or stay ahead. In turnaround situations organisations are faced with a put up or shut up situation. The organisation has already gone into decline and is faced with the need to either change or die (Pandit 2000, Khandwalla 1983, Hambrick and Schecter 1983, Harker 1996, Wren 2001, Francis and Desai 2005, Filatotchev and Toms 2006). Such organisations are often referred to as being sick organisations or ill organisations (Khandwalla 1983) or in decline or crisis (Mordaunt and Cornforth 2004). Often, organisations facing turnaround are characterised by poor leadership, poor strategic systems, failing culture and the need to make things worse before they get better. Such organisations experience a period of retrenchment before recovery, which in itself can lead to low morale and the loss of skills as people exit organisation and a lack of stakeholder confidence (shareholders, customers, financiers, government etc). Organisations may also experience constraints over finances – both long term and short-term finance – including day-to-day turnover (Filatotchev and Toms 2006). Also constrained is cost side of finance equation – fixed costs can represent straight jacket prohibiting ability to achieve the benefits offered by retrenchment efficiencies.

If organisations were good at strategy, either deliberate or emergent, then they would not be in a turnaround situation. Even shifts in the external environment cannot be fully blamed for failure if strategy is defined as matching resources to environments. However,

'failing' can have positives and lead to galvanising events (Moss Kanter 1983), resulting in a change in leadership, or leadership approach, and the introduction of new and more inclusive styles of management which release potential from within the organisation. Also, new staff entering the organisation bring new ideas, networks and abilities that can result in changes to organisational culture. Organisations in turnaround situations are therefore unique from their non-failing peers as they are starting from a different base. Whereas the strategic focus in the normal course of events is to ensure continued performance, and even improved performance, in failing organisations, possibly in shock, there is a need not only to think strategically about the ongoing direction of the organisation but also how to deal with the organisational and process changes that will be required to achieve and then sustain turnaround.

The Process of Strategic Turnaround

Many studies in turnaround ultimately focus on the process of how turnaround is achieved. The studies themselves tend to produce normative models and are generally positivist in nature in that they attempt to deliver a workable model of turnaround. Despite this, the studies have either a quantitative focus (Schendal et al 1976, Hofer 1980, Hambrick and Schecter 1983, Khandwalla 1983) or have been qualitatively based (Prahalad and Thomas 1977, Starbuck et al 1978, Hedge 1982).

Robbins and Pearce (1992) identify two distinct stages in successful turnaround situations. First there is a period of Retrenchment, where by the organisation seeks efficiencies through downsizing, de-layering and focusing on product lines i.e. operational turnaround (Hofer 1980). This generates the cash and capacity required to sustain the organisation in the short term. This is then followed by a longer-term period of Recovery, which will include new market entries, mergers, product developments etc, namely strategic turnaround (Hofer 1980). Such an approach is recognised throughout the literature but at various points adapted and added to. (Filatotchev and Toms 2006), bring in an additional stage of Realignment prior retrenchment. This realignment brings together the strategic expectations of the internal and external stakeholders, managers and investors, at an early stage to manage expectations appropriately throughout the turnaround process (views on profitability and return may need to be changed in the short term) and also to

establish whether the organisation has the facility, owning to external and governance constraints, to enter the retrenchment phase. Asset sales are not always discretionary, even in the private sector, and governance arrangements may prevent downsizing and de-layering. In the Public Sector where are assets are both public goods, held in perpetuity and often have no alternative use (CIPFA 1989, CIPFA and LASAAC 1993, Deakin 1999), the scope for retrenchment is also limited. Even schemes relating to the transfer of ownership and the Private Finance Initiative (PFI) take many years to become reality and are therefore a long term solution rather than a short term gain (HM Treasury 1999, HM Treasury 2003, Pitt et al 2006, Trim 2001). Overlaid on top of this is that operational efficiency may be difficult to establish in the short term as it will be constrained by terms of employment, the costs of redundancy and political unacceptability of job losses and is more often than not tied into the requirements of increased automation and the use of informational technology both on the front line (eg care workers scheduling) and in the back office (eg Call centres). Such technological responses would take time and resources to implement that sit outside the retrenchment timeframe. Francis and Desai (2005) identify that while retrenchment is observable in a significant number of successful turnarounds, it is not a necessary requirement. In a study of private sector organisations, around 20% of organisations did not adopt retrenchment as part of the turnaround strategy. There is scope for more research on the need and impact of retrenchment on the turnaround process (Barker et al 1998, Castrogiovanni and Burton 2000, Francis and Desai 2005).

Khandwalla (1983) explored the turnaround experience in mismanaged complex organisations in India. Complex organisations were defined as those characterised as having multiple objectives and domains, extensive internal differentiation, functional and role specialisation and a multiplicity of rules, procedures, operating modes and cultures (Etzioni 1961, Hall 1963, Lawrence and Lorsch 1967). Such complexity is relevant to the UK local government context of this study (Joyce 2001, 2004). The Khandwalla study, based on a mix of 9 public and private organisations, identifies 13 'ingredients' for successful turnaround. These ingredients focus on the recruitment of a powerful change agent at a high level within the organisation who through dramatic credibility building is able to mobilise the organisation around a series of clear-cut goals. The role of the change agent is key to developing a sharing and open culture within the organisation and building

(re-building) links to external stakeholders and audiences. Also key is the restructuring of the organisation to both free up resources and improve coordination and communication channels. Also apparent from the research is that a participative style of management worked better than 'terror tactics' and mass layoffs. In essence the change agent is a key player in allowing the organisation itself and the people within it to reinvent themselves. The change agent is therefore a facilitator that allows change to occur both internally, while freeing up the pressure of external relationships. While suggesting a type of structured approach to the change, the role of the change agent also incorporates elements of emergent strategies (Mintzberg and Walters 1985) and the aspects of the enrolment and commitment to organisational visions within a learning organisation (Senge 1990a). The study is based in India and may therefore lack applicability in the UK context, however it does deal with public sector organisations and so the findings may be comparable. Also, the study only has rich information (Fisher 2004) regarding 2 organisations, so the findings are skewed. Although Khandwalla does look for evidence of the research findings in the other organisations, the general applicability of the 'ingredients' model cannot be wholly relied upon.

Taking a different approach, Harker (1996) focuses on the role that marketing can play in organisational turnaround. The marketing focus seems to be more based on the journal it is published in (*Marketing Intelligence and Planning*) than the findings of the study itself. Taking a longitudinal grounded theory approach to the experiences of 4 engineering companies over a 14 year timeframe, Harker identifies a 'Destiny Development' framework consisting of 7 elements. The framework identifies a strong role for a visible chief executive in 'opening up' the organisation and empowering all hierarchical levels to explore and develop the organisation's strategy, while at the same time building new external relationships. The study is longitudinal over a period of 14 years, although comparable company information published in the article only relates to 4 years. The study employed both Quantitative and Qualitative elements and the companies were chosen following an analytical review of financial data and company records.

Aspects of Strategic Turnaround

A number of studies have identified that situational factors can have an impact on turnaround outcomes (Francis and Desai 2005, Landrum et al 2000, Wren 2001). Situational factors include organisational size and environmental factors such as industry growth and competition as well as government regulations and stakeholder expectations. Such external factors could have as much of an impact on successful turnaround as management action, either positive or negative, and to a certain extent this could be to do with luck and timing (Wren 2001). Situational factors cannot only be a potential cause of decline but can also constrain recovery (Pfeffer and Salanick 1978). A significant factor for private sector organisations has been identified as the environment's capacity to accommodate firms, or environmental munificence (Dess and Beard 1984). Such a factor would not be directly relevant to Local Government, given its statutory role, however could be translated to the Local Government arena when considering the various restructuring that has gone on in the sector in recent times (Wilson and Game 2006). Two other environmental categories identified by Dess and Beard (1984) are dynamism and complexity. These are more generic concepts and as such their effect may be witnessed within the local government arena. Cognition (Francis and Desai 2005, Turner and Whiteman 2005) is another situational al aspect that can impact upon both decline and recovery. This is related to the extent to which the managers within an organisation are aware of the extent, or scale, of performance decline and the rapidity of the onset of decline. Two schools of thought prevail with regard to scale. On the one hand organisations in crisis will be more likely to take the necessary steps to achieve performance recovery (Keisler and Sproull 1982, Joyce 2001) whereas on the other hand, if the scale of decline is great, organisations will not have the sufficient capability or capacity to recover (Pearce and Robbins 1993, Robbins and Pearce 1992) and will therefore need external support and assistance if they are to survive. This approach is applicable to Local Government turnaround and could be seen in resultant central Government engagement with failing councils (Turner and Whiteman 2005).

Francis and Desai (2005) studied the turnaround of 97 firms within the United States commercial machinery and computer equipment sector. The sample was from a database of returned financial information using the key measures of Return on Investment and Negative Net income. Turnaround was measured by comparing these relative measures over a three year period. The analysis included tracking independent variables of

organisational inputs and outputs such as assets, asset utilisation, expenses and income looking for both the scale and rate of decline in the trigger indicators and also in the retrenchment indicators during recovery. A major finding of this study was how factors of decline impact upon recovery. For example, if erosion of resources is severe and rapid firms will have more difficulty recovering, with severity playing a greater impact than suddenness. Size is a factor that can mitigate against this as larger organisations will find it easier to buffer the impacts of decline by utilising slack resources (retrenchment) and retained earnings. In the short term it may be seen that larger organisations are able to put off the need to turnaround by tinkering at the edges of their capacity. However, it was also evident that larger organisations were more tied into rigid structures and cultures that were more difficult to change and resulted in less long-term flexibility. In relation to UK local government, clearly the study is based on US Manufacturing forms and as such the contexts themselves may not be wholly transferable. Despite this, there is the potential to explore whether councils have used accumulated balances and budgetary slack to stave off the need for turnaround before crisis sets in. Also, Councils are bureaucratic organisations that are notably slow to change structurally and culturally (Joyce 2001, Rhodes 1988, Wilson and Game 2006). As such they share the characteristics of the larger organisations in the Francis and Desai study. A further line of investigation in this Doctoral study therefore is the extent to which such situational factors play a part in both the causes of and responses to decline and recovery.

LOCAL GOVERNMENT

Local Government in Context

Considering the history and development of the UK local government system is an important part of this doctoral study. Local government represents a unique environment with its own rules, regulations, structures and funding arrangements (Wilson and Game 2006). The formal structure of Local Government seen today can trace its statutory origins back to the mid 19th Century with the 1832 Electoral Reform Act, the 1834 Poor Law Reform and, significantly, the 1835 Municipal Corporations Act (Chandler 2007). This latter act in particular allowed for the establishment of nationally uniform legislation for specific types of local authority. Prior to this there had always been a system of local governance dating back to Roman times that had evolved and developed into a system of County, Borough and Parish governance focused primarily around wealthy land owners and in part subsidised by the national government. The Electoral Reform and Municipal Corporations Acts were born out of philosophical debates between centralised control over utility and the need for local democracy, the former contributed to by Jeremy Bentham and the latter by Joshua Smith (Chandler 2007). In the end, the Municipal Corporations Act created the ability to establish local councils made up of elected local representatives and it is the provisions of this act, subsequently amended in the 1888 Local Government Act that established 62 County Councils and 61 Borough councils (Wilson and Game 2006). These Acts provided the basis for the development of local government structure throughout the 20th century until the 2000 Local Government Act, which amended some of the structures of local government into what exists today. This historical perspective is important to consider as the nature of local government today has been shaped by its long history (Stewart 2000, Wilson and Game 2006) and many of the structures and relationships that have built up during this time, although in themselves social constructs, provide the backdrop within which strategic change must be considered. Local government has had a long history of providing locally elected government separate from the central control of parliament. It is the election of local councillors that is one of the defining characteristics of local government (Rhodes 1988, Stewart 2000) and separates it

not only from the private sector, but also other domains within the public sector (Rhodes 1988, Leach 2006, Pratchett 2004).

Wilson and Game (2006 p 93) define local Government today as a "semi-independent, politically decentralised, multifunctional body created by and exercising responsibilities conferred by Parliament". This definition retains much of the 18th century identity of local government, the only main difference being the reference to semi-independent. This semi-independence has developed over successive decades since the mid 1960s when restructuring of local authority services began to take place and the creation of the two tier model of local government with Non-metropolitan County and District councils emerged (Chandler 2007, Rhodes 1988, Wilson and Game 2006). Successive governments, of whatever persuasion, have since this time periodically reviewed the structure of local government and the relationships it has with central parliament. This has seen the introduction of Unitary Authorities (replacing the two tier system in some areas), regional government in Scotland, Wales and Northern Ireland (although not England due to the failed North East referendum of 2004), changes to the control over capital and revenue funding arrangements through the 1980s and up to the present day and the introduction of revised executive functions in the form of mayoral, leader and/or cabinet models (Chandler 2007, Wilson and Game 2006). The significant aspect of central parliamentary control exerted over local government is in the funding and performance management arrangements of the sector. Local authorities are funded through a mix of central grants, the non-domestic rates and the locally raised council tax. In 2005-06, the proportion of locally collected tax was 22%, the balance of funding being out of the control of local government, set as it is centrally and therefore influenced by the direction of central government rather than local government policy (Wilson and Game 2006). The presence of such external financial control, limits the ability of local government to raise additional funds and therefore its flexibility to respond to strategic challenges, often resulting in claims from local authorities themselves that Council Taxes will have to rise disproportionately to inflation due to a less than beneficial grant settlement (Guardian Unlimited, 2007). The performance measurement system currently in place is the Comprehensive Performance Assessment (CPA) introduced in 2001 and undertaken by the Audit Commission (Game 2006, Wilson and Game 2006) and places considerable weight on corporate performance (Leach 2007). Specific aspects of the CPA are referred to

throughout this review but suffice to say here that the audit commission play a significant role in identifying failing councils which ultimately can result in management intervention and relatively less freedom and flexibility to manage, especially with regard to finance (Game 2006, Jas and Sketcher 2005, Turner and Whiteman 2005, Wilson and Game 2006).   Working against this, has been the emergence more recently of new localism (Coafee 2005). Coafee recognises the inevitable conflict that will arise between the emergence of new localism and the centralism that exists in terms of the underlying power and accountability constructs. The variety of service provision at the local level makes it difficult to apply simple rule based solutions but instead requires an effective response from the service user, who presumably need to first be included in the process. This view is echoed by Corrigan and Joyce (1997) who advocate a greater role for the public in policy generation, supported by public managers who, being the implementers of policy, are better placed to develop it. This challenge requires the officers of the local authority to work with both citizens and politicians to develop appropriate policy in the local area, with the politicians themselves becoming the directors of the administrative apparatus (Corrigan and Joyce 1997).

Local Authorities are complex organisations (Worral et al 1998). They provide multifunctional, and to an extent unrelated, services to the general public for example in the form of education, highways and planning, and also to the neediest members of society, for example council housing and social care. Historically, as complexity increased and so to the need for specialists to be employed to carry out service functions, there was an increase in the professionalisation of services and service management (Ball et al 2000, Chandler 2006, Coafee 2005, Ryan and Walsh 2004). Placed around this is an additional professional support structure consisting of accountants, lawyers, human resource managers and those who administer the political support functions.   The extent of this professionalisation has resulted in an emphasis of association by local government staff with their own professional grouping rather than the organisation they work for. This identity can extend within the departments that employees work for and also nationally across their wider professional grouping into other organisations (Rhodes 1988). This complexity of structure, power and professionalisation make it difficult to manage the strategic process (Whittington and Stacey 1994, Worral et al 1998). Overlaid with this are the changes that were implemented generally across the whole of the public sector in an

attempt to modernise the management of the sector through the introduction of private sector management techniques (Cochrane 1993, Dereli 2003, Diamond and Liddle 2005, Flynn and Talbot 1996, Pollitt 2003, Worral et al 1998). Such changes included New Public Management (NPM), the creation of executive agencies, the introduction of internal markets as well as compulsory competitive tendering (CCT) and league tables (Barlow 1996, Pidd 2005, Pollitt 2003, Wilson and Game 2006). Many of these changes were designed to make the public services, and therefore also local government, consider the very nature of how and why services were provided. This is sometimes referred to as Steering and not Rowing (Barlow and Rober 1996, Osborne and Gaebler 1993) meaning that public sector organisations should not automatically provide services directly themselves, but should enable services to be provided by the best means possible, whether this includes the private sector or voluntary sectors as the service delivery vehicle. The advent of NPM has been an international phenomenon over the past 20 years or so and has seen a movement from rigid bureaucratic management within the public services to one that is more concerned with disaggregation, competition and incentivisation (Dunleavy and Margetts 2000 in Pollitt 2003). Many of the characteristics of NPM could be termed discrete strategies in their own right, for example the use of the private sector to deliver services. Other aspects however have more of a bearing on the process of strategic management and thus turnaround. Such issues as focusing on outcomes, performance measurement frameworks, organisational structures and consumer need, all transfer into the strategic arena. As does the complexity arising out of the increasing need to use partnering and multi-agency working to deliver effective services (Wilson and Game 2006)

Strategy in the Public Sector

The nearest body of literature to a discrete study of strategy in Local Government is the literature of Public Sector Management and Strategy (Diamond and Liddle 2005, Joyce 2001). This is a useful body of literature as although there are some differences within the sector, Local Government shares many similarities in terms of objectives, context, culture and structure with other parts of the public and not for profit sectors. There have also been some studies into strategy making within UK Local Government ranging from the development of conceptual frameworks from existing literature (Worrell et al 1998) to

studies of particular local authorities (Dereli 2003, Joyce 2004). This literature will therefore be a useful source of reference when establishing responses to turnaround but also more widely the implementation of sustainable strategic processes.

Worrall et al (1998) consider that the terms 'strategy', 'strategic planning' and ' strategic management' are well used concepts within the public sector arena. However, they conclude that there is no common interpretation as to what being strategic means in the local government context, especially when it comes to implementation. This is echoed in the wider public sector context by Diamond and Liddle (2004) and Joyce (2001). There is common agreement that although written strategy documents exist, these do not, and should not, necessarily be taken to be the definitive strategy of the organisation concerned. The literature is mainly taken up with the uniqueness of the public sector and the specific demands this makes on strategy making processes, especially those derived from the private sector (Diamond and Liddle 2005, Dereli 2003, Flynn and Talbot 1996, Joyce 2001, Stevens and McGowan 1983, Worrell et al 1998). It is interesting, that despite the scarcity of the literature in either the public sector or local government arenas, what there is covers a range of dates from the mid 1980s to the present day. The various studies reveal a number of common themes. The first is that there is variation in the application of strategy making across the sector. There is evidence that some organisations claim to have a strategic planning process, although this is not necessarily being enacted in practice whereas in other cases strategies are clearly evident, although no formal strategic documents are in evidence (Alford 2001, Flynn and Talbot 1996, Worrell et al 1998).   There is also the consistent view that the traditional rational planning models, espoused in the 1980s in particular, are not appropriate vehicles for undertaking strategy in the complex world of the public sector and local government in particular (Diamond and Liddle 2005, Worrell et al 1998). Moreover, there is a need for flexibility in the strategic planning process due to the changing demands of new legislation, structures, funding and the needs of citizens and employees.

There is also a need to be adaptive in the application of strategic tools used in the development of strategy, especially with regard to local government. Ashton (2001) highlights the difference between public and private value constructs as being a key determinate in the development of strategic models within the public sector. Private value

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is output based, whereas public value is outcome based. The prioritisation of resources within the public sector will need to be focussed therefore on maximising public value while minimising input costs. Public value also represents a wider and more complex range of stakeholder groups and interests than in the private sector and therefore, environmental and stakeholder analysis tools become automatically more complex both to undertake and to interpret.

Worrell et al (1998) undertook a survey of the public and private sector literature available at the time in order to develop a model of strategic processes within local government. The review of the literature is comprehensive, although the model produced is not based on their formal research within the sector and as such only provides a guide to the type of constructs they may usefully be employed. A number of key factors are seen as important when interpreting strategic processes within local government. Of particular importance is to recognise the need to incorporate the politicised nature of the sector, not only in terms of national Politics, or organisational politics (with a small 'p'), but also establishing an approach to strategy that includes the local politicians, or members rather than the historical tendency for strategy making to be seen as the domain of senior management. This is seen as a way of strengthening member and political involvement within the overall management of an authority, and also later appears as a key line of enquiry within the CPA Framework (Audit Commission 2006). The inter-relationship of strategic roles between elected members and senior officers, particularly the Chief Executive Officer, is also a key finding of Dereli's 2003 study of four district/borough councils and referred to by Joyce (2001). Another key issue arising from Worrall et al is the need for strategies to incorporate the prioritisation of resources within the organisation rather than maintaining the status quo, again this is reflected in the CPA framework. The focus on prioritisation leads to a conclusion of the importance of the relationship between the strategy process and the resource allocation process, primarily the budget setting process, within the organisation. The conclusion of the Worrall et al study is that local government organisations progress through evolutionary stages of strategic thinking, namely from muddling through, recognising that this is not appropriate for the environmental complexity to a period of scientific management, which can be too constraining, to a period of learning and finally progressing to the incorporation of 'soft strategy' (Worrall et al 1988, p 475) which is made up of both planned and emergent approaches to strategy

formulation. The review also concludes that identifying a single strategy within a local authority is unlikely and alternatively strategies represent a series of overlapping 'spheres within spheres' at the personal, sectional, departmental, cross department and organisational levels (p 479). This is predicated by a strategy development process that includes bottom up and top down approaches, as well as facility for both designed and emergent strategies. Strategy does not need constant reformulation, but rather is a framework for continuing problem solving, not the problem solving itself (Rumelt 1980). As such, there is a need for public sector organisations to move away from the rational planning approach of strategy formulation (Alford 2001) and develop a way of managing that allows 'reactions' to be absorbed but which is not purely reactive (Worrall et al 1998).

Dereli (2003) undertook interviews with 4 chief executive officers of district and borough councils in order to establish a snapshot of perceptions of the importance of strategy for smaller local authorities. The study is focussed on gaining information about the opinions of the CEOs at that time and therefore is not necessarily generalisable across other organisations or through time. However, the study does identify some useful constructs that existed within the minds of the CEOs. Firstly, the CEOs saw their role as very much about leading rather than dictating the strategy of the organisation. This involved inclusion of members and officers within the strategy making process with members providing the link between the community and the organisation (Corrigan and Joyce 1997). Also there was a need to co-ordinate the various strategic documents that local authorities are required to produce, such as the Community Strategy and the Local Strategic Partnership agreement (and following Worrall et al (1998) the budgeting and resource plans), and to incorporate these within the strategy making process rather than allowing them to drive the process.

Flynn and Talbot (1996) undertook a survey of 600 local authority senior managers in an attempt to ascertain the patterns of strategic planning activity. The research is dated now as it deals in part with the compulsory competitive tendering (CCT) pressure that local authorities were under at that time. Also as a survey it contains population validity but is constrained through the interpretation of both the surveyed and the surveyor. However, some aspects of the study are useful in understanding the nature of fragmentation within the sector and the levels of strategic planning activity undertaken. The fragmentation

aspect relates closely to the development of spheres within spheres identified by Worral et al (1998) and also the potential application of Mintzberg's (1984) power configurations. Various external and internal factors, such as the decentralisation of power, specific funding constraints and external legislation, contribute towards the potential for plans to be short-term rather long term in nature thereby creating an obstacle to rational strategic planning. It is unclear within the article what strategic planning exactly represents, however the references back to the regimes of the 1960s and 1970s would suggest that the approach has more to do with large scale rational planning approaches, rather than the more emergent and/or flexible approaches identified in later decades. The survey reveals the type of strategic planning tools used within the sector with SWOT and Cost Benefit Analysis used in over 50% of respondents. This is supported by the extensive use of Service Level Agreements and, Corporate Plans and Mission Statements. The age of the study places much emphasis on the impact of new public management approaches and marketisation and in particular the structural and procedural impact of CCT. The focus of local government activity has now shifted to a more partnership based approach, both internally and externally to the organisation, (Diamond and Liddle 2005, Wilson and Game 2006). The processes evident in the 1990s may not therefore be relevant to modern local government circumstances. However the findings of the study can be used in two ways in this research. Firstly to establish whether legacy processes left over from the 1990s regime have contributed to the decline of failing authorities and secondly to establish whether there are any similarities, and therefore potential continuity that can be taken from the 1990s.

A further set of literature relates to the process of strategy formulation within the sector. This is key to understanding how public sector organisations manage themselves strategically and relate to both their internal and external environments.   Collier et al (2001) used the responses from over 6000 questionnaires completed by managers in both the public and private sectors to identify how managers perceived the process of strategy formulation within their organisations. The study used a conceptual framework in which strategy is formulated across 6 dimensions; planning, command, incremental, political, cultural and enforced choice. Two main problems were experienced in the study when comparing the results of the public and private sectors. Firstly, the respondents from the public sector were more senior than the respondents in the private sector. Given that

managers within organisations may have a different perspective as to what the strategy of the organisation represents and how it was formulated (Hambrick 1979, Worrall et al 1998), the original data was manipulated through regression analysis and rank-adjusted means to improve comparability. Secondly, the public sector managers scored the enforced choice dimension so highly that it overwhelmed the differences in the other dimensions between the two sectors. It is interesting that within the analysis for the public sector organisations there was a significantly higher perception of enforced choice within the local government group than within the other sector areas. The findings of the study showed that the public sector organisations placed significant emphasis on the enforced change dimension, potentially reflecting its statutory nature and the impact of central policy decisions. Within the private sector there was much greater emphasis on the role of the leader, or leadership, in formulating strategy with enforced choice being the least common. Both sectors had similar scores for planning based and incremental based approaches although for both the planning dimension was low, perhaps reflecting that the emergent strategy (Mintzberg et al 1988) is at play within the sectors. The size of the study and its scientific nature, would suggest that the analysis is at least reliable as a source of data for analysis, certainly in terms of population validity (Saunders et al 2000). However, the survey was questionnaire based and self reported and therefore there is the potential that managers could either misinterpret the questions, or potentially give answers reflecting a perceived rather than actual position. The study suggests that strategy setting is often seen within the sector as being an enforced choice rather than an embedded process this could result in strategies that are both reactive and short term rather than holistic and sustainable.

Performance Measurement

There is a growing body of literature relating to performance measurement and control within the public sector. As with other academic subjects, much of the research and many of the models put forward originate in the private sector. However, there is an increasing amount of research being done on the applicability of such private sector approaches and the relevance of transference or translation into the public sector.   McAdam et al (2005) talk of the problems of applying a contorted private sector reality that does not represent the interests and needs of public sector stakeholders. Some of the literature makes strong

links between performance measurement, stakeholder expectations and the formulation of strategy (McAdam et al 2005, Adcroft and Willis 2005, Radnor and McGuire 2004) while other literature is focussed on measuring the performance of the day-to-day operations of the organisation. There is some overlap between the two topics but, for the purposes of this Doctoral study, this review will focus on the former aspect.

There is also a distinction between performance measurement systems and performance management systems (Radnor and McGuire 2004). The former are concerned with the actual measurement process and would include setting targets, gathering information, producing comparisons and presenting results. Performance management on the other hand is the holistic, inclusive and strategic process that performance measurement (an administrative system) informs.   Performance management on the other hand is about training, team work, dialogue, management style, attitudes, shared visions, employee involvement, multi-competence, incentives and rewards (Lebas 1995). To be valuable to organisations performance management systems should add value as they represent an overhead that diverts resources away from the front line (Radnor and McGuire 2004). Such diversions could include cash, time and expertise. Furthermore where there is information overload, managers often ignore the output of performance management systems, which makes them ineffective especially where these are used in an uncoordinated manner to meet perceived performance needs (Radnor and Lovell 2003). Given the strategic nature of this doctoral study, it will be necessary to consider performance management rather than performance measurement.

The IDeA & PMMI (date???????) identify that the literature on performance measurement breaks down into three main categories; Strategic Based, dealing with strategy implementation and challenging assumptions, Communication Based, dealing with benchmarking (Bowerman et al 2002), position checking and communicating direction and Motivational Based measures dealing with evaluating and rewarding behaviour and encouraging improvement and learning. This typology indicates that performance needs to be managed across different levels of organisational hierarchy and functionality. Where organisations are not facing turnaround, it is likely that the focus of strategic management will be on the strategic category of performance measurement. However, for organisations facing turnaround the need to address all categories of performance measure could be

seen to hold strategic significance. The absence of, or breakdown in, any one of the categories could have led to the decline in performance and may well constrain recovery. Leadership, vision, communication and participation are all seen as necessary aspects of successful turnaround (Joyce 2004)

A popular model of performance management is Kaplan and Norton's balanced scorecard approach (BSC) (Kaplan and Norton 1992, 1993, 1996, 2000, Wisniewski and Olafsson 2004), which moves away from purely financial measurement to the use of a mix of financial and non-financial measures linked to the organisations strategy (Kloot 1999). Radnor and McGuire (2005) studied the application of the BSC within a Regional Health Authority. The research followed the introduction of the concept of the BSC within the health authority across a number of organisations including primary care trusts, hospital trusts and the local council. The study used focus groups attended by 46 employees of the various organisations including chief executive officers, clinicians and general and specialist managers. The findings of the study showed that while there was widespread acceptance of the usefulness of the model in terms of its potential for joining up strategic performance management, there was little enthusiasm to adopt the BSC, not necessarily due to any perceived weaknesses, but due to pressures of time and a lack of appropriate information. However, this was contrasted by research by Wisniewski and Olafsson (2004), who witnessed a genuine acceptance by the public sector organisations studied of scorecard process as one that adds value to the strategic and service planning process. Adopting the Public Services Productivity Panel (PSPP) (2000) performance management framework as a conceptual framework within which to study, Radnor and McGuire also studied the use of performance reward systems within a large government department. The results of both studies showed weaknesses in the application of the of the PSPP framework. The PSPP framework identified a hierarchy of components required for successful performance management, bold aspiration supported by a coherent set of performance measures and demanding targets are in turn underpinned by clear accountability and a rigorous performance review. To work effectively the whole framework is built on the requirement for meaningful reinforcement by management. The Radnor and McGuire studies identified that this framework broke down in practice for the following reasons. Firstly in the public sector administrators are often supplanted for managers and leaders. This means that bold aspirations and the communication and development of visions (Senge 1990a) are

often missing. Also there was evidence that the balanced scorecard approach came to be adopted as a diagnostic rather than an interactive tool and it attracted little ownership among participants. As such there was a strong sense of working the system rather than strategic management. Low levels of performance review and no understanding of target baselines meant that the measures devised were neither robust nor believed in, which in turn contributed to the lack of ownership (Harris 2006). To be effective at a strategic level, the conclusion from this study is that the management and leadership of the organisation should visibly support the performance management framework and that it should be based on a coherent strategy built from a good understanding of the organisation and its environment. This requires a clear understanding of stakeholder's requirements of the organisation.

McAdam et al (2005) examined the ways in which public sector organisations could address multiple stakeholder complexity into the performance management process. The study used questionnaire responses from 700 respondents to explore the issues involved in developing and applying performance management approaches within a large UK public sector department. The questionnaire responses were then used as a basis for further ethnographic study using semi-structured interviews and focus groups. The study reviewed the conceptual application of a number of performance management tools including the BSC (Kaplan and Norton 1996), the performance prism (Neely et al 2000, Neely et al 2001, Neely et al 2002) and the public sector scorecard (Moulin 2002). The important finding of the study was that stakeholders were important throughout the whole strategic process, as organisational success is dependent on satisfying them. Therefore performance management systems need to be built on such stakeholder needs and expectations. The study showed that to be successful, performance management systems needed to first identify a typology of stakeholder groups relevant to the organisation, which are grouped by similar needs. Secondly, the development of performance measures for each stakeholder group need to recognise the unique needs of each grouping rather than try to treat them as a composite group. Stakeholder complexity in this sense requires the establishment of strategy maps, through models such as the BSC, linking key performance indicators to the needs of stakeholders (Greiling 2006, Wilcox and Bourne 2002, Wisniewski and Olafsson 2004). This requires the acceptance of strategic ambiguity rather than excessive objectivity (Hurst 1997) within the process which is often difficult to

achieve. Attempts to homogenise stakeholders can put the organisation out of line with key stakeholder needs. Such an approach would ultimately lead to poor performance or even failure on the part of the organisation. An understanding of potential stakeholder requirements and the processes organisations use to gather them will therefore be important for this doctoral study.

For private sector organisations, a critical stakeholder group represents the owners, shareholders of financiers of the business. Their main performance measure is return on investment and, resulting from this, the main performance trigger to invoke organisational turnaround is when the finances of the organisation hit a level of criticality such that it is no longer able to survive as a viable organisation. In many cases this is referred to in terms of declining profitability, although it is actually the result of the reduced liquidity of the organisation measured in cash terms (Hofer 1980, Drury 2004). Private sector companies exist primarily to increase the wealth of their owners (Sloman 1999), usually shareholders, by generating sufficient net income from operations to allow for the distribution of a dividend, or in other cases drawings. The capital structure of such privately owned organisations also includes borrowings, the repayment of which represents a further drain on net income (Brealy and Myers 1996, Drury 2004). In order to achieve their economic objectives, private organisations seek a combination of short run or long run strategies that could include sales maximisation and/or growth and merger activity (Sloman 1999, Porter 1981). In some sense therefore identifying the need for turnaround in private sector organisations is a relatively simple task triggered by the need to avoid a catastrophic reduction in the organisations cash resources, or liquidity. This is often identified through the use of accounting ratios or through the application of tools such as Altman's Z Score which factors a combination of ratios and can be used to provide an indication as to whether the organisation faces financial distress (Calandro 2007).

Private sector organisations are tied into the market structures within which they operate and the financial performance of such organisations is impacted upon by the inter relationship of its internal cost structure and the perceived value price relationship of the consumers within the market place (Porter 1981 and 1988, Ansoff 1988). This is perhaps an oversimplification of the economic theory of the firm, but to all intense and purposes it provides us with the heart of the environment within which private sector organisations

operate. Drawing together aspects of the economic theory of the firm (Sloman 1999) and the ways in which organisations interact with their market places (Porter 1981, 1998, Alford 2001), the following model summarises the tensions present in the private sector market place.

Figure 4   Self-Regulating Private Marketplace
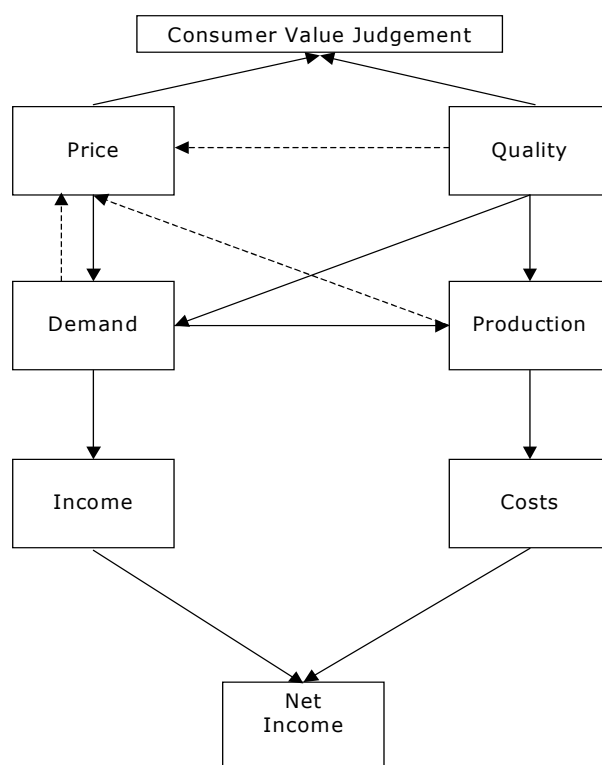
What the model at Fig 1 attempts to simplify is the self-regulating nature of the private market place. If production volumes or production costs are too high in relation to income then the firm will have a deficit of expenditure over income and be unable to survive in the long run. Similarly, if the quality of goods and services is below that perceived by the consumer at the price offered, then reductions in demand are likely to force price reductions and income may then not meet the costs of production. Various other interpretations could also be made from the model, all of which would point to the reduction in operating liquidity of the firm and therefore the threat of bankruptcy. It is this crisis point that ultimately forces the organisation to consider entering a period of turnaround. In essence, the private sector model described above deals with the issues of economy, efficiency and effectiveness through the conversion of inputs into outputs, and this is the central to the development of many of the measures of organisational

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performance within the sector (Adcroft and Willis 2005). Economy is about keeping costs low, efficiency is about turning inputs into outputs with as little wastage as possible, and effectiveness is concerned with delivering the organisation's objectives. In the private sector, these elements are to an extent self regulating in that if the organisation is neither economic nor efficient, it is unlikely to be effective in meeting its objective of maximising the owner's wealth, or net income. Therefore either action will be taken to redress the balance within the firm or its marketplace, or the owners will sell on or liquidate the business.

Such self-regulation is not readily evident within local government. Local Government is neither privately nor publicly owned. It is a function of state tied, into a national statutory framework (which is actually several distinct systems (Rhodes 1988)) and funded, in the main, from local and national taxation (Wilson and Game 2006). Although asset utilisation and measurement is important for local government (Pilcher 2005), consumers have little or no choice over the type, quantity and quality of the services they receive at a local level and, because they are funded from taxation, consumers do not pay for the services received at the point of consumption. Also, local government exists partly, to remedy certain forms of market failure through the provision of public goods and also to promote equity within society (Alford 2001). To some extent, many of the services provided by local government would simply not be provided by the private sector because they would not provide the appropriate financial rewards to the owners. On the other side of the same coin, local government does not have the equivalent strategic freedom that private organisations have. Strategic goals and financing levels are often determined politically, at either a national or local level, and such political decisions may not match the strategic needs of the organisation or society (Eskildsen et al 2004, Lane 1993). Similarly, financial resources are constrained within a maximum amount with local government not having the ability to enter new markets or increase market share to generate additional income streams.

Organisations in the public sector do not fail in the same way that private sector organisations do as the state is not absolved from providing the service even if there is a decline in performance to unacceptable levels (Jas and Skelcher 2005, Levine 1978, Ranson and Stewart 1994). The differences between the two sectors mean that it is more

problematic when measuring the performance of Local Government organisations (Bolton 2004, Boyne 2004, Diamond and Liddle 2004, Jas and Skelcher 2005, Joyce 2001, Joyce 2004, Mordaunt and Cornforth 2004, Paton and Mordaunt 2004, Turner et al 2004, Turner and Whiteman 2005, Walshe et al 2004 Wilson and Game 2006). Firstly, how can it be established that a local authority is under performing, and secondly, after a period of change, how can it be established that it has improved? Between these two points in time, there is also the issue of internal organisational analysis that the organisation will need to go through to determine how to develop and introduce a turnaround strategy. In terms of the measurement of performance, work has been developing on this since the 1980s (Adcroft and Willis 2005, Chandler 2007, Joyce 2001, Leach 2006, Martin 2002, Turner and Whiteman 2005, Wilson and Game 2006). The Audit Commission developed frameworks that mimicked the private sector in order to improve public sector management, which at the time was deemed to be poor by the then Conservative National Government (Audit Commission 1988, Banham 1987, Adcroft and Willis 2005). Successive changes in the Value for Money regime, as it was called and which itself attempted to link inputs to outputs through the measurement of economy, efficiency and effectiveness (or the 3 Es), led to the development of Best Value (Joyce 2001, Wilson and Game 2006) and the Corporate Performance Assessment (CPA) (Audit Commission 2006, Wilson and Game 2006, Leach 2006) where value for money plays an important role in determining the overall CPA score of a local authority. The development of these measures within the sector does not mean that measurement itself is easy. The sector is still without the single objective measure of 'profit', or net income, and the political and multi-service nature of the local authorities means that there is an overlay of complexity and potential ambiguity not associated with profit maximisation (Jones 2005, Wilson and Game 2006). Where as the prioritisation of resources in a private sector firm can usually be undertaken objectively in terms of the overall impact on the bottom line, in local government reprioritising resources may benefit one group of service users but disadvantage another (Pidd 2005). The resulting benefits and disadvantages may take a long time to materialise and will be judged at least in part subjectively. This problem is exacerbated as not all local authorities are staring from the same base. This includes external environmental conditions as well the internal resource base of the authority both in terms of physical assets and cognition, capability and capacity. Such differences between authorities will also be manifest in the relative rates of improvement amongst authorities (Martin 2008).

Local Government Turnaround

Literature in this area is understandably sparse given the focused nature of the research topic (Jas and Skelcher 2005). Studies either review the available literature, or make initial attempts to understand the reasons for organisational decline. Studies into the actual process of turnaround and recovery are extremely limited. What is apparent however is a recent growth in interest in the subject area and this can most likely be attributed to the introduction of the CPA as a means of identifying poorly performing and, over time, improving organisations. Snow and Hambrick (1980) identified a problem of transferability with moving from one industry to another potentially proving difficult for generalised models of strategy. Clearly some of this will be as result of differences of culture, external environments, scale, organisational complexity and leadership amongst the other variables that exist strategically. Usefully, Snow and Hambrick recognise that there is no simple solution to this problem, but that it is important to challenge the applicability of models and measurement tools according to the findings of a particular situation. This will be especially so when looking at the primary research within the local government studies of documents 3, 4 and 5 where it is possible that organisational management have imported an approach from the private sector. It will be important to identify the model being used and carefully consider the impact it has actually had rather than drawing wide broad assumptions. Similarly with situational factors.

Walshe et al (2004) reviewed the available literature in both the public and private sectors. Their review identifies a typically staged process to turnaround consisting of decline and crisis, triggers for change, recovery strategy formulation, retrenchment stabilisation and return to growth. Boyne (2004), extending the work of Robbins and Pearce (1992), identified 3 potential responses to turnaround situations. Replacement, where key members of leadership staff are replaced, Retrenchment, where short-term actions are taken to deal with immediate problems precipitating the crisis and renewal concerning the longer-term actions necessary to improve performance. Walshe et al query whether this is completely transferable to the public sector and identify that alternative responses within the 3 Rs framework are likely to be seen due to the different political, governance and accountability arrangements within the sector. Boyne (2004) also identifies 3 phases in

response to intervention in the turnaround process, overcoming denial, retrenchment through action and finally the intervener exits when conditions are right to do so.

An ongoing study, sponsored by the ODPM, has recently tracked the changes in performance of 15 local authorities that had been identified as poor in the 2002 CPA announcements. This single study is important as it is the only one found within the literature that both has currency and whose scope is closely associated with this Doctoral research. The ODPM study has formed the research material for three published articles, Jas and Skelcher (2005) Turner et al (2004) and Turner and Whiteman (2005). Using a longitudinal case study approach, the research is based on tracking the turnaround, or otherwise of the councils over a three year period. The two articles by Turner et al (2004) and Turner and Whiteman (2005) present the findings of the research at two points in time so will be taken together. The Jas and Skelcher article will be taken separately first.

Jas and Skelcher (2005) undertook a theoretical and empirical analysis of performance failure and turnaround incorporating the early findings of the longitudinal study of 15 local authorities (Turner et al 2004). The study examines poor performance rather than organisational failure in recognition that public sector organisations cannot take refuge in bankruptcy as their private sector counterparts can. The CPA is used to identify poorly performing authorities and a case study methodology is employed using interviews with stakeholders both internal and external to the organisation, including elected members. The ongoing nature of the case study means that the conclusions of this paper are only developmental and would not necessarily convey any transferability across the sector. The primary research has been interwoven with literature on both public and private turnarounds resulting in a number of propositions. The first of these is that the performance of local authorities, as with other organisations, will fluctuate over time alternating between periods of good and poor performance. Where this fluctuation remains in control, the organisation can be said to be self- regulating, whereby triggers to change behaviour will be identified as the organisation starts to perform poorly. Where the organisation does not have the capacity or capability to identify the need for corrective action, then such organisations will continually decline and the result will be a permanently failing organisation. Such organisations may be characterised by an inability to recognise the need for change either through stress or threat rigidity (Straw 1981) and ultimately

resulting in information restriction and control constriction representing Burnes and Stalker's (1961) mechanistic shift. The problems leading to poor performance would therefore be internally created. This may have been in response to a previous strategy of retrenchment to external forces, for example managing within reducing and limited resources (Bovaird and Davis 1999). Another internal factor identified was the negative impact of the fallacy of success, where the leadership ignore the present reality and prefer to focus on the heuristics developed during a period of success. Clearly, this can lead to a position where the organisation is out of touch with its external and internal environments. These aspects focus on the causes of poor performance. The ability to turnaround the organisation will be dependent on other factors related to those that have resulted in the poor performance. Where an organisation is unable to self regulate its performance, then a strong external intervention is required to motivate change. This could be in the form of a poor CPA score, or ultimately intervention through the external appointment of a change agent. Also, it is important to promote internal narratives that legitimise turnaround. These narratives should be placed in the future and not in the past, so that the stigma attached with failure can be left behind. The propositions within the paper, although tentative, are interesting and are subsequently expanded in the subsequent research by Turner et al (2004) and Turner and Whiteman (2005).

Turner et al (2004) focus on the role of intervention and persuasion in the turnaround of 10 of the poorly performing councils where triggers and responses to turnaround are reviewed. Turner and Whiteman (2005) continue this theme but this time based on 13 of the 15 councils. The case study based research used a range of quantitative and qualitative data taken from interviews and documentary evidence. The research employed a realistic evaluation methodology to determine the relationship between context, method and outcome. The research offers up a useful framework for identifying the causes for failure of each authority over 5 contexts: political, organisational, managerial, cultural and external. All of these focus on the internal reasons for failure, even the external context is related to the level of engagement and leadership of the councils rather than any distinct external reasons for failure. This aspect could therefore be renamed external interfaces. Linked to the findings of Jas and Skelcher (2004), the reasons for failure were identified as being dependent upon the historical basis of where the council started from before decline set in. This was found to be either through success breeding failure, otherwise known as

the success trap (March and Olsen 1995, Starbuck and Hedberg 1977) or because the council was already a permanently failing organisation (Meyer and Zucker 1989) mainly caused by organisational inertia (Shaw 1981). The main finding of the research is that each council is different and as such bespoke methods for turnaround are advisable rather than a one size fits all approach. A council's history, culture, leadership and political make-up will all contribute to both the reasons for decline and the path, and timescale, to recovery. Government have powers to directly intervene if necessary in the recovery of failing councils. Intervention has not been experienced by the majority of councils studied, instead there has been Government engagement with the councils to a lesser or greater extent depending on the specific circumstances. Intervention is therefore not critical to turnaround, but rather a means of last resort should the council be unable to sort itself out. Engagement by the Government with the council was however evident through a variety of means. In some cases there was the mandatory appointment of a lead official to liase with and guide the authority, in others it was facilitating the voluntary use of mentoring for senior officials. These engagement methods are temporary and can be removed or reduced as performance improves. A change in leader appears to have a significant impact on both the success and speed of turnaround. This is a factor found elsewhere in the literature on turnaround in both the public and private sectors (Boyne 2004, Robbins and Pearce 1992) although not necessarily in all cases as some studies have found leadership itself to be important, but not necessarily a change in leadership (Paton and Mordaunt 2004). Significantly, the study found that councils that were successful in turnaround, i.e. those that improved from being poor, had three key characteristics. Cognition, recognising the need to turnaround, Capability, the necessary skill set and a narrative that recognises change, and Capacity, the managerial and political technologies for its implementation. Councils lacking in one or some of these characteristics experienced slow starts and/or stalled or failed turnarounds. Approaches that heighten the presence of these characteristics within the organisation are therefore seen to be important. Finally, the review concludes that there is a need to consider the sustainability of turnaround beyond the short term. It is in this area that the main criticism of the studies can be levelled as neither these two studies, nor the Jas and Skelcher studies examine the processes and structures that have been put in place to promote the turnaround. Turner and Whiteman recognise the need to consider sustainability, particularly in relation to the costs of turnaround, both financial and

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personal to the organisation, the risk that the process of turnaround is seen as a box ticking exercise rather than changing the fabric of the organisation, resource fatigue arising for the intensity of the turnaround process and finally maintaining and adapting the skill sets, which are themselves related to sustaining the cognitive, capability and capacity characteristics.

Paton and Mordaunt (2004) identify a number of themes emerging from the literature that typify approaches to turnaround. The creation of vicious circles of decline preceding turnaround as poor management practices and reducing resource positions accentuate the problems associated with decline, for example through the loss of key staff, falling moral and stress rigidity. Retrenchment and Renewal are associated with periods of stabilisation and recovery. Often organisations display a sense of duality during the turnaround process with successful turnarounds being associated with a twin track approach – old blood and new blood combined, negative approaches such as cut backs run concurrently with positive approaches such as creating new missions, investments and enthusiasm, as well as the centralisation of financial control while decentralising other aspects to maximise involvement. Paton and Mordaunt (2004) consider the turnaround situations of 4 public sector organisations: a council, a health care trust, a charity and a school. The research is case study based, retrospectively and so is able to identify the outcomes of the turnaround process, usually a problem given the timescales required for longitudinal studies. Their studies revealed comparable evidence with the experience of private sector organisations. For example the twin track approach was strong in those cases of successful turnaround, the challenge here is promoting the positive aspects of the change over the negative ones. Also there was the notion of retrenchment and renewal although this was more manifest in quickly changing the culture of the management teams to enable longer-term programme of change to be enacted. The study also found a difference in the nature of the trigger for change. In many public contexts the expectation is that the trigger will be externally driven. However, in two of the case studies the trigger for change was identified internally, both of which resulted in successful turnaround. Leadership also emerged as an important symbol in the turnaround process. Leadership, not as directing and controlling strategy, but in the sense of something being done and creating a sense of optimism. Finally, Paton and Mordaunt offer advice on issues that should be considered in future work on turnaround in public sector organisations. Firstly to avoid the risk of trivialising the

concept of turnaround and focussing on addressing the deep seated problems that have given rise to the organisational failure, secondly to avoid reductionism and recognise the complexity of the political, stakeholder and cultural value assumptions within the organisation, and finally to balance the need for quick wins with the longer term need for sustainable change. This conflicts with research from the private sector that advocates the simplification of confusing complexity within the environment when faced the need to rejuvenate the organisation (Baden-Fuller and Stoppard 1994). It is possible that a combination of both approaches is workable. Recognising the complexity in establishing stakeholder needs, but then adopting simplifying processes to enable the process of change to start.

Leadership

Leadership has been identified as an important aspect of successful turnaround. A limited amount of literature has been found on leadership within public sector organisations although some of this is specific to local government turnaround. Joyce (2004) and Mordaunt and Cornforth (2004) concentrate on the role that leaders and management boards can have throughout the turnaround process. Not surprisingly these studies identify that appropriate leadership is critical to turnaround situations. However, they also highlight that the role of leadership is more complex than in other the sectors due to the needs to balance a wide range of stakeholder engagement and overcome significant cultural and structural barriers, especially balancing the tensions between political and administrative visions of success (Entwislte et al 2005). This often results in responses that run counter to the received wisdom of leadership in turnaround situations.

Mintzberg (1984) developed a typology to assist in understanding the potential interplay between external and internal systems of power and the impact this could have on organisational life cycles. Combining the work of Blau and Scott (1962) on external influences and Etzioni (1961) on internal influences, Mintzberg identifies five likely power configurations that organisations may adopt depending on the relationship between external and internal coalitions or power groups (See fig 1).

Figure 5   Basic Configurations of Power (Mintzberg 1984)

Power Configuration	Internal Coalition	External Coalition
Instrument	Bureaucratic	Dominated
Closed System	Bureaucratic	Passive
Autocracy	Personalised	Passive
Missionary	Ideological	Passive
Meritocracy	Professional	Passive
Political Arena	Politicised	Divided

Mintzberg argued that the expected power configuration would be determined by the mix of external and internal coalitions and that over its lifecycle an organisation could be expected to experience transition between configurations as its external and internal coalitions evolved. This is depicted in fig 2 below.

Figure 6   A Model of Organisational Lifecycles (Mintzberg 1984)
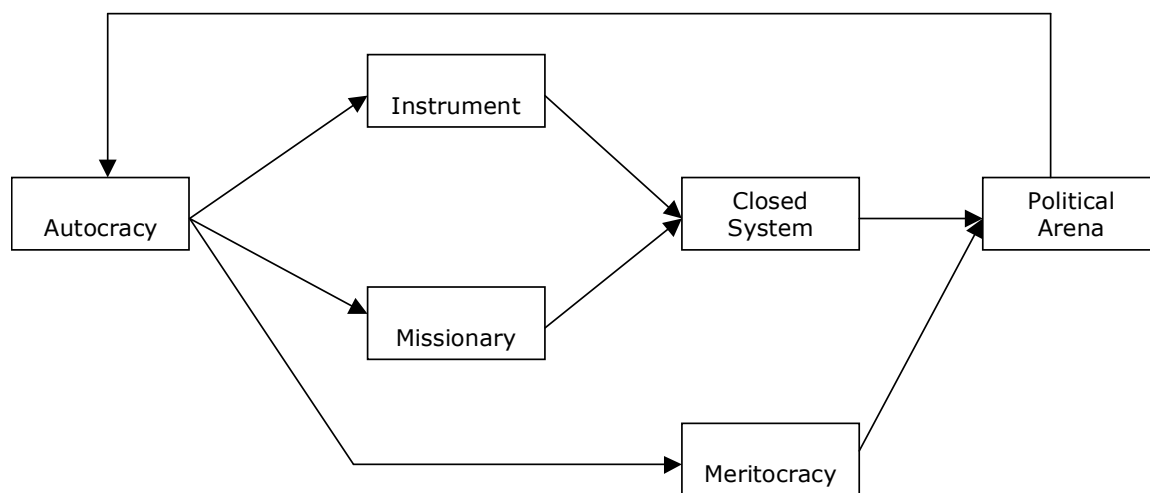
This model was based on private sector constructs and as such may not be wholly applicable to a local government context. It is also based on the research of others and is dated in the 1960s. However, some similarities can be drawn with local government. Firstly, local government exhibits bureaucratic internal structures (Joyce 2001) and is in part dominated by its main external stakeholder, the Government, through legislation, funding and performance criteria eg CPA. Secondly, it could be argued that local government organisations can display a mix of internal coalitions simultaneously, for example a Professionalised Bureaucracy (Rhodes 1988). The presence of a strong political leader or chief executive officer may also overlay this with a Personalised Coalition, and it is clear that some aspects of local government are Ideologically based (the public service ethic for example (Rhodes 1988, Wilson and Game 2006)) and politically based. It is not unlikely therefore that rather than a local authority experiencing a lifecycle of transition, it may exhibit all of the power configurations at the same time. From a leadership perspective this increases the complexity of the leadership task and may have contributed to the need for turnaround and make the turnaround process itself more difficult.

Harker and Sharma (2000) undertook a study into Leader behaviour in four organisations faced with the need to turnaround. They examined the role of strong leadership to the success of organisational turnaround posing the question 'does leadership matter?' This was done by examining how the process was managed, the role of the leader themselves, and the impact of different leadership roles experienced by successful or unsuccessful turnarounds. Their findings indicated that leadership was an important factor in those organisations that implemented a successful turnaround. Three key concepts arose from the study that distinguished the successful from the unsuccessful. There were critical differences in the ways organisational leaders developed and applied industry "wisdom", undertook "destiny development" and finally the way in which "organisational enhancements" were developed and implemented. The role of leadership in the successful cases was more inclusive of others and adopted a contingency-based approach within the organisation (Fiedler 1967).

In another study, these views were contrasted by Landrum et al (2000). Here, the authors compared the charismatic leader approach to turnaround situations involving team-based approaches. The study reviewed relevant literature and concluded that while there is evidence to suggest that charismatic leaders can be a force for good within turnaround situations (positive), it is not necessarily so. Some charismatic leaders can display a 'dark side' (Howell and Avolli 1992) and lead organisations into negative outcomes. Hitler is held up as an example of such 'unethical charismatic' leadership. While this may seem an extreme comparison, it is not too difficult to make the transition to a failing organisational context with the need for recovery at all costs. Management boards may well be seduced into recruiting a charismatic leader, as this appears to be the received wisdom. While this is not necessarily a bad thing per se, the organisation is taking a risk that it may be lead over to the 'dark side'. Landrum et al (2000) conclude by developing a number of propositions; team based change will be longer lasting, teams can be effective when power and/or culture does not emphasise a charismatic leader, self managed teams can block the 'dark side' effects of charismatic leadership and finally, teams can enhance the efforts of a positive charismatic leader. These propositions suggest that team based approaches to strategic leadership can also be effective either as an

alternative to Leadership based approaches, or in tandem with a strong leader a view supported by Moore (1995) following studies of the way in which US public sector bodies can create value. The Collective intuition possible within a management team and the potential for constructive conflict are other potential benefits of a team based approach (Eisenhardt KM 1999).

This poses the question as to the nature and importance of leadership itself. Is leadership a role carried out by an individual or is it a more general term that can be embodied in a team of people. Also does this cross over to a relationship between having a single leader supported by a management team. In essence, the Landler et al and Harker and Sharman studies draw similar conclusions despite seemingly offering different viewpoints. The contingency approaches witnessed in successful organisational turnaround in the Harker and Sharman study drew heavily on the situational factors (Francis and Desai 2005, Wren 2001) present within the organisations and there was evidence of success being driven by the top leadership encouraging strong leadership through the organisational hierarchy. Landler et al accept this in their propositions but essentially offer a health warning about vesting too much faith in a charismatic leader. Despite the Landler et al study being literature based rather than undertaking primary research, perhaps the solution lies in linking a strong figurehead to an effective management team.

Joyce (2004) reviewed the potential role of the leader in local authority turnaround situations. This research brought together both previous academic thinking on the role of leadership and the results of a case study into the experiences of a single local authority chief executive in a turnaround situation. The nature of the research has a number of strengths and weaknesses. Firstly, the use of the case study approach enabled rich information on the experience of leading turnaround to be revealed. However, this is only one experience and the results will be personal to the individual concerned. Secondly, the review of academic literature is useful in framing the wider context and findings associated with turnaround leadership. However, such a review can only ever be partial and also is prone to the problem of bias within the interpretation of results both by the primary researchers and the secondary researcher. Despite these strengths and weaknesses the article offers up some useful insights into the potential role of leadership in a local authority turnaround situation. Firstly, the importance of vision to the leadership role.

Senge (1990a) identifies that creating and sustaining a vision is an important aspect of organisational success. The role of visioning does not lie necessarily with the leader but rather it is the leader's role to ensure that visions can be created, expanded and communicated across the organisation. Senge identifies that Leaders visions are personal visions and are not automatically shared by others. The leader must be willing to share these personal visions and ask, "will you follow me?". Creative strategies rarely emerge from an annual planning ritual, which at best can only expect to result in incremental change, based as it is on last year's strategy. The shared vision is not therefore something that be spread in a top down fashion. Such an approach is likely to lead to apathy and grudging compliance rather than enrolment and ultimately commitment to the vision. Often the shared vision of an organisation comes from the bottom up. To create a shared vision that matches the requirement of strategy, leaders must be prepared to allow their vision to be shared widely and then to be developed from the bottom up. Senge also points out that organisations can adopt negative and positive visions. Negative visions constrain change and growth as they are built on fear and often convey a message of powerlessness that diverts resources away from creativity. Negative visions can only ever be short term, as they will only survive as long as the perceived threat exists. Positive visions are based more on establishing what the organisation wants to do rather than what it has to do. They are aspirational and as such allow for creativity within the shared visioning process. Finally Senge identifies creative tension as being an important and necessary factor of successful shared visions. The leader should be prepared to be both challenged and adaptable during the visioning process, and should be ensuring that the vision is constantly checked against the realities of both the internal and external environments. This process of visioning is evident in the Joyce case study. The new Chief Executive spent time getting to know the organisation and its local environment. Through doing this, a personal vision was created which was then allowed to grow and spread through the involvement of the elected members who ultimately took ownership of the vision (Hamel and Prahalad 1989). The role of elected members is identified as being important in this case, reflecting the findings of other studies. Another role identified for leadership was having strategic capacity. 'Leadership is about deciding what to do, management is about deciding how to do it' (Joyce 2004 p 239). The importance of leading on different fronts is emphasised, reinforcing both the enormity of the strategic beast (Mintzberg et al 1998) and the need for twin tracked approaches to turnaround

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(Paton and Mordaunt 2004), and that to ensure that all bases are covered the leader needs to be determined and driven and have energy and resilience. This is particularly so because resistance to change and the denial that change is required are factors that need to be overcome through the realignment, retrenchment and renewal phases of turnaround (Filatotchev and Toms 2006). Joyce concludes with 3 findings from the research. Effective leaders also manage (Tushman et al 1986). Leadership cannot be constrained to visioning and strategising in turnaround situations but must also pay attention to planning, controlling and managing performance. Also effective leaders cannot be detached from their everyday surroundings, but should know their organisations and pay attention to details. Finally, effective leaders need to handle resistance and conflict whether this is at the political level of the organisation, the senior management team or with the rank and file of the organisations employees.

Parry (1999) considered the role of adaptability in local government turnaround leadership. The study used grounded theory to develop case material for 3 city councils in the US on the basis of interviews with 36 people. The case material has the ability to achieve rich data and interestingly, and unusually, the researcher used the interviewees as observers of leadership behaviour within the study rather than the researcher observing leadership directly. The key findings of the study were 3 fold. Firstly, leaders were often unsure as to their role in the turnaround. This seems surprising and is perhaps more representative of the follower's views rather than the leaders themselves, and a potential weakness of the study's methodology. Secondly, both leaders and followers exhibited a lack of clarity about the changing organisational environment and finally that adaptability in both leaders and followers was found to be a key attribute of successful turnaround. It is the interrelatedness between clarity and adaptability that is important in overcoming the uncertainty and confusion that can arise in leaders and followers experiencing a change situation. The role of the Leader is to ensure that there develops a social process of enhancing adaptability through face-to-face communication, mentoring and also giving all staff leadership opportunities during the change at every possible opportunity. Such an approach relates closely to the Designer, Teacher and Steward roles advocated by Senge (1990b).

Comprehensive Performance Assessment (CPA)

Finally in this section it is appropriate to consider the literature that exists around the CPA process itself. The Comprehensive Performance Assessment (CPA) process was introduced in 2002 and is the process by which the Audit Commission carries out its duty under section 99 of the Local Government Act 2003 to independently monitor and report on the performance of Local Government (Audit Commission 2006). Since its introduction in 2002, the CPA has evolved in response to changes in the operational and regulatory environment, rising public expectations and the performance of Local Government itself (Audit Commission 2006). It is not within the scope of this research to critique the CPA process itself. However, it will be useful at his stage to outline some of the key features of CPA. The CPA incorporates 4 different elements that are combined to determine an overall performance score for an authority holistically (Grace 2005).   The resulting scores are published in the form of a report for each authority and in comparative tables on the Audit Commissions web site. The CPA is a rolling programme that incorporates a range of annual and periodic reviews for each of the four elements. It is therefore possible to track the performance of authorities over time since the implementation of the CPA process.

Importantly, the CPA will be undergoing a further transformation at some stage in the future. The Government's White Paper on Local Government (2006) includes a proposed revision to the existing regime. This change should not have a significant impact on this study and in fact it will be interesting to observe reactions at the strategic level to the revised process.

In some of the above studies the CPA has been used as the main trigger for identifying the need for turnaround. This supports the approach to be adopted in this study of using the ongoing CPA record as a means of identifying appropriate councils to study. However the views expressed around the CPA process are not always favourable. Game (2006) adopts a critical approach to the CPA mechanism itself and is therefore useful to show the flip side of the rhetoric on CPA put forward by the UK Government and the Audit Commission. Two aspects emerge from the study however, one of which is a cautionary tale and the other a positive impact. Firstly Snakes and Ladders (but mostly ladders) is used as an analogy for describing the seaming continuous improvement of councils over the years under CPA. This is considered to be unrealistic and is as much to do with changes to the scoring

methodology as actual improvements in the councils themselves. With all councils

potentially heading for excellent status, this prompted a change to the CPA methodology

('The Harder Test' Audit Commission (2006)) to push councils further down the

performance ladder. Secondly, those councils identified as poorly performing do seem to

be making improvements not only against the scoring methodology but also in terms of

internalising the responses to change rather than just playing the game. Despite the

potential negative slant portrayed by Game overall the article helps to justify the use of

CPA as a way of identifying councils to study.

CONCLUSIONS AND CONCEPTUAL FRAMEWORK

Conclusions

A major finding of the literature review is that despite a number of studies into organisational turnaround within the public and private sectors, there has been no specific research into the sustainability of turnaround strategies within Local Government. Sustainability would seem to be a reasonable expectation of any approach to turnaround; otherwise there seems little point in bothering to turn the organisation around at all. Sustainability in relation to turnaround will now become a key focus of this study.

Turnaround is defined as a process that takes an organisation from a situation of poor performance to a situation of good sustained performance (Brandes and Brege 1993). The difference between an organisation facing turnaround and one that is not is that of performance criticality. Performance triggers will vary between sectors, but organisations can be said to have hit criticality when their performance is below that demanded by the main stakeholder groups. Poor and good performance will be measured according to the Local Government CPA Framework (Audit Commission 2006). Despite its flaws (Game 2006), this is the recognised comprehensive measure of corporate performance within the sector. Sustainability is taken to represent improved or improving performance over a period of at least 5 years. No one local authority is the same as another and as such this study will not focus only on speedy and significant improvements in performance. It will be equally valid to explore the reasons for gradual improvement, especially as this may have a bearing on overall sustainability (Mintzberg and Walters 1992).

Many of the underlining theories and concepts of strategic management could be expected to be found in strategic approaches to turnaround. If strategy is about matching the resources of an organisation to its environment, both planned and emergent strategy formulation may be observed, as could elements of the prescriptive and design schools (Mintzberg et al 1998). Turnaround represents a specific episode in an organisation's lifecycle and requires a specific response. Once the turnaround process is complete however, the organisation will need to ensure that its process of strategy formulation has evolved to avoid slipping back into a poorly performing position (Mintzberg and Walters

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1992). Turnaround is therefore a subset of strategy formulation and as such both fields must be considered when examining sustainability. Even though decisions can be classed as operating, administrative and strategic, in turnaround situations, where the organisation is in crisis, dealing with operating and administrative infrastructures takes on a strategic mantel.

There is debate as to whether the reasons for poor performance and responses for recovery are transferable between public and private sectors (Paton and Mordaunt, 2004, Walshe et al 2004). Key findings indicate that identifying poorly performing organisations is equally important in the public and private sectors but how to identify poor performance in the public sector is more complex than in the private sector due to the existence of multiple stakeholder objectives rather than the blunt instrument of profit. Responses to turnaround can be usefully learned from the private sector in order to ensure lasting recovery (Paton and Mordaunt 2004). However, in the public sector strategic responses have to be adapted rather than adopted from the private sector as cultural, structural, funding and performance measurement criteria differ.

Causes of decline in organisations can also stifle the sustainability of turnaround. Significant to this is the leadership of the organisation and the underlying approaches to strategy formulation. The three Cs of Cognition, Capability and Capacity and the recognition of strategic ambiguity are important aspects of leading within the sector as is the relationship between senior officers and elected members. A number of factors can impact upon appropriate leadership including over-learning, the fallacy of success and threat or stress rigidity. Overcoming these aspects requires a more inclusive approach to strategy formulation throughout the organisation and the recognition that stakeholder requirements are multiple and conflicting rather than homogenous. Retrenchment is a potential though not necessary aspect of turnaround, which can create space for turnaround to occur, but also stifle opportunities for sustainability. Similarly, replacement (with a new leader) may be a useful way of breaking ties with the past, but could also lead the organisation into a temporary turnaround or into a worse overall position.

Conceptual Framework

A literature review forms part of structured approach to research (Fisher 2004) and represents the combined wisdom on important aspects that are relevant to the research topic, which can then be used to determine a conceptual framework to study during the primary research. The alternative approach to research is grounded theory, where the conceptual framework emerges from the primary research itself. The benefit of using the former approach is that the research project can be undertaken in a structured way, focusing on areas of importance and creating linkages between existing bodies of knowledge. However, the weakness of this structured approach is that it can restrict the scope for identifying new theories and concepts that may emerge from the study (Fisher 2004). In many ways this has parallels with the viewpoint offered by Mintzberg on strategy formulation in his discussion of planned and emergent strategies. Concepts are the building blocks of models and theories and are chosen to be useful rather than correct (Watson in Fisher 2004 p 101). In the context of this research, a literature review and initial conceptual framework is a requirement of the DBA. Therefore, to an extent the researcher is constrained by being unable to adopt a purely grounded approach. This is not to say that grounded theory will not emerge as part of this doctoral study, but it is for the researcher to recognise this constraint as the research progresses. At this stage however, the literature reviewed to date will be incorporated into an initial conceptual framework based on the main findings of the review.

The review has found there to be a number of bodies of literature relevant to the field of study. These are represented in the diagram below as a series of overlapping spheres. The spheres are not to scale, but do attempt to represent a sense of scale within each of the sets of literature examined.

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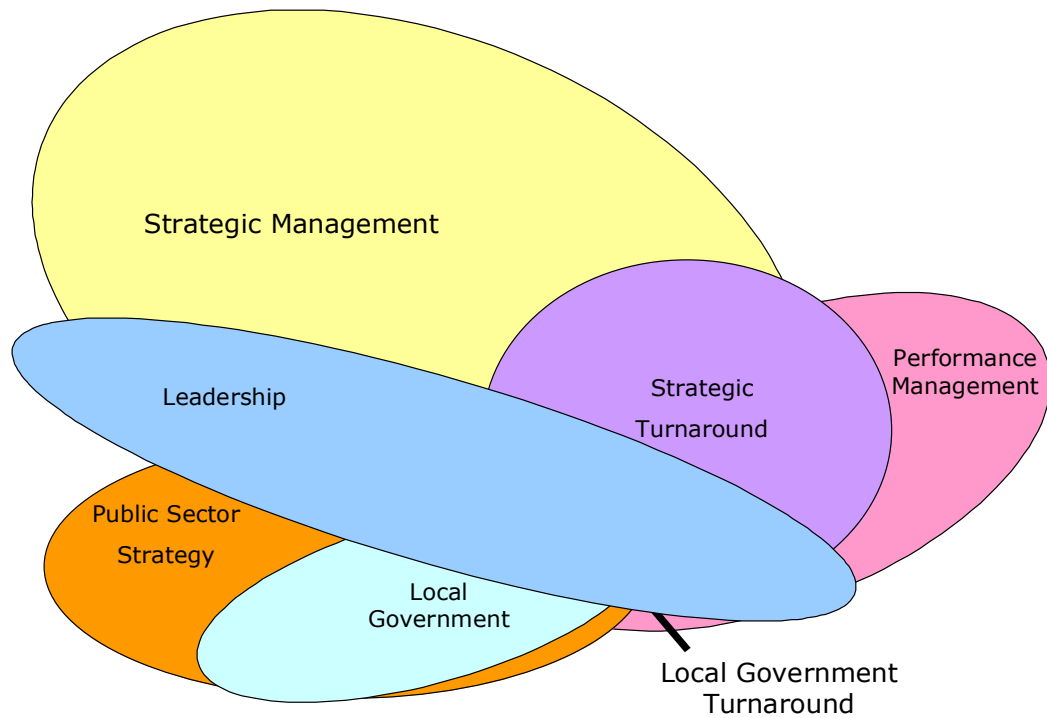
Figure 7   Conceptual Fields of Study

By way of contextualisation, it is important to clarify the following positions that are being adopted by the researcher in respect to the topic. Firstly the environmental aspects of Local Government and the external Performance Management framework are considered to be constants within the study of local government turnaround. This is because they cannot be influenced by local government itself, and especially by a particular local government organisation.   They represent the external environment within which local government operates and it is the way in which the processes of leadership, strategy development and turnaround interact with them that is of interest to this study. Secondly, a significant element missing from the literature of both public and private sector turnaround is that of sustainability. Therefore, how local authorities can achieve sustainable turnaround will be the main focus of the research throughout the remainder of this Doctoral study. And finally, two possible outcomes will result from an attempted turnaround. Either the turnaround will be sustainable, meaning that the organisation will maintain improved performance into the future, or the turnaround will be flawed, meaning that the organisation will either fail to improve or return to failing position. Within each field of study criteria have been identified that could be examined in the study of sustainable local government turnaround. For each criteria a series of 'either-or' statements have been constructed from the findings of the literature review and graded as to whether they could have a negative or positive impact on sustained turnaround. The

table below therefore focuses on the aspects of Leadership, Strategy Formulation (both Public and Private Sector) and Strategic Turnaround and how these can contribute towards a sustained recovery for failing Local Authorities.

Figure 8   Aspects of Sustainable Turnaround

LEADERSHIP APPROACH		STRATEGIC APPROACH		TURNAROUND APPROACH	
(-)	(+)	(-)	(+)	(-)	(+)
Exclusive	Inclusive	Planned and Rational	Planned and Emergent	Operational	Strategic
Charismatic	Team	Polarised	Holistic	Retrenchment	Renewal
Strategic Focus	Comprehensive Focus	Specificity (Homogenised Stakeholders)	Ambiguity (Complex Stakeholders)	Replacement	Realignment
Success Fallacy	Enlightened	Strategic Adjustment	Strategic Change	Permanently Failing	Self Correcting
Officer or Member	Officer and Member	Top Down	Bottom Up	External Trigger	Internal Trigger
Personal Vision	Shared Vision	Rigid	Flexible	Singularity of Approach	Duality of Approach
Negative Vision	Positive Vision	Officer or Member	Officer and Member	Box Ticking	Embedded Change
Stress/Threat Rigidity	Enhancing Adaptability	Incremental	Prioritisation	Intervention	Engagement
Dictatorship	Facilitating	Enforced	Owned	Turnaround	Revitalisation
Partial 3cs	Complete 3cs	Existing	Future	Internal Causes	External Causes

The Conceptual framework for the study is presented below. This identifies that it is expected that a combination of the negative aspects of Leadership, Strategy and Turnaround will lead to flawed turnaround whereas a combination of positive aspects will lead to sustained turnaround. At this stage of the study it is not possible to predict the

exact combination of factors that will lead to either a flawed or sustained outcome, nor whether on balance the positive or negative aspects can outweigh each other despite the presence of both.

Figure 9   The Conceptual Framework
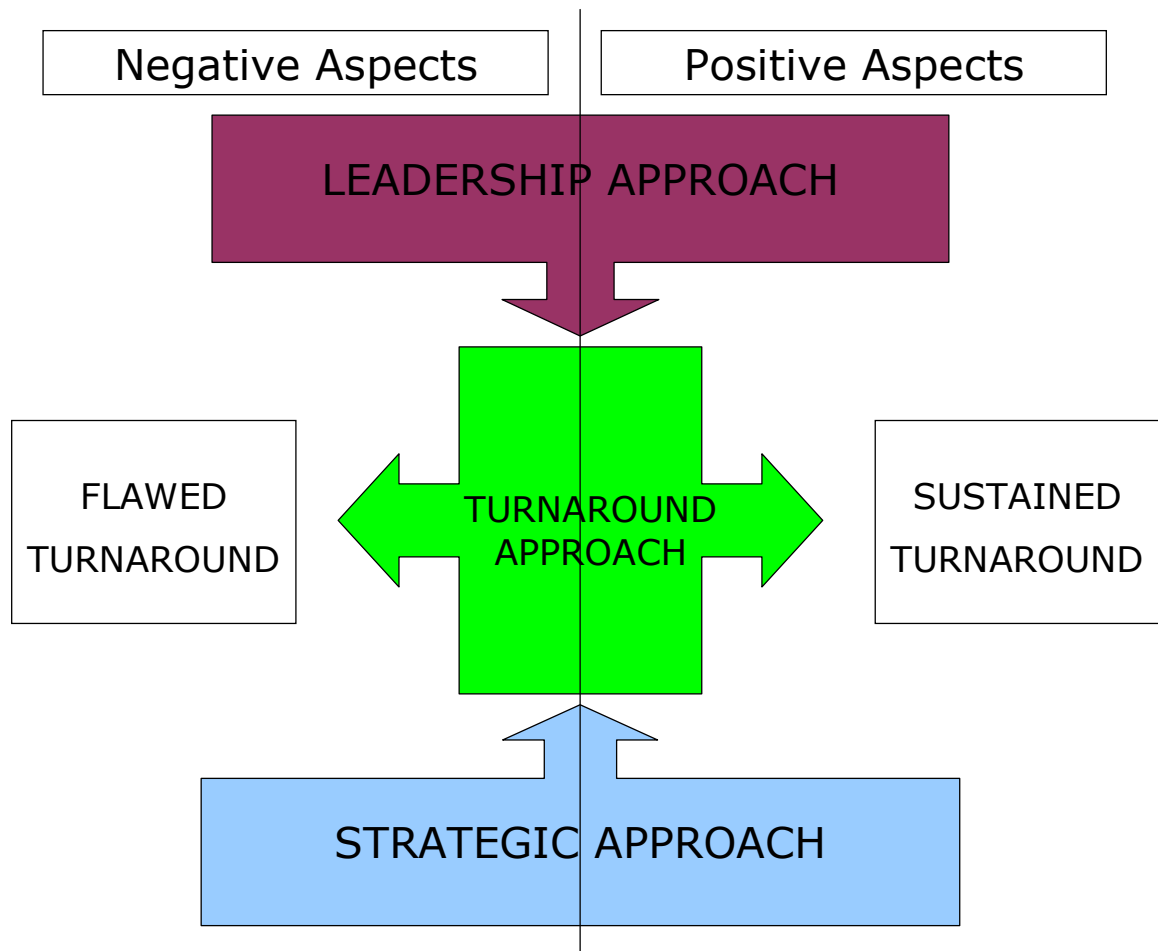
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Research Questions

The objective of this research project is to establish the nature of strategic turnaround in the English Local Government Sector and its conversion into sustainable strategic practices.

In order to achieve this objective the following research questions have been established:

1. What have been stakeholder perceptions to the CPA trigger for the need for turnaround within English Local Authorities?

2. What approaches to strategic turnaround are being adopted by English Local Authorities?

3. How has/is the leadership of the organisation impacting upon the turnaround of the organisation

4. Has strategic turnaround been implemented effectively?

5. Has strategic turnaround delivered improved performance?

6. Are the approaches to turnaround strategy transferable into sustainable structures and processes?

7. To what extent can models of strategy and strategic turnaround in the private sector be translated into the English Local Government arena?

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Document 3 – Qualitative Study

1

Exploring Strategic Turnaround in English Local Government

The underlying causes of poor performance

Martin Jones

2011

Please note that for the purposes of the overall study, document 3 has been submitted after document 4. The reasons for this are explained in the document.

Table of Contents

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List of Appendices

<u>Introduction</u>

This document adopts a critical realism perspective to undertake a qualitative study of the potential causes of poor performance in failing English local authorities during the period 2002 to 2009. The study is part of a wider doctoral thesis examining the sustainability of turnaround strategies within those authorities that were either poorly performing or failing under the UK Government's national Comprehensive Performance Assessment (CPA) framework that existed between 2002 and 2009.

The Doctorate of Business Administration (DBA) to which this study contributes is part of a structured programme offered by Nottingham Business School. Under the DBA programme a series of studies are required including a literature review, a qualitative analysis, a quantitative analysis and a final thesis. A literature review of the nature of strategic turnaround in local government has already been undertaken, as has a quantitative analysis of the publicly available CPA data set. This latter piece of work focussed on two main aspects of the research. Firstly, it examined relationships within the CPA data in order to identify potential causes of poor performance and likely reasons for subsequent performance improvement. Secondly, and more importantly for this study, the quantitative analysis was also used to identify those organisations that exhibited sustained turnaround characteristics, which might then usefully be subjected to qualitative analysis.

The objective of this study is to establish potential underlying causes of poor performance within local authorities deemed to have been failing at the start of the CPA process in 2002 but that subsequently achieved sustained improved performance at the end of the regime in 2009. To do this, an analysis is undertaken of key informant interviews with senior staff working within three of those organisations identified by the quantitative study and the senior government lead official during the CPA regime. This analysis seeks to establish

the background to why change was required and any significant events that occurred leading up to the initial CPA announcement. It also gauges the internal organisational response to the announcement that the organisations were deemed to be poorly performing. These organisations will also be revisited as part of the ongoing research for the final thesis (Document 5) in order to establish how performance improvement was achieved and the degree to which this is sustainable, particularly in light of the current economic climate.

The three local authorities used in this study offer a mix of district and unitary councils. Interviews were held with a range of staff, namely a Chief Executive, A Director of Finance and Resources and a Finance and Transformation Manager. A fourth interview was held with the person who was the senior government lead official during the CPA regime with responsibility for ensuring performance improvement occurred within failing local authorities. This interview helped to provide background information to the CPA recovery process and identified a number of generic causes of poor performance and organisational responses.

Sustained strategic turnaround has been defined in previous documents as "a process that takes an organisation from a situation of poor performance to a situation of good sustained performance'"(Brandes and Brege 1993, p186). This definition will continue to be used in this document and throughout the remainder of the study.

Research Objective and Research Questions

The objective of this study is to establish through qualitative analysis potential reasons for poor performance in local authorities at the start of the CPA regime. This will be undertaken from two perspectives; the internal and external perspectives. For the purposes of this study, the internal perspective is that relating to the organisations, in this case key informant interviews within local

authorities, and the external perspective is that relating to the regulatory regime of the CPA, the interview with the government lead official. Clearly, there is the potential for bias in both of the perspectives. The local authority interviewees may be partisan towards their own organisations and the government lead official may similarly wish to champion the cause of the CPA, being involved in its development and operation. All interviewees may also be looking through the lens of hindsight. Never the less, it will be useful for the purposes of the study to examine and compare these two perspectives and the access granted to the interviewees provides a valuable insight into what the state of play was at the start of the CPA process.

The external perspective will be considered first and will be based on the Government Lead Official's perception of the underlying causes of poor performance across all local authorities at the start of the CPA process. Secondly the internal perspective will be considered for each of the three local authorities. This will provide potential reasons for failure specific to each authority. The analysis will then go onto consider any similarities and differences in findings both within the internal perspective and also between the internal and external perspectives. The specific research questions to be answered are as follows:

1. What were the potential underlying causes of poor performance from the external perspective? (Analysis on pages 28 to 53)

2. What were the potential underlying causes of poor performance from the internal perspective? (Analysis on pages 54 to 68)

3. Are there any similarities or differences in these potential underlying causes within the internal perspective and between the internal and external perspectives? (Analysis on pages 54 to 68)

4. What broad themes emerge as the potential reasons for underlying poor performance? (Conclusions on pages 73 to 79)

Background to Local Government Performance Measurement

Local government represents a unique environment with its own rules, regulations, structures and funding arrangements (Wilson and Game 2006). The formal structure of Local Government seen today can trace its statutory origins back to the mid 19th Century with the 1832 Electoral Reform Act, the 1834 Poor Law Reform and, significantly, the 1835 Municipal Corporations Act (Chandler 2007). It is perhaps the election of local councillors that is one of the defining characteristics of local government (Rhodes 1988, Stewart 2000) and separates it not only from the private sector, but also other domains within the public sector (Rhodes 1988, Leach 2006, Pratchett 2004). Wilson and Game (2006 p 93) define local Government today as a "semi-independent, politically decentralised, multifunctional body created by and exercising responsibilities conferred by Parliament".

Local Authorities are complex organisations (Worral et al 1998). They provide multifunctional, and to an extent unrelated, services to the general public for example in the form of education, highways and planning, and also to the neediest members of society, for example council housing and social care. This complexity of structure, linked to the locus of power within the sector and, over time, the development of professionalisation, make it difficult to manage the strategic process (Whittington and Stacey 1994, Worral et al 1998). Overlaid with this are the modernisation changes implemented generally across the public sector in an attempt to improve the management of the sector through the introduction of private sector management techniques (Cochrane 1993, Dereli 2003, Diamond and Liddle 2005, Flynn and Talbot 1996, Pollitt 2003, Worral et al 1998). Such changes included New Public Management (NPM), the creation of executive agencies, the introduction of internal markets as well as compulsory competitive tendering (CCT) and league tables (Barlow and Rober 1996, Pidd 2005, Pollitt 2003, Wilson and Game 2006). Many of these changes were

designed to make the public services, and therefore also local government, consider the very nature of how and why services were provided. This is sometimes referred to as Steering and not Rowing (Barlow and Rober 1996, Osborne and Gaebler 1993) meaning that public sector organisations should not automatically provide services directly themselves, but should enable services to be provided by the best means possible, whether this includes the private sector or voluntary sectors as the service delivery vehicle.

The Comprehensive Performance Assessment (CPA) was introduced in 2001 to overcome weaknesses in the Best Value regime that had been introduced by the 1998 White Paper and enshrined in the 1999 Local Government (Best Value) Act. CPA is the process by which the Audit Commission carried out its duty under Section 99 of the Local Government Act 2003 to independently monitor, report and specifically categorize local authorities according to their performance (Audit Commission 2006). CPA involved a review of a local authority's performance, resulting in the publication of scores, and supporting reports, to show the relative performance of authorities nationally. These reviews involved a combination of inspection by the Audit Commission and peer assessment as well as the evaluation of National Key Performance Indicators and reports by other independent inspectorates such as OFSTED, Commission for Social Care Inspection (CSCI) and the Benefit Fraud Inspectorate. The CPA was comprehensive, in that reviews covered all aspects of a local authority's functions including service provision, the use of resources and corporate strategic and management processes.

The CPA was in operation for seven years between April 2002 and March 2009. The Government's White Paper on Local Government (2006) proposed a significant overhaul to the nature and scope of the regime, which resulted in the introduction of the Comprehensive Area Assessment (CAA) regime from April 2009 onwards. Under CAA, performance was planned to be assessed over all

public bodies in a sub-regional area (for example a County Council Area) and, with some modifications, the main attributes of the CPA inspection and performance assessment regime were to be applied to all tiers of local government, fire and police authorities and the National Health Service. The incoming coalition government in 2010 disbanded the CAA regime before the first inspections were announced, and at the time of writing it is unclear what, if any, replacement regime will be introduced. In the mean time, some aspects of the CPA regime remain, for example the auditor's judgement on use of resources and the various service inspection scores.

There is a limited but growing body of literature available on local government turnaround and the CPA in particular. Local government comes under scrutiny from the public and central government due to the requirements of accountability and stewardship under which, by its very nature, it necessarily has to operate. Accountability here does not just refer to the political electoral accountability enjoyed by local politicians (elected members), although this is clearly one aspect of it. Nor does it only relate to the Political, Legal, Bureaucratic and professional accountability vested on local authority officials (Behn 2001, in Pollitt 2003). For local government organisations, governance relates closely to stewardship and accountability. Stewardship is bound up in the need to safeguard public assets and tax revenues, whereas accountability relates to the need to provide evidence that services have been delivered appropriately to local needs, while maximising the benefits that can be derived from the available resources. From this it can be seen that stewardship, as a distinct aspect of governance and scrutiny, is a subset of accountability (Henley et al 1993). It is this emphasis on accountability, in a complex operating and political environment that does not encompass a natural market mechanism, linked to the complex needs of those that local government are accountable to, that led, over time, to the development of a range of performance measurement approaches (Pollitt 2003). Such public Audit and inspection regimes have grown up as a 4th Arm of government (Grace,

2006) in order to provide a governance framework within which the requirements of accountability, stewardship and public need can be monitored and controlled. There are strong reasons to claim therefore that these inspection regimes are socially constructed, rather than having a traditional scientific basis.

It is important to note however that the introduction of the Best Value and CPA regimes were not the first time performance within local government had been assessed. For example, there have been inspection bodies for Schools and the Police for a number of years, predating the introduction of VFM. Similarly, funding and inspection bodies had drawn distinctions between good and poorly performing authorities in the distribution of capacity building funds and with regards to freedoms and flexibilities over financial control and decision making. The CPA sought to amalgamate these disparate probity and service based regimes into a single comprehensive assessment for the first time, enabling local authority performance to be monitored and also managed in a more holistic way.

Methodology

This chapter will consider the methodological issues related to this phase of the research study. As highlighted earlier, this study is part of wider research into the nature of sustained strategic turnaround in those English local authorities that have shown a sustained improvement from a position of performing poorly under the CPA regime. Other components of this overall study include a literature review establishing a conceptual framework and also a quantitative analysis of the CPA dataset, establishing potential key lines of enquiry for document 5 and, importantly for this part of the study, identifying appropriate local authorities that could be used for the basis of the qualitative analysis.

Methodological Underpinnings

It is important for the researcher to establish the methodological foundations of the study to be undertaken. Methodology is the broad term given to the study of methods used during research (Fisher 2004, Gill and Johnson 1991, Jankowicz 2005). Before considering the methods and techniques to be employed within the research, it is first necessary to establish the methodological framework within which the study needs to take place. It is also important for the researcher to consider their own epistemological position in order to establish what kinds of knowledge are likely to be considered legitimate and adequate for the study being undertaken.

The structure of the DBA requires this phase of the research to adopt a qualitative approach. This means in essence moving away from the hard 'facts and figures' examined in the quantitative study, and instead getting to grips with the people involved in the turnaround of their organisations. Pinning down the methodological position of a study, though important can be tricky due to the variety of texts and writings on social research, which can attribute conflicting

and/or ambiguous meanings. Figure 1 identifies the transition from epistemology to individual research methods. Identifying methods for this study was relatively straightforward. It is a qualitative study and such would tend to use qualitative data collection method such as interviews. What is less straightforward, and more relevant to the methodological position is how the data collected should be analysed and interpreted.   Figures 2 and 3 give further information on possible research paradigms or research philosophies.

Epistemology	Theoretical Perspectives	Methodology	Methods
•Objectivism	•Positivism	•Experimental Research	•Sampling
•Constructivism	•Interpretivism	•Surveys	•Statistical Analysis
•Subjectivism	•Critical Enquiry	•Ethnography	•Questionnaire
	•Feminism	•Phenomenological research	•Observation
	•Postmodernism	•Grounded Theory	•Interview
	•etc	•Heuristic Enquiry	•Focus Group
		•Action research	•Case Study
		•Discourse Analysis	•Document Analysis
		•etc	•Content Analysis
			•etc

Figure 1 – **The transition from epistemology to research methods**

Source: Gray (2004) p16 – (Adapted from Crotty, 1988)

What these different representations portray is the potential array of approaches that could be adopted by the researcher. Choosing the right approach is fundamental to the validity of the subsequent findings (Gray 2004), however qualitative research delivers complex and often contradictory findings (Miles and

Hubeman 1994) and as such the quest for a simple, one size fits all approach is difficult to achieve in practice. A comparison of the main approaches shows that the positivist/constructivist ends of the philosophical continuum are not appropriate to this study.

Figure 2 – **Four main research paradigms and their assumptions**

Element	Positivism	Paradigm Constructivism	Critical theory	Realism
Ontology	Reality is real and apprehensible	Multiple local and specific "constructed" realities	"Virtual" reality shaped by social, economic, ethnic, political, cultural, and gender values, crystallised over time	Reality is "real" but only imperfectly and probabilistically apprehensible and so triangulation from many sources is required to try to know it
Epistemology	Findings true – researcher is objective by viewing reality through a "one-way mirror"	Created findings – researcher is a "passionate participant" within the world being investigated	Value mediated findings – researcher is a "transformative intellectual" who changes the social world within which participants live	Findings probably true – researcher is value-aware and needs to triangulate any perceptions he or she is collecting
Common methodologies	Mostly concerns with a testing of theory. Thus mainly quantitative methods such as: survey, experiments, and verification of hypotheses	In-depth unstructured interviews, participant observation, action research, and grounded theory research	Action research and participant observation	Mainly qualitative methods such as case studies and convergent interviews

Source: Sobh and Perry 2006 p 1195 (Adapted from Perry et al (1999), which itself was based on Guba and Lincoln (1994))

The single truth advocated by positivism is neither relevant nor measurable in the context of social research; the social world differs from the physical world as it contains too much unknown complexity to be able to identify and model one version of it. Similarly the possible multiple realities arising from constructivist research are not helpful to the objectives of this study, while useful in studying

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individual cases, this approach does not easily allow the construction of a generalised reality. Neither approach therefore can satisfactorily be used to assess the underlying causes of poor local authority performance. The former because in attempting to generalise through reduction, it ignores the wider contexts and complexities within which social interaction takes place, the latter because the recognition of multiple internal realities does not allow for generalisations (ie the underlying causes of poor performance) to be made.

Figure 3 – **Comparing philosophical positions**

	Positivism	Empiricism	Realism	Idealism
Conception	The world is independent of our interpretation of it	The world is independent of our interpretation of it	There is a need to understand the process by which people interpret the world	The world can only be understood as a a result of examining peoples selection and interpretation of events and actions
Assumption of nature of reality	Objective	Objective	Objective/subjective	Inter-subjective
Theoretical approach	Deductive Data are theory driven	Deductive Data collection lacks theory guidance	Inductive/deductive Theory used to explain observations from social world	Inductive Theory evolves from observation
Response	Reaction	Reaction	Action and reaction	Action
Attention to people's inner mental states	Little	Little	Some – insofar as it reflects the conditions under which they live and their desires are frustrated	Significant
Aim	Reflection of everyday world	Reflection of everyday world	Reflection of conditions which make everyday world possible	Need to understand the process of interpretation and the rules that make them possible
Preferred methods	Quantitative	Quantitative	Triangulation/mixed methods	Qualitative

Source: based on information from Evered and Louis (1991), Easterby-Smith *et al.* (1991), May (1993), and Symons (1994)

Source: Stiles (2003) p 266 - based on references given in the table.

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Some middle ground is therefore needed, not only for the purposes of the study but also for the researcher's own methodological position. Of the options available (see figures 1, 2 and 3), realism is the most relevant to both this part of the study, and the wider thesis. Realism recognises that there is an 'out there' reality in a similar way to positivism but contrary to constructivism. However, it departs from positivism in that proponents of realism assert that a universal view of that external reality cannot be pinned down and proven. Through a realism approach, findings can only give a partial view of the external reality and there is recognition that this partiality may not fully recognise the complexities and changes within it (Jupp 2006, Bhaskar 1979). Realism therefore is not reliant on deduction and hypothesis testing in the same scientific way that positivism tries to describe the world. Rather, it advocates a multi-method approach to research with triangulation of methods and sources playing a large part in the analysis and interpretation of findings. It also supports the use of qualitative techniques to develop rich data which positivism often ignores (Sobh and Perry 2006, Stiles 2003). This study uses qualitative data to attempt to draw generalisable conclusions about the underlying causes of poor performance, on the basis that organisational performance can be measured in terms of some sense of external reality. The case study organisations have been chosen based on previous quantitative analysis and a significant literature review has also been undertaken.

To further expand on the underlying methodology of the study, and to explain the author's methodological position, it is necessary to consider further the concept of realism. Three main strands of realism are discussed in the literature namely empiricism, idealism and critical realism. It is perhaps an oversimplification to say that empiricism leans towards a more positivistic view of realism and idealism a more constructivist view. However, some empiricists do accept that observed empirical irregularities could be used to establish causal laws and idealists can make use of social constructs to offer up interpretivist accounts (Jupp 2006). Critical realism recognises that the observed view of reality is transient, partial

and in essence is situation dependent. The observance of structures and mechanisms needs to recognise this and generalisations, while possible, need to be understood within a "time/space" (Jupp 2006 p 256) context. What this means is that the researcher must recognise that there are multiple and complex variables at play within observed situations and these are dependent on the contexts, actors and structures in place at that point of time and location. While it is possible to generalise through comparison and reduction, conclusions must recognise that observations are governed by the above constraints. The realism approach sits well with the researcher's view of reality and with hindsight reflects the way in which the research has been conceived and undertaken to date. The researcher believes that there is a reality 'out there', but that in the social world this cannot be seen or proved. The complex variability of actors structures, cultures, constructs and interpretations mean that findings offer the potential to generalise about the external reality, but that this will change over time and in different situations. The body of literature available offers useful insight into the reality of strategic turnaround but is time/space and situation dependent and therefore can only offer assistance in interpreting the current findings, rather than establishing grand or unified theories.

Initially it was intended that this part of the study would be ethnographic in nature. However, as the research study has developed, it has become clear that the objectives of the study would be to determine the "story" of an organisation's transition, as told by a key informant within the organisation. As such, the focus of the study falls short of ethnographic research, which would require a wider range of participants to be included to enable a more focussed study of culture over a longer timeframe (Gray 2004, Bryman and Bell 2003, Jankowicz 2005, Fisher 2004). In terms of classifying the research further, the research in this part of the study is largely inductive but falls short of a grounded theory approach as this would have required greater immersion in the case study organisations. Inductive approaches collect rich data (or thick data) from the research

participants. Theories emerge from the data, which can then be compared with other theories and/or literature related to the field of study. It might be argued that as a literature review has already been undertaken, hypotheses could be developed and tested under a hypothetical –deductive approach more closely linked to either the positivist or empiricist perspectives. However, the literature is not to be used for such a purpose in this part of the study, but will be useful in gaining familiarity with terminology which is helpful in giving the researcher credibility in interview situations, especially with the senior officials interviewed. It also forms part of the triangulation at the end of the study to see if findings witnessed in the interviews are also represented in the literature.

Bryman and Bell (2003, p 293) identify a number of pre-occupations held by qualitative researchers that are useful to consider in relation to this study. Firstly, they suggest that many qualitative researchers attempt to view the events considered and the social world through the eyes of the research subjects in order to recognise that the subjects of the study – the people- are capable of interpreting the world around them. Given the objectives of this study, ie to establish the reasons for poor performance and the approach to turnaround, this aspect was not a major concern in the way that it would have been for a longer term, more in depth, ethnographic study. Also, it does not sit comfortably with the critical realism approach adopted. Secondly, the potential for there to be an emphasis on description and context is relevant to this study although not in its widest, ethnographic, sense. There will be some drawing out of a limited amount of such descriptions and contexts, where they are relevant to the study but, because the study centres around four one off interviews rather than an in depth ethnography, a great deal of detail and context is not currently known about the organisations studied. It is intended that this will be developed into a more fuller account within the final thesis. What is more relevant however is the tendency to emphasise process within the research findings. At the heart of this study lies the investigation of the processes of both reaching a point of poor or failing

performance and then moving to a position of improved performance. This, therefore, is where the main "pre-occupation" will be evident in the analysis of the four interviews and also relates well to the critical realism approach, which focuses on understanding structures and mechanisms taking place within the social sphere (Sobh and Perry 2006).

Methods Employed

To meet the objectives of this part of the research, four key informant interviews (Jankowicz 2005) have been undertaken with senior officials employed by three of the turnaround local authorities identified in document 4, and also with the government's lead official during the CPA process. The advantage of using the key informant approach is that participants are not selected randomly, but based on their idiosyncratic expertise in a particular area (hence the usefulness of the literature in understanding key terms referred to above).

The interviewees worked for different organisations and held posts at different tiers within those organisations. One was a Chief Executive, a second was a Director of Finance and Resources and the third was an Assistant Director responsible for Transformation within the organisation. The remaining interview was undertaken with the lead official for the government during the CPA process who held the position of Director of Local Government Practice and was a senior civil servant. The purpose of the interviews was to establish the reasons for the poor performance experienced by the organisations and the immediate reactions to the initial announcement under CPA. Other data has been captured during the interviews regarding the way in which the organisations' management acted to turn around and improve performance, including the up to date organisational position post CPA, looking forward into the age of austerity. This data will not be used until the final thesis.

The interviews with the employees of the local authorities were semi-structured and loosely managed. The aim was to encourage the interviewees to tell the story of their own organisation's experience. Interviews lasted approximately 2 hours each, providing a rich source of data for the study. Interviews were recorded to free up the interviewer to steer the discussion where required and also ask pertinent follow-up questions at appropriate points during the interviews. By and large the interviews were free flowing, with only minor prompts required to ensure that the maximum information was captured during the interviews. The interviews were then transcribed for later analysis. The transcription process took a lot longer than expected, with each two-hour interview taking between 2 and 3 days to complete. Each transcript was around 15,000 words in length, which also meant that the analysis process took a long time. This was surprising, as I had entered this document thinking that it would be relatively straightforward, at least compared to the quantitative analysis undertaken in document 4, which was quite challenging. However, a large amount of interesting and useful data was captured in the interviews, which has proved invaluable for the study.

Despite the interview dates being planned and scheduled into interviewees' diaries well in advance of the interviews, they were put back on a number of occasions due to interviewee work commitments and pressures that arose, and in one case illness. This was frustrating as it disrupted the flow of the research and resulted in the analysis phase running into heavy periods of workload for the researcher.

The objectives of the study were to establish the key reasons behind poor performance and identify the key events that occurred within the organisations at the time of the first CPA inspection. Epistemologically, this is viewed as the start point for the process of strategic turnaround and recovery and as such, the study is more to do with establishing the process the organisation went through and

less to do with understanding the perception of the issues through the eyes of the interviewees. This means that the epistemology of the study is focussed on establishing what happened, rather than attaching meanings to what happened from the interviewee's perspective. Hence, the critical realism nature of the study means that traditional ethnographic methods of data capture and analysis are not required in their fullest extent. Conversation and discourse analysis are not undertaken in their truest sense, but rather the "conversations" of the interviews have been analysed to identify themes that occurred both before and during the initial phase of CPA. These themes have been analysed and discussed later in the document and crossed matched to see if any themes have emerged across all organisations (the internal perspective). Clearly this requires some degree of interpretation on behalf of both the interviewee and the interviewer. What the different interviewees consider important to raise may differ due to their own perceptions, position with the organisation and the degree of information they held at the time. Furthermore, the study is historical, and as such hindsight may play a part in the interviewees' understanding and perception of events that occurred. Also, the interviewer will attach meaning to statements and experiences mentioned based on their own background, and experience. The difficulty of recognising these various social constructs is problematic, but it is envisaged that even though different language and emphasis may have been used by each of the interviewees, some degree of commonality of meaning will be identifiable where it occurs. It is the job of the researcher to try and make sense of such shared meanings, while at the same time recognising that this understanding can only ever be partial and as such any conclusions drawn need to recognise this.

The interview with the government lead official (the external perspective) was more structured than those of the local authority employees. The method employed here was the repertory grid (Jankowicz 2005) which is a semi-structured interview technique that allows the interviewee to identify a number of

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elements associated with/important to a particular topic, compare them and come up with a range of perceptions against which the elements can be scored. For example how could one or more elements be regarded as similar or different from the others. In this way the interviewee's personal understanding can be elicited from the interview directly, rather than being guided/constrained by the interviewer's understanding of the topic. The process of undertaking the repertory grid approach is discussed in detail in the analysis section and referred to in the appendices. The main difference from the local authority interviews is that no prompts were used to guide the interview. The semi-structured nature of the interview hinged on going through the process of developing the repertory grid.

Selection of Interviewees

As a start point for establishing where interviews could most advantageously be undertaken, reference was made to the output of Document 4. This document undertook quantitative analysis of the national CPA data set and identified a number of organisations that had, over the course of the CPA time frame, displayed sustained turnaround characteristics. Of those organisations identified, three were known to the researcher in terms of having existing contacts through a number of different networks. As it transpires, these three organisations were useful ones to consider for the study. One (Council A) was the first organisation to achieve a significant turnaround in performance, from Weak to Excellent, a second (Council B) also moved from weak to excellent over the 7 years of CPA and appeared as an "interesting" organisation in each of the three timescales used for analysis in document 4 and the third (Council C), though not as prolific in its turnaround had never the less made some improvement of a sustained nature from weak to good over the same timeframe. Rather than just focussing on the stories of the councils themselves, it was also felt to be of use to capture data on the national picture and, so to speak, from the other side of the fence.

As such a further interview was undertaken with one of the government's lead officials from the CPA regime. This provides a useful point of comparison against the perhaps more partisan views of the officers from the organisations themselves.

Despite the fact that all interviewees were selected partly due to expediency, ie access could easily be gained because of relationships through existing contact networks, each interviewee also displayed a number of desirable factors that had been considered useful when selecting interviewees. Firstly each held a senior position within the organisations they worked for, including the government's lead official. One was a chief executive, the second a director of finance and resources and the third an assistant director responsible for transformation. As such they would have experience of dealing with the turnaround process across the organisation, rather than only seeing a limited aspect of it. Secondly, they had all been employed by their organisations for a long time and, significantly, throughout the CPA time period. This also included the lead official who had previously been a local authority chief executive, but had been seconded across to the government before CPA had been introduced to undertake the recovery of some previously identified failing local authorities. He had been a significant player in the development of the CPA regime itself and its subsequent roll out in 2002. The interviewees were therefore selected as key informants (Jankowicz 2005) who would be able to provide an overview of the processes and critical events that occurred within their host organisations. A pen picture of each of the interviewees is given below. The names of each interviewee and their organisations have been removed to provide anonymity. This is because even though the CPA data is freely and publicly available on the audit commission web site, the interviews would be dealing with some potentially sensitive internal issues relating to the host organisations. As such some of the responses in the interviews and stories given should not be traceable directly to the organisation concerned. Also, unavoidably, some of the responses represent the views of the

interviewees themselves and in order to gain as much access as possible, assurances were given before commencing the interviews that interviewees anonymity would be given.

The Government Lead Official (GLO)

The GLO had previously been a local authority chief executive but was co-opted into central government to assist with the peer review and turnaround of failing local authorities under the Best value regime that predated CPA. Subsequently, the GLO became one of a number of GLOs operating under the CPA regime and was responsible for overseeing the interventions and turnaround of failing local authorities. The GLO personally had an involvement in 11 CPA interventions, all of which were successfully turned around. The GLO was enthusiastic about the CPA regime, the turnaround process and the subsequent improvements in local authority performance.

The Chief Executive (CEO) – Council A

The CEO has worked for the local authority for almost 36 years. At the time of the first CPA announcement the CEO held the position of Director of Finance, in itself a very senior role. During the intervening period, the CEO has been promoted a number of times. First to Director of Resources, then Deputy Chief Executive, followed by Acting Chief Executive and finally CEO. The CEO exuded enthusiasm for the local authority concerned and the success it was now experiencing.

The Director of Finance (DoF) – Council B

The DoF has been employed by the organisation for a number of years ("since Adam was a lad") and has been DoF since 1999. In 2002 the DoF also took on responsibility for e-Government and IT with a focus on outcomes and transformation.

The Finance and Transformation Manager – Council C

Finance Manager and Transformation Manager for Directorate of Prosperity and Planning, linking financial management to the deliverable outcomes that would result from transformation including service delivery, asset restructuring and organisational configuration.   They had been involved with the organisation prior to CPA, although had only recently joined the organisation at the start of the regime.

Triangulation

In any research study it is not possible to generalise a particular finding to a wider population based on the evidence from one source alone. This is particularly true of qualitative research, which is often concerned with interpreting the views of interview respondents. Triangulation is therefore employed whereby findings from two or more independent sources or techniques are compared (Saunders etc al, 2000). Where a common theme emerges, then the case for generalisation improves, something of importance to critical realism. Ideally, triangulation should utilise a range of different research approaches (Gray 2004, Bryman and Bell 2003, Jankowicz 2005) eg qualitative and quantitative methods.

However, as this is of necessity a qualitative study the scope for triangulation is partially reduced. Never the less, within the realism basis of the research it is possible to give the opportunity for at least some triangulation through, for example, comparison within the internal perspective, between the internal and external perspectives and also through the use of two research methods namely interviews and the repertory grid. As such, triangulation will be used within the analysis of the research findings in order to identify the presence of broad themes for underlying poor local authority performance, and indeed this is in part reflected in the research questions for this study.

Ethical and Access Issues

Research ethics concerns the appropriateness of the researcher's behaviour in relation to the subjects of the research project, or those who are affected by it (Saunders et al, 2000). The principal of research ethics is that the researcher should take all reasonable steps to ensure that harm does not befall those involved in the research (Fisher 2004, Bryman and Bell 2003). It extends to individuals and organisations, either directly or indirectly, associated with the study and includes aspects such as professional reputation, safety and reasonable care.

Diener and Crandell (1978) identified four main areas of concern regarding research ethics; Harm to participants, lack of informed consent, invasion of privacy and whether deception is involved. With regard to harm to participants, this could take a number of forms, not just physical harm. The easiest way to attempt to overcome harm is to anonymize the research participants and their organisations and this has been done as far as is possible in this research project, especially with regard to the local authority participants. However, it is not always possible offer total anonymity (Bryman and Bell, 2003) as the participants may hold a unique position that is easily identifiable to the informed reader. This

is less of a concern for the local authority participants but more obviously an issue for the GLO. Despite this, the identity of the GLO was kept anonymous and as part of the informed consent process (see later) he was informed at the interview of the potential for identification and was comfortable with this.

Informed consent is the process whereby prospective research participants are given as much background information as possible about the study to enable them to make an informed decision as to whether to be involved or not (Bryman and Bell 2003). Through this process, it is assumed that as long as sufficient information is given to participants, if they agree to be involved they have already taken into account the potential issues of harm referred to above. Informed consent was particularly important in this study as the researcher was using an existing personal network of practitioners. As such there could be the scope to abuse this relationship, either intentionally or unintentionally, if a proper process of consent was not followed. To this end, when each of the research participants were invited to be involved in the study, the objectives and context of the study were set out at this initial stage both on the phone and in a follow up email. Furthermore, the objectives and context of the study were clarified at the start of each interview. A further aspect was to allow participants to go "off the record" if they were discussing issues that were of a sensitive nature and they did not want mentioning in the study. Such issues, which were few, were logged in the interview notes and excluded from the analysis. The interviews were recorded and as such interviewees were also asked their consent to be recorded on the proviso that the recorder could be switched off at any time. In practice this only needed to be done twice, both cases due to the research participant taking phone calls unrelated to the research topic. Each interviewee was also asked if their organisation were happy for them to be involved.

The final two aspects of invasion of privacy and deception are not wholly relevant to this study. All information around the performance of the organisations

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involved is in the public domain and the objectives of the study were overtly set out during the process of informed consent. As has been said above, anonymity was granted in the writing up of the findings and this also extended to the interview transcripts. Finally, the research is not deceptive in nature and there was no intention of limiting the research participant's understanding of the research. Indeed such an approach would have been counter productive.

Finally with regards to research ethics, the DBA project as a whole has been subjected to the University's ethical approval process.

THE ANALYSIS AND FINDINGS

The Government Lead Official (GLO)

The nature of the interview with the GLO differed from the interviews with local authority officers in a number of ways. The main difference was that whereas for the local authorities, the objective of the interview was to allow the officers to tell the story of their organisation, the GLO did not deal with one organisation but multiple organisations that had been categorised as poor and were therefore in need of intervention. A further difference is that whereas the local authority interviews were dealing with organisations that had subsequently improved, the GLO was talking about all organisations that were in the poor category, irrespective as to whether they had subsequently achieved a turnaround situation. Also, throughout the process of CPA, the GLO would have had more time to consider the underlying causes of poor performance and to compare and contrast them across all organisations. It was expected therefore that a certain degree of high level categorisation was already likely to have taken place in the GLO's mind and as such these needed to be teased out during the time limit of the interview, rather than focussing on one or two issues in depth.

A method was therefore required that would allow such categories to be brought out, but also potentially to challenge the GLO's already held views about what they were. The method chosen was that of the repertory grid. Under this approach the interviewee is invited to identify a number of issues relevant to the objectives of the study, in this case causes of poor performance amongst failing local authorities. These issues are referred to as elements. The preparation of the repertory grid then requires each of these elements to be compared with each other in triplets to identify what makes two of them similar and one of them different. By doing this a scale of difference can be identified between two extremes, in simple terms an example would be that an issue directly causes poor

performance or has no effect at all. As these differences/similarities are essentially constructed by the interviewee, they are referred to as constructs. The basic approach to the repertory grid is to identify 10 elements and then 10 constructs and then to score each of the constructs on a scale of one to 10 against each of the elements. The completed repertory grid is given at the end of this section.

Using the repertory grid proved problematic in some regards in that there was insufficient time to complete the grid in the first interview. It was therefore necessary to go back at a later date and finish the grid. However, having the focus of the grid preparation as a goal of the interview helped to cover a range of issues relevant to the objectives of the study, and in that regard alone it was a useful tool to employ.

Another area where the nature of this interview differed from the others was the close proximity that the GLO had to the CPA process itself. The GLO had previously been a chief executive in a local authority and pre CPA had been seconded into the government to help improve the performance of a number of local authorities that had been deemed to be poorly performing or failing. Subsequent to this the GLO was involved in the development, roll out and revision of the CPA regime. Two issues emerge from this. The first is the potential for rhetoric and favourable bias towards the CPA as a mechanism for determining performance. It has been argued in previous documents, that the underlying merits or otherwise of the CPA are not a fundamental objective of this study, rather the CPA is to be used as the measurement tool against which, generally, a local authority can be deemed to have been at one point in time performing poorly and at another point of time improved. Whilst there were undoubtedly some statements made during the interview that could be said to be rhetorical, they were not substantial and did not really have a bearing on the objective of the interview. As such they do not need to be mentioned further.

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The second issue related to this close proximity is that the GLO did tend to have an emphasis on the process of CPA. Some of this was actually quite useful in helping to get the general picture of what was happening nationally to failing local authorities before and during the CPA regime. It was also helpful to gain an overview of the way the intervention process was undertaken for failing local authorities and this will be the focus of the first part of the analysis of this interview.

Despite (or perhaps in light of) the health warnings referred to above, the GLO was an enthusiastic participant in the research and was able to give a useful and informative account of the underlying causes of poor performance. As a footnote to this interview, the GLO will be interviewed again for the final thesis, this time focussing on the strategies employed by local authorities to improve performance. It is again intended to use the repertory grid for this purpose, which will hopefully prove easier to manage second time around.

The first part of the analysis of the interview focuses on the process of identifying poorly performing local authorities and the intervention process employed by the government. Identifying poorly performing councils arose from the audit, evaluation and subsequent publishing of a local authority's relative performance as part the CPA regime introduced in 2002. The detailed background and operation of the CPA regime has already been covered in previous documents and will not be repeated here. The outcome of the annual CPA inspection was a corporate assessment score on a five-point scale between Poor and Excellent (later converted to star ratings, but on a similar 5 point scale). A Poor local authority would become the focus of attention of the Secretary of State, Government Ministers and the Government Lead Officials. Intervention did not happen automatically, but rather the GLOs assessed the underlying reasons for poor performance and whether the local authority's leadership had the "will and the where with all" (GLO) to get themselves out of the problems they were in.

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The GLOs would recommend a course of action to the Secretary of State who would then have the ultimate say in whether an intervention was carried out and what the extent of the intervention needed to be. There were no formally prescribed levels of intervention, but each case was treated on its own merit with the level of intervention ranging from a full support programme, including an interim chief executive and management team, to guidance and support and/or management and leadership capacity building. Interestingly there was a budget to help support the intervention process, which varied between £11m and £38m a year. This financial support was managed under an overarching rule that it would not be allocated to reward previous failures. As such poorly performing local authorities could not expect to have money thrown at them to resolve their problems, but would only receive funding when they had demonstrated that they had put in place actions and strategies to help improve their poor performance. The GLO explained that this was a different approach to that employed under previous arrangements, where one transgressing local authority had been funded additionally to the tune of £25m per year for the 4 to 5 years preceding CPA, and had still managed to be categorised as poor in the first year of CPA inspections. As part of the intervention process, lead officials were appointed to oversee the improvement of a poorly performing local authority; one for each local authority. These lead officials were drawn from a variety of sources including local authority chief executives and also the private sector. Perhaps in a typically partisan way (or perhaps it is my own belief in the public sector that has picked it up) the GLO explained that the better lead officials were those with an understanding of local authority management (whether from the public or private sector). Those lead officials drawn exclusively from the private sector were not successful in the intervention process and were subsequently replaced. There was also a process of peer evaluation amongst lead officials and quarterly reporting on performance to the Secretary of State. Provision existed to remove lead officials if they failed to get a local authority out of intervention (and this happened on a number of occasions) or to swap lead officials around if they were not "getting on" with the

local authority concerned. An example of this which was given was where a lead official had a background in a certain service area, but that this service are was the only one not performing poorly within the organisation. As such, the senior officers in the other service areas did not take that lead official seriously.

The remaining analysis of this interview focuses on the identification of the underlying causes of poor performance within local authorities. The results of the interview are presented in a structured way over ten broad categories. However, a number of points need to be made about this presentation. Firstly, the process of undertaking the repertory grid helped considerably with both structuring the analysis and providing a focus within the timeframe. Through arriving at the 10 elements of the grid, the interviewee and the interviewer were able to clarify the meaning of each element and group together elements that had similar meanings. This evolved throughout the interview with at times the need to revisit earlier themes as discussion on another topic took place. Secondly, no single element was the single cause of poor performance, rather it was a collection of causes. This is discussed in part in the analysis below but is important to remember as an overarching consideration when interpreting the findings. The mix of elements would differ between local authorities rather than some or all of the being relevant. Also these multiple causes would impact on each other making it difficult for the organisation to either recognise it was poorly performing and or to successfully implement a recovery strategy.   The following quotation from the GLO interview illustrates this point.

"There were always multiple causes and characteristics of failure that tended to reinforce each other and therefore organisations couldn't, if you like, organically or naturally get better. If there wasn't this critical mass of failures, then the internal and external tools and techniques that were available for them to get better through their own critical reflection would have got them out of this category."

Finally, ten elements are presented because that was the number of elements required by the repertory grid. As will be seen, some of these elements are closely related and could perhaps have been joined together as single elements. However, it is considered that there is sufficient differentiation between them to treat them as separate elements and perhaps more importantly, the GLO considered them to be separate. The ten elements to emerge are shown in figure 4 below and are discussed in detail in the following sections. There is some interrelatedness between all of the elements, but some elements are more closely related than others. These are represented on the chart by the same segment shading.

Figure 4 – **The 10 elements contributing to poor performance**

Poor Financial Management

Lack of Corporate Capacity and Capability

Poor Prioritisation of Resources

Lack of Strategic Leadership Skills

Multiple and Major Service Performance Failings

Abnormal Factors, Incidents and Events

Poor Stakeholder Management

Denial of the Problem

Poor External Collaboration

Insularity and Lack of Self Awareness
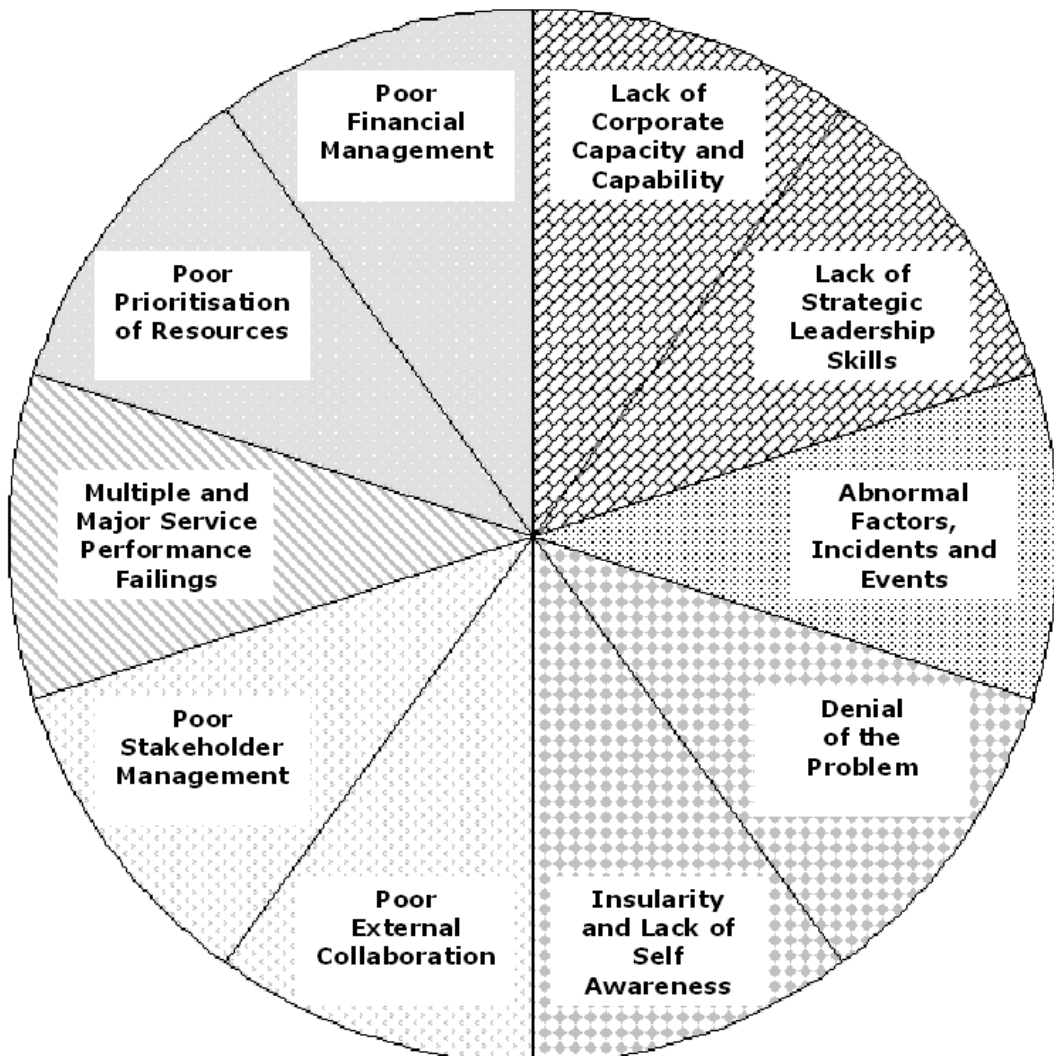
In the remainder of this section, the 10 elements are explained from the GLO's perspective as they emerged from the interview. The elements, and the later constructs, were developed by the GLO based on his experience during the CPA period. The comments in double quotations (" ") are taken directly from the GLO interview.

Multiple and major failings in service performance

A major contributory factor to poor performance was the presence of multiple and major failings within the local authorities service areas. These relate to the services provided e.g. Housing, Education, Transport etc, rather than being a factor of general strategic leadership and management, which are referred to below. These failings manifested themselves in poor individual service scores recorded in the CPA, and were a product of independent inspections by bodies such as Ofsted for Education and schools etc. No single service score would contribute to poor performance over all, instead there had to be multiple service failures. Also these needed to be in the bigger services as these carried a higher weighting in the overall CPA scoring mechanism. What was apparent was that the mix of poor service scores was different across local authorities.

The next two elements are closely related and will be dealt with in turn.

A lack of corporate capacity and capability

This element lead to organisation failure as there was both insufficient corporate resources (capacity) and an inability to deploy them appropriately (capability). When asked whether these should be treated separately, the GLO said that such a discussion had been had many times between GLOs during the CPA period. The consensus of these discussions was that the two are so inextricably linked in failing organisations that they do need to be taken together. Even though they

can be taken together, the main reason for failure appeared to be due to capability. The following illustrates this,

"There is a difference between (having) a lack of capacity and resources…what I am referring to here is the lack of capability. Even if they had the resources, putting them together coherently, knowing what was effective and managing them in a strategic direction, was beyond them"

and also

"Its all about capability. Having political and/or managerial capability to be able to see what they can do about it realistically, to be credible to their local community".

Examples given elsewhere illustrate that a lack of resources was not necessarily the root cause of the problems, although clearly this could contribute to them arising. What was more significant was a lack of capability to marshal those resources, limited or otherwise, into effective organisational service delivery over the long term.

Lack of strategic leadership skills

Lack of strategic leadership skills differs from the capability and capacity issues referred to above in that it is more focussed on the skills and abilities of the senior officers and elected members as well as the ongoing officer/member relationship in leading and managing the local authority.

"You undoubtedly needed effective political leadership and undoubtedly needed effective managerial leadership. But, you also needed awareness of managerial issues if you are a political leader, and getting out of these situations, and equally

you needed to be sensitively aware of the political situation if you were a chief executive or a manager".

"What you tended to have was a combination of poor political/managerial leadership and a poor relationship between the two of them to get you into a significantly failing situation".

There was also a distinction made between the required leadership roles for both politicians and managers. It is the lack of these attributes that contributed to poor organisational performance. Political leadership required a coherence in strategic decision making for example,

"Coherence of strategy, mobilisation of decision making, effective engagement of key stakeholders, coherence of narrative basically. You have to have a single political voice and have to have a strategy {sic} to get decisions made effectively that support that strategy and implement that strategy. And that's all about political leadership and often that has to be cross party".

"The lack of these things would cause all sorts of incoherent strategy and poor decision making. Options and appraisals were approved when they were contradictory to officer's advice. Incoherent with each other".

Managerial leadership on the other hand required the following,

"Oh that's easy, translating strategies, coherent or otherwise, into operational delivery of services".

And linked to the insularity element,

"It also helps if managers know and are aware of what constitutes good or excellent service"

Related to this and the point above on capability, the following quote identifies a lack of understanding by managers of the strategic process and context within which they were operating.

"They tended not to look objectively at service delivery, but look at subjective opinions in key politicians. " If its alright for the leader its alright for me and anybody else". But they also need to know what is good management strategically so you can combine a set objectives, and a set of service objectives, into a coherent strategy that relate appropriately to the community's needs and expectations as well as the political strategy of the democratic elected members".

The point here is that in failing local authorities, managers just did not have this skill set.

Finally in this section an interesting point to emerge was whether the leadership was incompetent or deliberately divisive.

"So in failing authorities you always had two groups, this became less so after CPA was introduced, but prior to CPA you always had historically two groups of failing authorities. Those group of authorities that were basically incompetent in what they did and therefore were under-performing, and those group of authorities who were led by politicians who were ideologically opposed to some of the things the national government were doing and therefore sought to undermine it".

And also,

"I have tended to lump the governance thing as not having the right political skills, but….. deploying those leadership skills in a malicious way, in an oppositional way… there were some poor authorities that had very good leaders who decided they were opposed to everything the government was doing and therefore they were going to use their considerable skills to go against it".

These points illustrate that in some cases leadership was poor because it lacked the necessary skills and/or capabilities. In other cases however, the leadership may have been strong but was leading the organisation, in the government's eyes at least, in the wrong direction. It is interesting to note the inference that after CPA this reduced, and perhaps indicates that CPA as a mechanism for reform, was successful in bringing local authority leadership into a common focus.

The next two elements are also closely related, whereby the leadership and management deny that a problem exists and operate in an isolated way with a lack of self-awareness.

Denial of the problem

Denial that the organisation faced a problem was an interesting but not unexpected area to arise. The main level at which denial occurred was at the political leadership level within the organisation and this could relate to denial within the majority party, but also required the opposition party to at least acknowledge that there was a problem. Denial manifested itself through the leadership thinking that their organisation's circumstances were in some way a special case and that the inspectors and/or auditors did not appreciate this. For example the problems existed due to a localised demographic need, or because of under funding from the central government. To an extent, this is also linked to the capability and capacity and strategic leadership elements, as there was reluctance amongst some leaders to read and interpret the inspection reports realistically and consistently.

"some authorities would simply say that the auditors don't know what they are talking about"

And again,

"At the start of CPA the majority of the people {sic} in the bottom category denied they had a problem, and the answer was the auditors didn't know what they were doing or talking about. If they only knew they would realise they either were not bad, or what they were bad at wasn't important to our population, and yet they denied there was a problem".

Denial that a problem existed manifested itself in a lack of co-operation with the intervention teams and even in some cases legal challenge against the CPA ruling in the early years of the CPA regime, although non-of these were upheld. This denial, or failure to recognise that there was a problem, is most closely linked with the CPA announcement but would also have been an underlying contributory factor to the failing nature of the organisation. In this way it is linked to the next point of insularity and a lack of self-awareness.

Insularity and a lack of self-awareness

This element emerged as one of the underlying causes of organisational failure. It is typified by the leadership (both political and managerial) of the organisation failing to look outside the organisational boundary to the wider environment, and this could include both the national and local environments. This sense of insularity would typify organisations that are constantly looking in on themselves to both identify strategic requirements and offer strategic solutions.

For example,

"There was an authority I went to who did not know the Improvement and Development Agency (IDeA) existed and have never been to the Local Government Association conference and therefore weren't aware of what the level of service was outside of their geographical patch"

Similarly,

"There was a noticeable higher proportion of authorities who {sic} had built up cultures that allowed them to operate with a silo mentality and thought that outside the organisation, people didn't understand them or the problems they faced".

In some cases this sense of insularity may have been due to geography

"There was also a slight propensity for geographically marginalized authorities to be that way, so North East Lincs, Hull in districts, in the South West ones, Torbay on the south coast. If you think of those, they are quite isolated".

In other cases the insularity may have been a result of feeling constantly under pressure, reinforcing a propensity to look internally rather than externally.

"In London it tended to be authorities like Lambeth and Hackney which were historically under constant criticism that tended to be isolationist".

The following point demonstrates the overlap with some of the other elements, (in this case capacity and resources),

"(the lack of self awareness) could be capacity and/or capability. An awful lot of authorities said, "if the government would only give us the money, we could do all this because we are brilliant and we are popular", but no they couldn't"

This point illustrates how the lack of self-awareness (we are brilliant and popular) is linked to a lack of understanding as to why the problems exist, ie blaming a lack of funding. This is further related to the following point, which shows that a lack of available finance wasn't always the root cause.

"There were people {sic} who could afford to raise a yield on rate relatively easily who were in problems. So it wasn't ability to raise money because you had some pretty affluent, good asset based authorities that were in the poor position".

Under this element, it was also evident that there was a lack of willingness to engage with any form of bench marking or comparative analysis, which is strange given that it was one of the explicit requirements of Best Value regime that preceded CPA. When asked whether there was evidence of local authorities comparing themselves to others either intuitively or experientially,

"Good ones do both of those things. They know it in the first place, they bring it in from elsewhere. They bench mark either to good practice elsewhere, against established typologies and commonly agreed frameworks and they go looking for triangulated evidence of that good or excellent practice. Poorer managers tended to rely on themselves intuitively knowing things and tended to measure it against historical performance….. and they tended not to look objectively at service delivery, but look at subjective opinions of key politicians. "If its alright for the leader, its alright for me and everybody else",".

Poor external collaboration

A further element identified by the GLO as leading to poor performance was the degree to which local authorities engaged with external collaboration. At one level this could be linked to the insularity referred to above and a lack of bench marking against other organisations. However, for this element the emphasis is on working with other organisations to plan and deliver services. Poorly performing local authorities had failed to engage appropriately with this element, or had not engaged at all. Another aspect of this would be a lack of recognition that local government needs to work within the framework established by national government.

"Increasingly, you are delivering local services in collaboration with other services delivering at a local level, Police, Health etc".

"You also have to manage the expectations and co-ordinate your objectives with local public service deliverers in other parts of the public sector such as health and criminal justice".

And when asked whether poor local authorities were able to cope with this,

"I would say that there was no authority in the poor category that wasn't either not very good at it, or didn't recognise it".

Despite this clear indication that recognising and engaging with collaboration in an appropriate way, and to an appropriate standard, was a failing amongst local authorities in the poor category, there were some difficulties in assessing this,

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mainly because local authorities could appear to their partners as being good organisations, when other evidence was suggesting otherwise.

"What we found with external collaborations was some people {sic} had very benign collaborations even though they were very poor themselves".

The word benign here is used in the sense that there was no friction between the collaborators. This is due in part to the perception of the local authority held by the collaborator, which could be both good or bad and out of sync with the underlying performance. For example

"You had some councils that were providing an absolute gold standard service, but for whatever reason had had a falling out with their key stakeholders who told you that they were absolutely rubbish".

Whereas, at the other end of the scale

"(some) councils would get good satisfaction levels from their population and good reports from key strategic partners, despite, when you measured them objectively against other councils, despite them providing a very poor service".

And linked to this point,

"Their external collaborators thought the council were doing a good job and they were friendly towards them, despite the council doing a lousy job, because their expectation of the council was so low".

Clearly this aspect of perception, may also reflect on the ability of the partner organisations to collaborate effectively, although this was not explored in the interview.

Poor stakeholder management

Very closely linked to collaboration, is stakeholder engagement. In particular, in poor authorities there was a lack of willingness to engage with stakeholders either at all or appropriately. Stakeholders would include the public, government, other public and private sector organisations and even the press. In part this lack of ability to engage with stakeholders was perhaps a factor of previous regimes.

"you have to remember until the 1999 Act, authorities were being increasingly encouraged to work in an individual way within their geographic boundaries and within the remit set by central government ….so their collaborative working or partnership working had contracted, hadn't disappeared, but had significantly contracted for a number of years. The skills, abilities and capacities needed to do that had diminished over those years. Suddenly as time went on in CPA, there was a need for more and more collaboration, more and more partnership work, and therefore a different set of leadership and managerial skills. There is no doubt that over this time, all of the under performing authorities either didn't appreciate the need for these skills or were unable to deploy them".

In particular the examples of stakeholders given were at a high, strategic, level including MPs, MEPs, Chief Constable and Chairs of Police and Health Authorities. This indicates that the problem of stakeholder engagement rested at the top of the organisation and not necessarily lower down. This may in some respects account for the relatively favourable perception offered by collaborating organisations, where stakeholder engagement was perhaps occurring satisfactorily lower down the organisation, at the service delivery level.

Abnormal factors, incidents and events

One element unrelated to the others in some respects, is the contribution that abnormal factors, incidents and events had on organisational failure. Understanding the impact such factors had on organisational failure was interesting, as they did not themselves lead to failure, nor were they necessarily symptomatic of the failure, as the other elements referred to in this section were. They did however, on the one hand exacerbate the underlying problems the organisation faced; effectively shining a light on them, and on the other hand make it even more difficult for the organisation to get itself out of trouble before going into failure; they were an added distraction, a step too far. Examples of such abnormal situations are given below.

"In one county council, the leader of the county council dropped dead in the middle of the inspection and a couple of months after the chief executive had left the organisation"

In essence this left the organisation without either political or managerial leadership and would also, given the circumstances, have been in a kind of traumatic shock. In other cases, the abnormal event was due to external factors, in large part coming from central government. For example,

"The government changed its policy on house building and the council was expected to provide the highest pro rata number of houses at the highest rate of anywhere in the country, when previously house building had been stable. So that suddenly gave it an enormous challenge".

"In one case, knowing the authority was under performing and taking a defensive reaction, central government departments started issuing formal directions to the

council which would include huge changes to service budgets. At the time we intervened, central government departments were issuing directives to that authority on the basis of one every three days".

Other examples included financial disasters occurring such as a PFI scheme going "belly up" and a major project being poorly specified resulting in millions of pounds of losses, constant political changes and in some cases "elements of illegalities going on".

Clearly it is difficult to distinguish whether these were causes of, symptoms of or just contributory factors to organisational failure. However when asked whether without these abnormal triggers the authority would have been regarded as poor the response was,

"The authority would have been regarded as under performing and definitely in the poor category".

The final two elements are related as they both deal with resources; financial and non-financial.

Poor prioritisation of resources

The prioritisation of resources differs from financial performance, as it is concerned with the distribution of resources across the organisation to meet priorities and needs. Financial performance is concerned with how the financial resources are managed; did the council under over spend? Did it access all available funding etc? Prioritisation is to do with how the financial resources are used and put into service delivery. Poor prioritisation would also be related to having a lack of coherent strategies referred to in earlier sections. Without

coherent strategies, resources cannot be deployed effectively. This in turn would impact upon corporate capacity. So again the elements display linkages.

In some cases, local authorities were under performing due to poor prioritisation, rather than having a lack of available finance. This may have manifested itself in the short term as a financial problem (linked to financial performance in the next section), but essentially there wasn't an underlying financial problem. For example,

"Were there authorities where you could go in and say, Ok, you have a cash flow problem, but you haven't got a medium term financial crisis and you certainly don't have a long term strategic financial problem? Yes there were many of those".

And following on from this,

"Those authorities were the ones where you needed to go in and get the politicians heading in the same direction and stop inefficient resources, inefficient services swallowing large amounts of the authority's money and redistribute them around"

In other cases, local authorities had simply not tied in their strategic aspirations with the level of funding available to them.

"The greatest example of where this failed is an authority where its strategic plan, its corporate plan and its community strategy, all had community safety and anti-social behaviour as its number one priority. If you looked at its budget, it had the lowest expenditure on community safety than anybody in its CIPFA category (a national comparator)".

Comparing the before and after budgets of this local authority between the years that these new policy areas were brought in showed that "it had increased the amount of money spent in these areas by not one iota". Furthermore, failing local authorities had a mismatch between their discretionary spending and their priorities; put simply, they just did not move funding from low priority areas to high priority areas, despite have the discretion to do this and their strategic plans indicating that there had been a shifting of priorities, or new priorities introduced.

Poor financial performance

The poor financial performance element focuses on whether local authorities had financial problems rather than whether they were allocating their resources efficiently and effectively. Surprisingly there was very little evidence that local authorities had got themselves into a financial mess which resulted in them receiving a poor score. However, in some cases it was a factor and this is linked to some of the other elements. One local authority got hit with an additional £7million bill when a PFI deal went bust. Others had difficulty raising money and had poor reserves. These issues on their own do not necessarily mean that there was poor financial management. However, they are indicators of it. A PFI deal going bust is an unfortunate event and would not necessarily be the fault of the local authority. Not to see it coming, or to have not put measures in place to either prevent it or provide a contingency against it would however suggest a lack of financial foresight. Similarly to have difficulty raising money, perhaps due to local economic or demographic conditions, is not the fault of the local authority. However, poor financial management would be to not recognise this in the financial plans and reflect this in the achievability of strategic priorities. The potential here is that a local authority will overspend by aspiring to deliver too much. Unfortunately, this issue was discussed towards the end of the interview and while it seemed to be relevant to include it as an element, there was not time to pursue some of the financial performance issues further

The Repertory Grid

Before undertaking the interview, the repertory grid approach was explained to the interviewee. A copy of the explanation is given as Appendix B. The analysis of the repertory grid is shown in Appendix C. The GLO was then asked to develop appropriate constructs arising from the elements. Development of the constructs was undertaken by matching triplets of elements and asking the GLO to establish which two were similar in some way and which one was different. This established 10 constructs that were used as scales (1 to 5) on which to compare their relative relevance to each of the elements. Ten constructs is the widely recognised suitable number for analysis purposes and the development of each was the by-product of a useful discussion of the different elements.

The limit on the number of constructs clearly also limits the range of analysis that can be undertaken, and no doubt further constructs could have been developed. However, the range of constructs identified is considered suitable for the purposes of this analysis. The constructs identified are given in Figure 5 below.

Figure 5 – **The repertory grid constructs**

	1 end of the scale		*5 end of the scale*
1	**Multiple and complex issues involved**		**Simple issues involved**
2	**Difficult to quality assure (complex sources of info)**		**Easy to quality assure (available evidence)**
3	**Prevents/Inhibits recovery**		**Promotes/contributes to recovery**
4	**Outside organisational control**		**Within organisational control**
5	**Long term solutions necessary**		**Short term solutions possible**
6	**Problems are unique to individual organisations**		**Problems are generic across organisations**
7	**Multi-disciplinary issue (matrix)**		**Single professional discipline (silos)**
8	**Multiple and several authority and responsibility**		**Direct/individual control over outcomes**
9	**Multiple and complex responses required**		**Simple responses required**
10	**Intransigent Organisation**		**Continually changing organisation**

There a number of ways in which a repertory grid can be analysed varying from a simple review of the constructs identified to more complex statistical analysis using computer packages (Fisher 2004, Gray 2004, Jankowicz 2005). As has already been discussed in the methodology section, this aspect of the research is designed to find out what happened during the CPA regime, rather than analysing the belief systems of the individuals interviewed. In keeping with this

epistemology, the analysis of the grid is relatively straightforward and focuses on the relative weighting given to the different elements/constructs through the scoring mechanism. The frequency of extreme scores (1 and 5) are identified initially, and this is supported by a further analysis of the frequency distribution of all scores as well as the mode and median scores. As the data is ordinal in nature, the mean cannot be calculated (Bryman and Bell 2003).

Analysis of the Repertory Grid

Looking horizontally across the repertory grid constructs in Appendix C highlights the relative difference between each of the elements in terms of the respective construct scales. Some attempt has been made in presenting the information to show the construct scales on the basis of their possible impact on poor performance with 1 having a high impact and 5 potentially having a low impact. As this to a certain extent represents only subjective divisions, it cannot be used to any great extent to add a further level of analysis, but it does help to give a degree of structure. It is interesting to note therefore that constructs 1, 2, 6 and 9 have a wide spread of scores from 1 to 5 indicating that overall these were not, on their own, major driving forces behind poor performance. For example whether the issues were 'simple' or 'multiple and complex' in itself did not lead to poor performance. A similar picture emerges with the ease of quality assurance, whether problems were unique or generic or whether multiple or complex responses were required. Alternatively, a number of elements scored more towards the lower end of three of the construct scales. These are constructs 3, 7 and 10 and highlight issues that could have by their nature contributed to poor performance. So for example the majority of the elements tended to be those that were more likely to prevent recovery and also were linked to organisations having had a history of intransigence to change. To a lesser extent they tended to be multi-disciplinary in nature. The final way of looking across the constructs is to identify where elements appeared at the higher end of the scale and these

were constructs 4, 5 and 8. These are perhaps the most interesting as they tend to be things that the organisation could itself control but which in the view of the GLO, were contributors to poor performance. So for example the majority of elements tended to be those that were within an organisation's control, where short term solutions were possible and where the organisation had a direct control over the outcomes (rather than relying on partnering relationships). This analysis of the constructs could be considered to be identifying poor organisational leadership and management as the issues identified could have been dealt with to avoid the onset of poor performance.

The next way to analyse the grid responses is to look down each element. This is also illuminating and elaborates on the nature of each element and the factors that may have contributed to being a reason for poor performance. There is some evident repetition of issues from the construct analysis above so this section will focus on the significant issues arising. A lack of corporate capacity and capability was regarded as a multiple and complex issue, difficult to quality assure and tended to be multi-disciplinary in nature. Furthermore, it tended to prevent recovery rather than promote it, required complex responses and was symptomatic of an intransigent organisation. However, using construct 8, the organisation would have had a degree of control over the outcomes, suggesting it was not externally driven. Similarly, a lack of strategic leadership skills is also related to intransigence and could be multidisciplinary in nature, but was potentially a relatively simple issue to resolve. Abnormal factors tended to be outside the organisations control and required long term solutions. They also tended to be organisational specific. Denial was again linked to intransigence and was multidisciplinary but was potentially a quick win that could be addressed as it was simple to resolve and quality assure, required quick and simple responses and was under the direct control of the organisation itself (or the management and leadership). Much the same can be said of insularity. Poor collaboration and stakeholder management tended to score in the middle of the scale indicating no

extremes, which was surprising given the emphasis placed on it by the GLO in the interview. Multiple and major service failings tended to be complex in nature and response, but though generic, in the view of the GLO were within an organisation's control. Financial and resource prioritisation issues tended to be simple and generic, and were again within an organisation's control to get right.

The main issues that arise form this analysis is the extent to which the problems and factors leading to poor organisational performance could to a large extent be considered to be within an organisation's control and as such could have been managed in such a way to have prevented poor performance occurring.

The Local Authorities

In this section the responses of the local authority interviewees are considered. For the structure of the document, the results of the interviews are taken together on a themed basis rather than on an individual interview basis, and, where appropriate, the findings are also linked to the 10 elements established by the GLO. This method of presentation was selected as it avoids a significant amount of repetition in writing up the interviews individually, instead allowing common themes to be discussed across all interviews.

The research approach used was inductive, and as such the interviews were allowed to flow in a reasonably unstructured way in order to enable rich data to be captured. Ex-post analysis was then undertaken both across the three local authority interviews and against the 10 elements identified by the GLO. The interviews were semi-structured, and prompts were identified and listed before the interview to help it keep on track within the time available. A copy of the purpose of the interview and the prompts were given to interviewees at the start of the interview, (see Appendix A). Due to the storytelling nature of the interviews, the prompts were not used religiously, but rather a view was taken during the interview as to whether or not they were required. Often the prompts were not used extensively and as such not all of the issues raised by them were covered in the interviews. However, there was more than sufficient data gathered to provide some useful and interesting comparisons both between the individual local authority experiences (the internal perspective) and, ex-post, with the issues raised by the GLO (the external perspective). The organisations are identified as Council A, Council B and Council C, as discussed in the methodology section, specific quotations from the interviews are given in double quotation marks.

The first stage in analysing the local authority interviews was a comparison between the three interviews themselves.   This was done by analysing the interview transcripts for broad themes that emerged across the three interviews. These broad themes have been used to structure this part of the analysis section. They are not presented in any order of perceived importance but rather as the themes emerged out of the analysis.

The second part of the analysis was to compare ex-post the findings of the local authority interviews with those from the GLO interview. Where statements made by the local authority interviewees are related to the 10 elements, there is a discussion in the analysis as to whether the responses are broadly supportive, or not, of the existence of the elements as causes of poor performance. To achieve this, the local authority interviews were therefore also partly analysed using a grid containing the 10 elements identified by the GLO. A separate record was also maintained of issues raised in the interviews that did not fit with the element analysis. Not all elements identified by the GLO are discussed below, and those elements that are discussed are done so at varying length, as dictated by the interviewee responses.

It should be noted that the analysis of the local authority interviews shows that there were a mix of issues that contributed to poor performance and that the mix and the severity of the causes varied between organisations based on their individual circumstances. This is broadly supportive of the view expressed early on by the GLO that there were multiple causes and characteristics of failure. It also ties in with the complex nature of local authorities (Worrell et al 1998) and the unique governance arrangements that exist (Rhodes 1988, Stewart 2000).

The Problem of Leadership

The focus on leadership was an interesting aspect to emerge across all three local authorities, even though the issues arising were different in each case. In particular, this focussed the locus of leadership in with regards to the CEO and Lead Member, as well as the relationship between them. The issues varied from there being a too close relationship between the political leader and the CEO (Council B), to one where the two didn't get on well (Council A), to another where the management team was so large that leadership could not be undertaken effectively (Council C).

For one organisation, immediately prior to CPA, they were "led by a fire-fighter, commonly know as Red Adair" (Council B). Interestingly, this was the CEO role and not the political leadership role, and it was considered to be a situation that suited the elected members at the time. "If there was a problem, the members would say, "sort it out" and the Chief would sort it out". So in this instance the leadership role was coming from the CEO, or from managerial leadership rather than political leadership. The impression given was the CEO was left to get things sorted, using the elected leader to rubber stamp decisions. The problems experienced by this organisation were considered by the interviewee to come from there being too cosy a relationship between the officers and members generally, and also there being a very close and longstanding relationship between the leader and the CEO. This resulted in the organisation being jointly led, but not in a positive way, with the relationship being described as a "cabal, to keep the organisation where it was". In this organisation, there was a change in the political leader due to "the four year rule [of tenure]" and this triggered a change to the formerly cosy relationship. Following a peer review exercise (see below), the incumbent CEO was removed and a new one brought in who was subsequently attributed by the interviewee as being successful in galvanising the organisation.

In Council A, leadership was described as being "dysfunctional", typified by a political leader and CEO that "didn't get on at all". In fact, within the senior management team at that time strong allegiances had been formed, with some of the senior managers supporting the political leader, and others the CEO. The "relationship problems" as they were described, between the political and managerial leadership were so bad that one of the senior management team members left prior to CPA inspection, knowing that the CPA was likely to be weak, and didn't want to be associated with it. "He was only xx (age withheld) and he wasn't taking his pension or anything. He'd had enough".

Interestingly, despite the presence of what was considered a strong political leader of long standing, the CPA inspection criticised Council A for being officer led. This was because the remaining elected members, outside of the elected leader, were described as disengaged.

In the third organisation (Council C), problems stemmed from the sheer size of the management team. There was a large management team (around 40) (this was the same in at least one of the other local authorities as well (Council A)), leadership came from the CEO, but decision making was "to an extent chaotic" because of the large team of managers all having a direct line into the CEO.

"Management was complex, very much matrix style, where people just reported in all over the place. The management structure used to be drawn into bubbles".

This led to relationship problems. "The power struggles were quite bad and it was whoever's face fitted at that point in time".

As such there was no sense of overarching corporate governance, making it difficult to plan effectively, indeed no corporate plan existed. At the time of the

first CPA inspection, the interviewee was working as a Head of Finance and their job was made difficult due to this lack of governance because "managers would be running straight to the Chief Exec if you said something they didn't like". In this organisation there was also little engagement from the elected members and there was no pre-emptive strike (see below), nor was there any change to the leadership either prior to, or in the early years of CPA. This to an extent hampered the recognition of, and solution to, the problem of poor performance, which did not start to occur until the third and fourth years of CPA.

This discussion on leadership illustrates a number of aspects also identified in the elements by the GLO. Firstly, political and managerial leadership failings (Behn 2001, in Pollitt 2003) were both present to some extent in all three organisations. However, the overriding sense that comes through regarding the main focus of organisational leadership is that it came from the CEO, albeit in one case through a close relationship with the elected leader. The elected members were apparently disengaged from the strategic leadership process, leaving this to the officers resulting in a lack of appropriate governance (Pollitt 2003, Grace 2006). The fire fighting and disjointed nature of the officer leadership in at least two of the organisations also exposed weaknesses in the leadership skills of the management teams and CEOs, ultimately, in one case at least, directly leading to the removal of the CEO. Furthermore, the relationship aspect of the leadership element identified by the GLO also comes through as an underlying issue in the case studies. In some cases this is represented by a lack of understanding of the respective roles, particularly from the elected members, and in others there appears to have been a complete relationship breakdown between elected leader and CEO.

This ineffective leadership, both officer and member, came through as the overriding reason behind the poor organisational performance as it had allowed the other symptoms, discussed below, to emerge and fester.

"It wasn't government funding or anything of that nature…(or)…issues that were coming from the public. It wasn't that. Internally we needed to improve. We'd got poor corporate management. We'd got a lack of strategic direction".

The Pre-emptive Strike

In two of the councils peer/self assessment exercises took place prior to CPA. In both cases this was instigated by second tier management and below rather than being driven by the elected leader and/or CEO. This has been described as a pre-emptive strike, but as will be seen the approach adopted and outcomes achieved were markedly different.

In Council B, the IDeA (Improvement and Development Agency) was invited to come into the council and undertake a Peer Review exercise prior to the first CPA inspection. This was because a number of middle ranking senior officers were concerned that organisational performance and moral were poor and that a number of key strategic processes were missing, eg there being no corporate plan in place, single issue leadership and a general lack of confidence. This exercise of "holding up a mirror" to the organisation was a useful but "pretty painful process, as at the end of the day we got a report that was pretty damning". Ultimately this led to the removal of the CEO prior to the first actual CPA inspection, possibly contributing to an 'improved' initial CPA score of 'weak'.

In Council A, a self assessment based on the CPA key lines of enquiry was undertaken 6 months prior to the CPA assessment itself, again at the instigation of the some of the middle ranking senior officers within the organisation. Following the self-assessment, the local authority awarded itself a score of fair, which was the middle category of CPA. In actual fact, the council subsequently recorded a score of "weak" in its first CPA inspection, one category below that

which it had self-assessed at. No action was taken in between the self-assessment and the actual CPA inspection, with the "fair" score considered a reasonable place to be starting out from.

What is interesting is the contrast between the two organisational approaches. Firstly, one review was undertaken by external peers and the other undertaken internally by the "extended management team", which included the heads of service. This demonstrates a number of the elements identified through the GLO interview including a contrast between the level of potential insularity within the two organisations as well as the presence of denial.

In Council B there was enough self-awareness of the situation in some quarters to instigate the peer review in the first place, thereby showing a lack of insularity and a willingness to look outside the organisation. However, this was driven from the middle ranks of the organisation, there still being a lack of self-awareness at the higher levels. This translated into leadership denial when the IDeA's poor result was reported. The IDeA were regarded by the leadership as "just a bunch of amateurs, they don't know what they're doing". In Council A, a lack of self-awareness linked to both insularity and denial is typified by the internal nature of the review and its findings being a whole category below the subsequent actual CPA score. In this organisation, the sense was that the 'mock' CPA review had been done as a reasonable part of the process, rather than being done to "hold up a mirror" as in the first organisation.

In both organisations however, it is interesting that despite the presence of strong and dysfunctional leadership at the top, managers lower down the organisation were still able to bring about the pre-emptive reviews in the first place, which runs counter to some of the literature around capability and capacity (Turner et al 2004, Turner and Whiteman, 2005) and permanently failing organosations (Jas and Skelcher, 2005)

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CPA as a Catalyst for overcoming Denial?

It was clearly apparent from the interviews with the local authorities that CPA acted as a catalyst for improvement in all three organisations, although to differing degrees. In Council B, the pre-emptive strike had led to the replacement of the CEO one year prior to the formal CPA inspection. A lot of work had been done during the intervening 12 months to try and correct the organisation, yet the initial CPA result was still "weak". In Council A, there was denial that there was a problem prior to the CPA inspection. In both organisations, for different reasons, the response to the announcement was one of shock and surprise. For instance,

"The initial view of the cabinet and the corporate management team was aghast" (Council B)

and similarly,

"it was a quite difficult meeting because, I have to say, our members didn't accept that we were a weak organisation" (Council A),

or

"the organisation was shocked by the CPA result. There was a sense of shock, there was a sense of shame, a sense of disbelief" (Council B).

However, the poor performance identified by the CPA inspections allowed there to be a focus on improvement which was put to good use by the organisational leadership, in both cases, resulting ultimately in new leadership appointments. In Council A, CPA was described as a "catalyst" for change.   In Council B, the CPA

regime was an enabling force for the newly appointed CEO, helping to provide the focus needed for change to occur.

"From the [new] CEO's perspective it was the best thing that could have happened because it rallied the troops in a way that nothing else could have done". (Council B)

And again, "the initial trigger was the CPA score. After that it was about self-awareness and where we wanted to be. Once we'd started on this journey of improvement it became infectious".

Councils A and B were able to use the poor CPA score as a galvanising event (Moss-Kanter, 1983) to un-freeze the organisation (Lewin, 1947) and set about trying to change things. These two aspects are interesting in there own right, but what was also evident was the pride and enthusiasm conveyed by the interviewees regarding the ownership that the staff, management and members within the organisation felt they had in both wanting to improve and being able to achieve it. This sense of pride had not existed prior to CPA.

Conversely for Council C, the CPA regime did not act as the direct or only trigger for improvement. The organisation remained weak during the early years of CPA and only started to improve part way through the process following a change in political leadership who then removed the incumbent CEO and, after a period with an interim, appointed a new permanent CEO. This is discussed further in a later section. However, what was evident from this interview was that despite the time delay, without the CPA acting as an external threat to the organisation, change was unlikely to have occurred in the way that it did.

Organisational Outlook and Governance

The first thing to say briefly in this section is that all three organisations were run by longstanding Labour administrations. This is merely an observation of the three organisations studied and not necessarily an underlying reason for poor performance as some Labour administrations also ran good and excellent performing local authorities throughout the CPA regime (Murphy, Greenhalgh and Jones 2011). What is more interesting is that two Council's, A and B, were described as having been at the time of CPA traditional, old school Labour by the interviewees, where-as Council C is described as being entrepreneurial in outlook.

Taking the local authority described as entrepreneurial first, what was different about this organisation was that prior to CPA the leadership had set out to create an organisation focussed on customer service and flexibility. This had resulted in a matrix style organisational structure and an outlook that, at least within the upper echelons of the management team, sought to improve conditions for local people. It had even embarked upon a leadership development programme for young "leadership talent" within the organisation, which was referred to as "capacity building". However, what became apparent from the interview was that there was a perceived lack of corporate skills and abilities, structures and processes to carry it out this ambition. Three times in the interview this was referred to as a lack of "organisational maturity". There was no sense of governance within the organisation making it difficult for it to gel, with an apparent lack of boundaries and rules for officers to work within.   The CEO was described as not valuing the input that the professions (finance, audit and back office) could have to decision-making. These services had been marginalized and held no power or respect within the organisation. This led to decisions being taken on the whim of the service directors, in audience with the CEO, rather than being properly thought through in line with the organisation's strategic direction. The organisation was described as being "maverick" and the period of the early

years of CPA were referred to as "crazy times". The emphasis on lack of organisational maturity by the interviewee, gives the sense of an organisation that was setting itself laudable objectives, but which would never be able to achieve them due to the ineffective way in which it was structured, controlled and managed.

For the councils described as old-school labour (Councils A and B), leadership played out very differently in the two organisations despite the elected Leaders of both organisations at the time of CPA being long standing elected officials with a history of militancy. In one organisation there was a cosy relationship between the two fulcrums of leadership (elected leader and CEO), but in the other there was a sense of all out war. In both organisations, views of the external needs of the populous tended to be tied up in the view that "we (the elected members) know best", and this was to some extent mirrored by the officers as well.

For Councils A and B, the organisational outlook was also "old fashioned". There was little or no awareness of the need to work with other public service providers to set standards and deliver services. Working in partnership for Council B was seen as an anathema, something that had been tried in the past but which had not worked and was therefore not to be countenanced again.

Much of the success in turnaround for Councils A and B was based on improved and innovative approaches to partnership working and the use of information technology (IT) to underpin both front line and support service activities. When asked if such approaches would have been adopted in the years leading up to CPA, there was an unequivocal no from both organisations. What came through from Councils A and B, in contrast to that of Council C, was that there was a lack of ambition at the time of CPA to go beyond the traditional ways of working and service delivery. However, there was a similarity in that all three organisations could be said to have displayed organisational immaturity. The first has been

dealt with in the previous section, in that it lacked the organisational capacity and capability to carry out its ambitions. With the latter two, the lack of maturity allowed the organisations to stagnate rather than develop and grow in line with their wider environmental requirements, both at a local and governmental level.

This lack of maturity in all three organisations seemed to stem in each case from a lack of suitable governance, resulting in each falling short of the basic requirements needed to anchor an organisation within its environmental needs. In the eyes of the respective interviewees at least, all three organisations lacked what were regarded as the fundamental building blocks to effective governance; namely strategic/corporate planning mechanisms and performance management systems. None of the three organisations produced a corporate plan at the time of CPA. This is surprising, as it would seem to be a basic requirement of any organisation that it knows where it is going and this is usually encapsulated within a corporate plan. Also, local authorities are required to produce a number of annual plans as part of their legal duty to provide best value. Never-the- less, each organisation was criticised under the first CPA inspection for not having a corporate plan in place.

Similarly, there were no performance management systems used by the organisations to assess their own performance. Budget monitoring took place, as did the reporting of national KPIs, but these were not translated into effective internal performance monitoring systems. Indeed, according to the interviewees, such systems appear to have been regarded in some organisational quarters as unnecessary bureaucracy, rather than being seen as a way of contributing to organisational performance. Also, in two of the organisations there was a traditionally bureaucratic organisational structure, which, despite the size of the corporate management teams at the time, still tended to be highly centralised with little or no delegation. This manifested itself variously in "a lack of trust", "micro-management" and a "silo mentality". Decision-making seems to have

been based on at best partial and chaotic information and at worst was focussed on maintaining the status quo and not "rocking the boat".

This discussion of the three organisations so far, shows a number of the elements identified by the GLO. The lack of maturity evident in all three is symptomatic of a lack of corporate capability and capacity, ineffective leadership styles, denial and insularity. The lack of performance measurement systems is also symptomatic of service failure, as not knowing how a service is performing would be a major contributory factor to it performing badly, or at least not performing as well as it could do. Much of this is tied up in the organisations having poor, or inadequate, organisational structures. Structural organisational responses to poor performance occurred post CPA in all three organisations but at different times and for different reasons. In Council A, the CEO and elected Leader were removed from the organisation but not as a direct result of the initial CPA inspection. However, as they were removed for serious flaws in senior leadership competence, this probably contributed to the underlying poor performance of that organisation. In Council B, the CEO was removed prior to CPA as a result of a peer assessment exercise (see above). In Council C the incumbent leadership at the time of the first CPA inspection (officer and member) stayed on until after the local elections one year after the first CPA score was announced. This particular issue can be linked to the abnormal factors referred to earlier, related as it was to looming local elections that were going to be impacted upon by boundary changes meaning that the then ruling party new it would not be the ruling party after the elections. This resulted in a "maverick, gung-ho approach from the members" in Council C, effectively delaying the possibility for performance improvement. In all three organisations, it was not until changes for whatever reason had come about at the top of the organisations, that restructuring and the introduction of improved corporate governance arrangements could be brought in.

Organisational Understanding

From the above discussion identifying a lack of governance within the organisations, it is perhaps not surprising that the interviews also brought out a sense that each organisation displayed a total lack of organisational awareness and understanding. This aspect is to some extent difficult to pin down, as organisations are of course not thinking, living beings in their own right, but are rather a collection of people and individuals that together make up what might be termed the organisations consciousness. For an organisation to understand itself, is actually to say that the people working within the organisation understand how it works, its good points, its failings and where perhaps it sits in relation to its peers (if indeed an organisation can be said to have peers). For the purposes of this study, and this section in particular, it is a question of who within the organisation was aware of the organisational failings and what information was being gathered to assess how the organisation was performing.

As has already been discussed above, there was clearly a lack of self-awareness in all three organisations at quite high levels within the leadership. Furthermore, the normal corporate governance practices of strategic planning and performance management were absent, and this was probably symptomatic of a lack of self-awareness. Related to these aspects, a number of other factors were identified in the interviews, which it is worth discussing further here. The two main areas of commonality that came out of the interviews were those of customer satisfaction and staff satisfaction. None of the organisations were actively undertaking customer satisfaction surveys at the time of the initial CPA inspections and as such each lacked any understanding as to how they were perceived by their service users. In this sense, "customer satisfaction" is being used as a term put forward independently by each of the interviews when referring to feedback gathered from service users, council taxpayers and the local business community.

It is clear from the interviews that customer satisfaction surveys are now seen by all three organisations as a valuable source of feedback both in terms of organisational performance ie 'how well are we doing?' but also in terms of identifying what services should be provided by the local authority and to what intensity and standard ie 'what should we be doing?'. As such it is now seen as both a planning system and a feedback system. At the time of the original CPA inspection however, it was not undertaken at all. This is an example of insularity, and also could have been borne out of the "we know best" mentality discussed earlier. However, it could also have been due to a fearfulness of what might have been discovered, both in terms of how badly the organisation was perceived by its service users, and also in terms of the potential consequences for change that could have resulted from undertaking such consultation exercises. This was not developed further in the interviews, but is something that can be returned to later in Document 5.

In a similar way, staff satisfaction surveys were also not carried in out in two of the three organisations, and for these the same comments can be made as for the lack of customer satisfaction surveys. In Council A, staff satisfaction surveys were undertaken around the time of the first CPA inspection and the discussion on this was quite illuminating. Two key points arose from the interview. Firstly, that there was a general understanding from the interviewee that at the time of the CPA inspection, staff were embarrassed to work for the organisation, and indeed "were so embarrassed to be associated with the organisation that they used to sneak out the back door". The second point is that when the first staff satisfaction survey was undertaken, the results were so poor that the then chief executive refused to publish them. In part, this potentially demonstrates a sense of shock and embarrassment at the results, each of which could be associated with denial. However, failing to publish the results would also send a negative message to the staff. Either that the results were so poor that the council must by association be a poor employer, or that the management and leadership of the

organisation were simply not interested in the outcome of the survey, and nothing would come of it. Later surveys have shown improvements in staff satisfaction and have needless to say been published. Clearly staff satisfaction surveys are only one way of engaging with staff and are essentially a data gathering exercise. It was apparent from the interviews that other methods of engaging with staff, workshops, bulletins, roadshows etc were also not used at the time of the first CPA inspection and as such this wider ability to engage with staff and communicate in more than one direction was lost.

The lack organisational understanding discussed here also links closely to the GLO elements of poor stakeholder management and poor external collaborations. Neither the internal nor external stakeholders were effectively engaged with by the local authorities prior to CPA resulting in decision-making that was apparently divorced from the organisational environment.

Dealing with the money

All of the interviewees had held finance related positions within their organisations and it is perhaps for this reason that financial management was referred to in all three cases. The aspects discussed in this section relate closely to the elements of poor prioritisation and poor financial management identified by the GLO, but also link in with other elements such as lack of capability and capacity, poor leadership and to an extent insularity. Two main issues arose from the interviews with regard to financial management; financial planning and financial control.

Financial planning was referred to in all three organisations as something that wasn't done very effectively at the time of the first CPA inspection. In two organisations there were similar but opposing reasons behind the lack of financial

planning. They were similar in that they both demonstrated a poor ability to prioritise financial resources effectively. However, the symptoms displayed were quite different.

In Council A, financial reserves had been accumulated over the years so that at the time of the first CPA inspection they were equivalent to one years revenue spend. This means that money was essentially sat idle, rather than being used to provide services. Although local authority finance is a complicated area, the impression given in the interview was clearly that in the past, either council tax levels had been set too high, or the level of service had been too low to generate such year on year surpluses. In either event, the impact on the local community was negative due to poor financial management. In Council B, council taxes had always been set low, mainly as an ideological requirement of the incumbent administration. While there is nothing necessarily wrong with this as a number of local authorities aim for low council taxes as a strategic priority, in this case there was no consideration of the impact this approach had on service delivery. The council also suffered historically from a low government grant settlement and as such its strategy for setting low council taxes effectively starved it of resources. This was combined with an inability to prioritise resources within the organisation. "the members will tell you what their priorities are until the cows come home, but ask the Leader to set out what the main priorities are and he turns his mobile off for a month".

In both these organisations, changes in financial management have subsequently been made. The large reserves of Council A have now been used as part of the transformation of the organisation. As the interviewee said, "needless to say, I have now spent the lot". Conversely in Council B, successive council tax rises have allowed for a balancing of the budget and the creation of a transformation reserve for targeted investment in improved services. Both of the interviewees also admitted that historically the organisations had been very poor at tapping

into alternative sources of funding. Such sources would include grants on offer either for general improvements or specific purposes, and often require or result in collaborative working with other parts of the public sector. The interviewee from Council B described the organisation as now being "more confident at applying for funds" than it has in t the early years of CPA.

For Council A, a stark illustration of the problems it faced is given in the following example.

"I went to a business transformation meeting and all the other councils in the county were there because we had an e-government partnership that had secured £2m worth of funding. Every half an hour that passed in the meeting my jaw dropped another half an inch because it was quite obvious that everybody else had been meeting for an awful long time and they'd been talking around things about customer care and customer access and e-government … because e-government really drove the transformation of local authorities within the early 2000s ... and we hadn't participated………………and I came back and I said to the Leader "we're in trouble with this". Everybody else had bought a customer relationship management system and they'd had it bought through the e-government money. We just said "nah… not really bothered about doing that" and at the 31st March the then local government minister said you will do this as of right, you will do this by law".

Through a lack of engagement with this important aspect of transformation, the organisation had missed out on the opportunity to get government funding for what became a compulsory requirement and therefore had to fund the project itself. Not only is this aspect related to poor financial management, but it is also reveals a degree of insularity and lack of corporate capability. In relation to the above point, the interviewee went on to say.

"We had an e-government champion, and whoever appointed them had got a sense of humour as they couldn't even switch a computer on. Its not that you need to know.. how to switch it on and work it, but you need to know the capacity of technology and what it will do for your organisation and I don't think they did".

In Council C, poor financial management was typified by a total lack of control both in assigning resources and in controlling them. Decisions on spending were taken without the necessary regard to for appropriate financial process and the views of the Director of Finance were not taken into account in decision making. As mentioned previously, the professions had effectively been cut out of decision-making. This was nothing to do with the abilities of the Director of Finance, "he's still in post under the new regime and doing a very good job", but was more a function of the chaotic management structure under the then CEO. Furthermore, there was a tendency to overspend service budgets within this organisation, without regard to the potential overall financial position. This aspect was not evident in the other two organisations.

Conclusions

This chapter summarises the main findings that emerged from the four interviews undertaken as part of this research. The findings are grouped together according to common themes, rather than taken on an interview-by-interview basis. The themes identified are as follows:

- **Theme 1 – Resources; the problem or the solution?**
- **Theme 2 – Leadership; wrong type, wrong direction or just wrong?**
- **Theme 3 – Not knowing; head in the sand, arrogance or ignorance?**
- **Theme 4 – The role of middle management; seeing it coming**
- **Theme 5 – Abnormal Circumstance; Cause or Effect?**
- **Theme 6 – The CPA; Trigger, or Carrot and Stick?**

An initial attempt to link the findings back to the literature review is also undertaken although this will be explored further in the final thesis. To assist with this the conceptual framework for the literature review (Aspects of Strategic Turnaround) is given in Appendix D. As this part of the research focuses on interpreting what were perceived by the interviewees to be the underlying reasons for poor performance, the conceptual framework is not wholly applicable dealing as it does with the full turnaround cycle. However, in the sense that recognising failure is 'ground zero' of the turnaround process, it is a useful start point for interpreting the findings of the interviews ex-post (inductively) against established theories. The shaded boxes in Appendix D represent those aspects of the conceptual framework/literature that are thought to have been reflected in the interviews.

The main issue with writing the conclusions is where to start. A number of findings were observed from the data collected in the interviews and it has been possible to group these findings together to give an account of the situation

facing the organisations at the start of the CPA process. The findings are not treated in order of importance, as all are equally useful observations. What is more striking is that the stories told by the three interviewees in the local authorities, and that of the government lead official, did display a high degree of commonality. The number of organisations observed is small at only three, and even though the GLO had a wider experience of both the process of CPA and the range of organisations, this additional contribution is limited as it is only the viewpoint of one individual – other GLOs may have had different experiences and perspectives, which may have resulted in a different set of findings being developed.

Never the less, the four interviews did show a degree of commonality in many respects that can be taken as a measure of triangulation, and hence ecological validity, from which generalisation can be made. Indeed, of the three organisations examined, Councils A and B showed similar traits internally, and to an extent mirrored what had been identified externally by the GLO, whereas Council C followed a different journey. Despite this, even Council C shared, at a basic level, some of the same perceived flaws experienced by the other two. It is also important to recognise that all of the interviewees were addressing the wider issue of strategic turnaround and as such the observations made here could only be said to be generalisable to other turnaround organisations. Those organisations that remained relatively poorly performing, or those where performance declined, may have offered up alternate accounts of what was perceived to lie behind poor performance. It would be interesting as part of a further study to see if the findings of this study were mirrored in such organisations.

Theme 1 – Resources; the problem or the solution?

A useful starting point is the observation that a lack of resources was not held to be the main problem facing the organisations as a reason for poor performance, although it was often included in the discourse of such organisations prior to CPA. What came across from the interviews was a sense that at the start of the CPA process the rhetoric from local authorities "justifying" poor organisational performance, was that an appropriate additional injection of resources would have allowed them to be better organisations. With the benefit of hindsight however, the local authority interviewees now recognised that this was not the main problem, nor one that could not be easily overcome. Indeed, for one organisation the financial problem encountered was that resources had been squirreled over the years, rather than employed in improving services.

The repertory grid findings indicated that from the GLO's perspective, finance was very much within an organisations' control to manage and prioritise and this was essentially a simple process. The need to reprioritise resources, and also recognise that financial constraints were part of the environment that needed to be managed, came across as being a failing arising from poor strategic management and leadership which, if dealt with properly, could be overcome quite simply.

In this theme therefore there was a high degree of independent triangulation from both within and between the internal and external perspectives that a lack of resources was not the cause of organisational poor performance. Rather it was the ineffective use of resources available, and their deployment through other strategic processes, that contributed to poor organisational performance in other areas.

Theme 2 – Leadership; wrong type, wrong direction or just wrong?

The main theme arising here is that the strategic leadership of the organisations that were failing appeared to play a significant part in contributing towards poor performance in the first place. The sense conveyed in theme 1 that an organisation's problems were of its management's own making, and was something that could be managed out of, was also reflected in non-financial issues such as a lack of organisational and environmental awareness and a lack of stakeholder engagement. Such processes were typically under the organisational management's own control but were let down by lack of strategic leadership and management skills which included a lack of appropriate capability and capacity, something also borne out by the literature (Turner et al 2004, Turner and Whiteman 2005).

Two of the three organisations studied were typified by traditional and long-standing approaches to leadership resulting in an intransigence to change. Even the one organisation that sought to be at the "leading edge" found itself to be overstretched, without the necessary strategic capability and leadership abilities to manage these aspirations.

Common to all four interviews, was the inherent lack of any process that could be construed as strategic planning at the start of the CPA regime. This absence resulted in organisations missing out on the wider picture of both opportunities (eg funding and partnering) and threats (at the extreme even including a perception that if ignored, the CPA would at some point go away), and was rooted in a "we know best" attitude.

Furthermore, the relationship between CEO and Elected Leader was key and could be equally problematic if too cosy or if too adversarial, as this diverted focus

away from a strategic organisational awareness. This extended to respective

expectations of the management team (officers) and elected members, with

members being presented as being disengaged from the leadership and

management of the organisation and organisations being described as officer led

rather than member led, a key finding from the literature (Joyce 2001, 2004,

Mordaunt and Cornforth 2004).

Another term often used in the local authority interviews was "dysfunctional",

relating both to management/member relationships and structures, as well as the

interface between the organisation and its partners and /or key stakeholders eg

Government, other public bodies and service users. This also links to a lack of

leadership adaptability (Parry 1999). Dysfunctional Leadership can be seen as a

generic term encompassing many of the elements arising from the GLO interview.

Theme 3 – Not knowing; head in the sand, arrogance or ignorance?

This may seem an oversimplification and, to some extent, an obvious observation

to make. However, it is significant that it was not recognised by the top

leadership of the organisations at the time of the initial CPA inspections that the

organisations were poorly performing, but only ex-post. This is also symptomatic

of many of the problems asserted by the GLO and cuts across other elements

raised in that particular interview such as insularity and denial, as well as poor

collaborations and stakeholder management. It also mirrors one of the key

findings in the literature review that failing local authorities lacked the cognition

to recognise there was a problem in the first place and as such were unable to set

about correcting it (Turner et al 2004, Turner and Whiteman 2005).

Linked to this aspect was the lack of any engagement with organisational

stakeholders, whether these were external or internal. Customer and staff

satisfaction surveys as a way of gathering feedback were scarcely used, and

rarely reported on. Prior to CPA, such surveys were dismissed and not highly regarded. It can be speculated that this may have been due to a sense of fear by organisational leadership that the findings would burst the bubble that nothing was wrong, or maybe the endemic insularity commonly portrayed meant they did not even appear on the radar of those in charge. Whatever the reasons, the lack of use resulted in a corresponding lack of organisational awareness as to what could be improved and how. Similarly, organisational leadership was reported as being confused, chaotic and complex and in any event dysfunctional or inappropriate and there was a strong sense of their being a lack of willingness to look to other organisations/partnerships for ideas. It was also apparent that leadership, flawed though it was, operated in a top down, exclusive fashion symptomatic of a "we know best" attitude. This kind of entrenchment was described by Meyer and Zucker (1989) as permanently failing and as organisational inertia by Shaw (1981) and is typical in the literature of poorly performing organisations.

Theme 4 – The role of middle management; seeing it coming

Interestingly, the interviews with local authorities identified that there was an awareness that strategic management problems existed by those lower down the managerial (officer) ranks, prompting what have been described as pre-emptive strikes prior to the initial CPA inspections to raise awareness and lay the groundwork for changes that needed to be made. This finding adapts and builds on the theory that organisations can be classified as permanently failing, as identified by Jas and Skelcher (2005) and discussed in the literature review (document 2). However, the findings of this research suggest that internal organisational behaviour is perhaps more complex and that "permanently failing" as a label probably applies more to the top organisational leadership rather than the latent potential that exists within the organisation – ie people need to be given a voice and opportunity to apply themselves and/or develop and grow, a

finding also identified by Paton and Mordaunt (2004). The CPA regime through identifying poorly performing organisations, and by implication organisational leadership, appears to have allowed this internal latent potential to emerge from within the organisations. It will be interesting to see if this is borne out in the analysis of turnaround processes in the final thesis.

Theme 5 – Abnormal Circumstance; Cause or Effect?

An issue raised by the GLO which did not appear in the literature review and conceptual framework was that of abnormal circumstances. The local authority interviews demonstrated that these were often present at the time of the first CPA inspection, but it is difficult to speculate as to whether these were on their own the route causes of poor performance. Such circumstances may have contributed to the paucity of strategic leadership or could have been brought on by the lack of capability. Furthermore, the presence of such abnormal circumstances took up time and resources to solve within the organisation and were a distraction that made it difficult for recognition that there was an underlying bigger problem. Similarly, they could also have exacerbated denial and intransigence through overloading.

Linked to this is the finding from the local authority and GLO interviews that poor performance was often linked to there being multiple failings occurring within the organisation. Again, cause and effect is difficult to judge at this stage. Were these multiple failings caused by the paucity of leadership, or did effective leadership become difficult to achieve due to the range of issues going on at the time?

Theme 6 – The CPA; Trigger, or Carrot and Stick?

Another finding of the research was that the CPA process was specifically referred to as a "trigger" by the local authority interviewees, without which subsequent change would not have occurred. The term trigger was used in the sense of a catalyst for change; both to recognise that there was a problem in the first place and then to go on and do something about it. The CPA was particularly useful it seems in identifying that the organisation was poorly performing, overcoming internal denial to this revelation, as well as providing a trigger to work more collaboratively and to bring out the latent potential referred to in theme 4. Denial was referred to in all four of the interviews as were issues regarding insularity. It could be inferred from this that organisational leadership did not have the where-with-all to look outside the traditional approaches they had employed. In the literature this cuts across the ideas of the success fallacy (Jas and Skelcher 2005) as well as stress/threat rigidity (Shaw 1981).

In summary, a number of key findings have resulted from the inductive qualitative analysis including the development of ten elements that contributed to poor performance from the GLO's perspective and a further 6 themes from the local authority interviews. These findings have, in some respects, shown some similarity to the findings of the literature review and also across and within the external and internal perspectives analysed through the GLO and local authority interviews respectively. From a critical realism perspective therefore, some generalisations can be made about the possible causes of poor performance in turnaround local authorities.

Poor strategic leadership capability and capacity, an insular approach to problem solving and a "we know best" top down approach to management significantly undermined organisational ability to recognise poor performance and take steps to correct it. This was typified by chaotic and dysfunctional management

structures and poor stakeholder awareness and management. The CPA regime acted as a trigger for overcoming both the lack of organisational self awareness and denial, although there appeared to be some awareness lower down organisational management structures that all was not well. Also poor organisations were typified by a lack of elected member engagement in strategic leadership. Finance, or lack of it, was not an underlying cause of poor performance but rather it was the inability to prioritise resources effectively, due to the impact of this poor strategic capability that contributed to poor performance. Finally, it is striking that although external pressures clearly contributed to the state of affairs, the underlying problems were largely under the control of the organisational management. If these underlying leadership and management problems had been resolved earlier, then not only would organisations potentially have not been regarded as poorly performing, but also they would have been better placed to deal with abnormal circumstances as and when they arose.

Appendices

DBA - Document 3

Key Informant Interview Themes

For use with Senior officials within turnaround councils.

At this stage (Doc 3) the interviews are focused on officers only. Elected members are anticipated to be used in the final study (both majority party and other)

The general purpose of the interview is to gather evidence from senior officers on the strategic turnaround process and its sustainability. The findings will be linked back to the conceptual framework from the literature and the findings of document 4 on specific councils with further research being undertaken into the inspection reports of each council.

The interview is semi-structured and is intended to be as free flowing as possible at this stage to allow the official to tell the story of their council's turnaround.

The general structure is based as follows:

Pre-CPA inspection – (reasons, announcement, reaction,)- 15 minutes
During the turnaround – (what and how and when) – 30 minutes
Post-final inspection – (announcement, reaction, current environment)- 15 Minutes

Post Script – Follow up Doc 5. Animal and Car describing council – plus explanation

Interviews will be confidential

Interviews will be recorded if acceptable to the interviewee

While the interviews are intended to be free flowing and story telling, the following prompts have been devised to give the story a beginning, middle and end and to manage the time available.

Pre-Initial CPA Announcement

- What were the main causes of poor performance
  - As per the CPA inspection
  - As viewed from within the council

- Prior to the announcement did the council perceive itself to be poorly performing?
  - Was there a different view between officers and members

- In the period leading up to the inspection how would you describe the stability of the council
  - Political control
  - Officer/member relations
  - Leadership (where did this come from?)

- Did the CPA act as the trigger for improvement and if so why?

- How was the announcement received

  - Members
  - Officers
  - Leadership

During Turnaround Process

- To what extent was intervention used throughout the turnaround process

- Was the level of intervention supportive/useful/inhibitive?

- How easy was it for the council to come to terms with the need to turnaround
  - Timescale
  - Key players
  - Denial v Ownership

- What were the key milestones/critical incidents that stood out for you during the turnaround process (linked to point below)

- What strategic processes were changed or introduced to bring about the required turnaround (spend time on this aspect as it covers a lot of ground)

- How did the outlook of the council change when deciding to turnaround

- Who do you feel led the turnaround process (individual or group)

- How would you describe this leadership approach

- Which of the following words would you associate with the turnaround process (could be extremes or a mix of both):
  - Operational or strategic
  - Retrenchment or renewal
  - Replacement or realignment

- o Permanently failing or self correcting
- o External trigger or internal trigger
- o Singularity of approach or duality of approach
- o Box ticking or embedded change
- o Intervention or engagement
- o Turnaround or revitalisation
- o Internal causes or external causes

- To what extent were the changes you have made targeted at sustainable improvement

- To what extent did you face/overcome issues of strategic capability and capacity

Post-Final CPA Announcement

- How was the revised assessment received

  - o Member
  - o Officer
  - o Leadership

- Environmental changes have occurred since the revised assessment, what are the key strategic challenges now facing the council?

- Following the revised assessment, to what extent will the changes you have made to the running of the council support or inhibit your ability to respond to these strategic challenges?

Post Script

Are you willing to be involved in the interviews for the final part of the study which is intended to review specific case study councils in more depth?

What animal and car would you use to describe the nature of the council:
- Pre-initial announcement
- During turnaround process
- Post-final announcement

What specific attributes of each lead you to this choice?

Using the repertory grid to undertake a semi-structured interview of a "key informant"
(adapted from Jankowicz 2005)

The repertory grid is semi-structured interview technique that allows the interviewee to identify a range of elements associated with/important to a particular topic, compare them and come up with a range of perceptions against which the elements can be scored, for example how could one or more elements be regarded as similar or different from the others. In this way the interviewee's own personal understanding can be elicited from the interview directly, rather than being guided/constrained by the interviewer's own understanding of the topic.

Once identified, the elements may be interpreted in groups of three as a sequential triadic.

The process involves four stages:

- Agree the subject matter under discussion – The Topic
- Identify a range of components relevant to the topic – The Elements
- Identify opinions/view points relevant to the elements
- The rating of elements on constructs

The first part of the interview requires the production of the repertory grid itself. In the second part of the interview, the grid will be used to score the various aspects under consideration.

The Topic is **contributing factors to sustainable turnaround in failing local authorities** using CPA as the measure of relative weak performance versus excellent performance

The Elements should be those aspects/issues/processes etc that contributed to improved and sustained performance. They may also be reasons for/causes of underlying poor performance. They do not have to be homogenous to all situations and could relate to one, some or all situations. A wide range of elements can be used (for example 10 and above)

Three elements will then be compared in turn, identifying what makes two of them similar and the third different. This can be in any order within the three elements. We then need to agree on a form of words that shows the opposite ends of this similarity. A simple example would be extremely effective versus extremely non-effective. This will then be used as a rating scale against which all elements will be measured in the second part of the interview.

Once all elements have been dealt with in this a way and a range of

viewpoints have been identified, each element will be assessed against

each viewpoint using a 5-point scale between the two polar points of view.

Appendix C

REPERTORY GRID – CASUES OF POOR LOCAL AUTHORITY PERFORMANCE

	1 end of the scale	1 Lack of corporate capacity and capability	2 Lack of strategic leadership skills	3 Abnormal factors	4 Denial	5 Insularity and lack of self awareness	6 Poor external collaboration	7 Poor stakeholder management	8 Multiple and major service failings	9 Poor prioritisation of resources	10 Poor financial management	5 end of the scale	Freq 1	2	3	4	5	Mode	Median
1	Multiple and complex issues involved	1	5	2	5	3	2	2	1	4	5	Simple issues involved	2	3	1	1	3	5	2.5
2	Difficult to quality assure (complex sources of info)	1	1	2	5	2	2	4	1	4	5	Easy to quality assure (available evidence)	3	3	0	2	2	1	2
3	Prevents/Inhibits recovery	2	2	3	1	3	3	3	1	2	3	Promotes/contributes to recovery	2	3	5	0	0	3	2.5
4	Outside organisational control	3	4	1	4	5	3	4	5	5	5	Within organisational control	1	0	2	3	4	5	4
5	Long term solutions necessary	3	4	1	5	4	3	4	3	4	3	Short term solutions possible	1	0	4	4	1	3	3.5
6	Problems are unique to individual organisations	3	4	1	2	2	4	2	5	5	4	Problems are generic across organisations	1	3	1	3	2	4	3.5
7	Multi-disciplinary issue (matrix)	1	1	4	1	3	3	3	2	2	5	Single professional discipline (silos)	3	2	3	1	1	1	2.5
8	Multiple and several authority and responsibility	4	5	3	5	4	4	4	3	5	4	Direct/individual control over outcomes	0	0	2	5	3	4	4
9	Multiple and complex responses required	2	2	2	5	5	4	3	1	3	4	Simple responses required	1	3	2	2	2	2	3
10	Intransigent Organisation	2	1	3	1	3	2	3	2	2	3	Continually changing organisation	2	4	4	0	0	2	2

Aspects of Strategic Turnaround (From Document 2)

LEADERSHIP APPROACH		STRATEGIC APPROACH		TURNAROUND APPROACH	
(-)	(+)	(-)	(+)	(-)	(+)
Exclusive	Inclusive	Planned and Rational	Planned and Emergent	Operational	Strategic
Charismatic	Team	Polarised	Holistic	Retrenchment	Renewal
Strategic Focus	Comprehensive Focus	Specificity (Homogenised Stakeholders)	Ambiguity (Complex Stakeholders)	Replacement	Realignment
Success Fallacy	Enlightened	Strategic Adjustment	Strategic Change	Permanently Failing	Self Correcting
Officer or Member	Officer and Member	Top Down	Bottom Up	External Trigger	Internal Trigger
Personal Vision	Shared Vision	Rigid	Flexible	Singularity of Approach	Duality of Approach
Negative Vision	Positive Vision	Officer or Member	Officer and Member	Box Ticking	Embedded Change
Stress/Threat Rigidity	Enhancing Adaptability	Incremental	Prioritisation	Intervention	Engagement
Dictatorship	Facilitating	Enforced	Owned	Turnaround	Revitalisation
Partial 3cs	Complete 3cs	Existing	Future	Internal Causes	External Causes

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Document 4 – Structured Analysis

Exploring Strategic Turnaround in English Local Government

Martin Jones

2010

Please note that for the purposes of the overall study, document 4 has been submitted before document 3. The reasons for this are explained in the document.

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List of Tables

Introduction

This study undertakes a quantitative analysis of the available data surrounding the Comprehensive Performance Assessment (CPA) of English Local Authorities in order to identify possible turnaround characteristics within those authorities that were identified as either poorly performing or failing. This document forms part of a wider Doctoral study into sustained turnaround in English Local Government and will contribute towards the development of a final thesis of the key issues that can affect and promote sustained turnaround within the sector.

The Doctorate of Business Administration (DBA) to which this study contributes is part of a structured programme offered by Nottingham Business School. Under the DBA programme a series of studies are required including a structured analysis, a quantitative analysis and a final thesis. Ordinarily, the qualitative analysis is scheduled to take place before the structured analysis. In this case however it has been decided that it will be more beneficial to the whole project to undertake the structured analysis first. The main reason for this is that the overall purpose of the DBA study is to examine a number of case study organisations that have exhibited sustained turnaround characteristics under the CPA regime in order to establish the underlying reasons for this. A large dataset exists within the Audit Commission of publicly available data, tracking the performance of every English local authority under CPA. It would make sense therefore to analyse this data set first, before undertaking the in depth case studies, which will themselves be more qualitative in nature. The benefits of undertaking the structured analysis first are deemed to be as follows:

- A greater understanding of the CPA process, and its development/changes over time will be established

- A greater understanding of the scope, range, types and nature of turnaround within local government can be established

- Trends in the data set can be used to identify potential areas/phenomena to examine further in the case studies

- Suitable organisations can be identified within which the case studies can take place

This study will use publicly available information to compile a dataset upon which analysis will be undertaken. The analysis itself will be tiered on three levels, drilling down from the high-level headline analysis to a more detailed analysis of interesting organisations that meet the scope and requirements of this study. The objectives of this document are as follows:

To undertake,

- A high level analysis of the main trends within the Audit Commission CPA dataset and the identification of local authorities displaying turnaround characteristics

- A more detailed analysis of the relationships existing within the data sets for those groups of local authorities exhibiting turnaround characteristics

- Specific analysis of individual local authorities that display turnaround characteristics

The document will refer to the literature review undertaken previously in Document 2 and update this where appropriate. It will also discuss the methodological issues

associated with undertaking this particular research study and consider the development of the CPA regime over its seven- year life and any impacts this may have on the methodological approach to this study.

With regard to the methodology of the research study, it has been necessary to undertake a historical analysis of changes to the various CPA frameworks applied by the Audit Commission over the life of CPA. This has been done by reviewing the published framework documents and the Scores and Analysis reports published by the Audit Commission as well as undertaking a number of interviews with the Director of Local Government Practice (a senior civil servant), who was in post during the full lifecycle of the CPA. This will be explained later in the document.

The objectives of this study are to undertake a structured analysis on the CPA datasets of the Audit Commission between 2002 and 2008 in order to establish:

- A range of local authorities exhibiting turnaround characteristics under the CPA framework that could form the basis of a future qualitative study into the processes of turnaround within English local authorities; and

- A range of lines of enquiry that could be used to form the basis of the qualitative analysis referred to above.

Background to Local Government Performance Measurement

Local government represents a unique environment with its own rules, regulations, structures and funding arrangements (Wilson and Game 2006). The formal structure of Local Government seen today can trace its statutory origins back to the mid 19th Century with the 1832 Electoral Reform Act, the 1834 Poor Law Reform and, significantly, the 1835 Municipal Corporations Act (Chandler 2007). It is perhaps the election of local councillors that is one of the defining characteristics of local government (Rhodes 1988, Stewart 2000) and separates it not only from the private sector, but also other domains within the public sector (Rhodes 1988, Leach 2006, Pratchett 2004). Wilson and Game (2006 p 93) define local Government today as a "semi-independent, politically decentralised, multifunctional body created by and exercising responsibilities conferred by Parliament".

Local authorities are complex organisations (Worral et al 1998). They provide multifunctional, and to an extent unrelated, services to the general public for example in the form of education, highways and planning, and also to the neediest members of society, for example council housing and social care. This complexity of structure, linked to the locus of power within the sector and, over time, the development of professionalisation, make it difficult to manage the strategic process (Whittington and Stacey 1994, Worral et al 1998). Overlaid with this are the modernisation changes implemented generally across the public sector in an attempt to improve the management of the sector through the introduction of private sector management techniques (Cochrane 1993, Dereli 2003, Diamond and Liddle 2005, Flynn and Talbot 1996, Pollitt 2003, Worral et al 1998). Such changes included New Public Management (NPM), the creation of executive agencies, the introduction of internal markets as well as compulsory competitive tendering (CCT) and league tables (Barlow and Rober 1996, Pidd 2005, Pollitt 2003, Wilson and Game 2006). Many of these changes were designed to make the public services, and therefore also local government, consider

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the very nature of how and why services were provided. This is sometimes referred to as Steering and not Rowing (Barlow and Rober 1996, Osborne and Gaebler 1993), meaning that public sector organisations should not automatically provide services directly themselves, but should enable services to be provided by the best means possible, whether this includes the private sector or voluntary sectors as the service delivery vehicle.

The Comprehensive Performance Assessment (CPA) was introduced in 2001 to build on the Best Value regime that had been introduced by the 1998 White Paper and enshrined in the 1999 Local Government (Best Value) Act. CPA is the process by which the Audit Commission carried out its duty under Section 99 of the Local Government Act 2003 to independently monitor, report and specifically categorize local authorities according to their performance (Audit Commission 2006). CPA involved a review of local authority performance, resulting in the publication of scores, and supporting reports, to show the relative performance of authorities nationally. These reviews involved a combination of inspection by the Audit Commission, peer assessment as well as the evaluation of National Key Performance Indicators and reports by other independent inspectorates that exist to provide assurances on public service provision in key service areas such as OFSTED, the Commission for Social Care Inspection (CSCI) and the Benefit Fraud Inspectorate. The CPA was considered comprehensive in that reviews covered all aspects of a local authority's functions including service provision, corporate strategic and management processes and the use of resources. Interestingly, the introduction of the CPA framework and assessments required no primary legislation as it developed out of the Best Value requirements enshrined in the Local Government Act 1999. However, following a number of legal challenges from some quarters contending that the CPA framework was outside the scope of the 1999 Act, it was retrospectively made the subject of primary legislation and is covered by the Local Government Act 2003 (Grace 2006). Following its introduction, the CPA evolved in response to changes in the operational and regulatory environment, rising

public expectations and the performance of Local Government itself (Audit Commission 2006). The way in which the CPA methodology evolved over time will be considered later in the document, as will the impact this will have on the research design of the quantitative analysis.

The CPA was in operation for seven years between April 2002 and March 2009.   The Government's White Paper on Local Government (2006) proposed a significant overhaul to the nature and scope of the regime and this has resulted in the introduction of the Comprehensive Area Assessment (CAA) regime from April 2009 onwards. Under CAA, performance will be assessed over all public bodies in a sub-regional area (for example a County Council Area) and, with some modifications, the main attributes of the CPA inspection and performance assessment regime will be applied to all tiers of Local Government, Fire and Police Authorities and the National Health Service. This change should not have a significant impact on this study but it will be interesting to observe reactions at the strategic level to the revised process in the next document.

There is limited literature available on local government turnaround and the CPA in particular. Consequently the detailed quantitative analysis to be undertaken by this study is unique within the literature, which gives weight to the timeliness of undertaking it. Much of the published data comes from the Audit Commission in the form of the annual summary reports at a national level of the results of the CPA findings and, in 2009, the 'Final Score' (Audit Commission, 2009), which provided a summary of the main outcomes of the CPA scoring and categorisation regime between 2001 and 2009. This is backed up over the seven years of CPA by the individual Annual Inspection Reports (generic term – they have been called a variety of things) and service inspection scores, published by the Audit Commission and the other independent inspectorates in the key service areas. It is intended that these inspection reports will be used in the final thesis of the DBA. There is no published detailed

analysis of individual council performance over the seven year period of CPA, nor as to whether any conclusions can be drawn from the published data as to the main reasons for performance improvement, or otherwise. This study will therefore examine the published information to establish which, if any, councils have been able to achieve improved performance and whether there is any evidence of the underlying reasons for this.

Local government comes under scrutiny from the public and central government due to the requirements of accountability and stewardship under which, by its very nature, it necessarily has to operate. Accountability here does not just refer to the political electoral accountability enjoyed by local politicians (elected members), although this is clearly one aspect of it. Nor does it only relate to the Political, Legal, Bureaucratic and professional accountability vested on local authority officials (Behn 2001, in Pollitt 2003). For local government organisations, stewardship is bound up in the need to safeguard public assets and tax revenues. Whereas accountability relates to the need to provide evidence that services have been delivered as appropriate to local needs while maximising the benefits that can be derived from the available resources. From this it can be seen that stewardship, as a distinct aspect of scrutiny, is in fact a subset of accountability (Henley et al 1993). External inspection regimes have traditionally been the main mechanism through which judgements are made about local government performance with regard to accountability and stewardship and in the main this has been exercised by the Audit Commission, either directly through the District Audit function, or under contract through the major Accounting and Audit firms. However, as will be seen later, these traditional audits have focussed primarily on the stewardship aspects, rather than those of accountability.

A further complication of public accountability and stewardship is that the competing and possibly conflicting demands, wants and desires of 'the public' make it difficult to establish benchmarks against which performance can be suitably measured. The

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public are made up of overlapping groups of citizens that can be described separately and independently as voters, taxpayers and service users. The first potential problem is that there is a disconnect between these three aspects. Service users may not be taxpayers and some taxpayers may only use a small proportion of the services available. Furthermore, while voters may be both taxpayers and service users, they may not actually exercise their right to vote. A second issue is that the behaviour and or expectations of the public under each of the three categories may provide conflicting viewpoints. As taxpayers, the public may wish to have a reduced tax burden, therefore reducing the money available to spend on service provision. As service users, the public may expect to have high standard services available as and when they wish to use them, thereby pushing up the potential cost of such services. As voters, the public, should they exercise their right to vote, may vote according to political preferences based on cultural or family relationships, rather than on the basis of election manifestos or past organisational performance. Overlaid on top of this is the accountability of local government to national government in terms of service delivery and value for money requirements. Thus results in public servants having multiple accountabilities (Liddle 2007). Norman (2003) (in Liddle 2007) asserts that accountability consists of four components, namely the assignment of responsibility, an obligation to answer for those responsibilities, the measurement of performance and the possibility of sanctions or rewards. Furthermore, it involves answering the following questions:

- *Outputs:* What has been achieved with resources allocated?

- *Ownership:* Is a department (or part of the government/organisation) well placed to meet the demands placed on it now and in future?

- *Strategic alignment and collective interests:* Are the goals consistent with the government's strategic goals?

- *Contribution to outcomes:* How well is the organisation doing in contributing to better outcomes? (Norman, 2003; 144, in Liddle 2007).

It is this emphasis on accountability, in a complex operating and political environment , which does not operate within a natural market mechanism, linked to the complex needs of those that local government are accountable to, that led, over time, to the development of a range of performance measurement approaches (Pollitt 2003). Such public Audit and Inspection regimes have grown up as a 4th Arm of government (Grace, 2006) in order to provide a governance framework within which the requirements of accountability, stewardship and public need can be monitored and controlled. To counter this interpretation, Liddle (2007) offers an alternative view of inspection within the sector, seeing it as a means of regulation, whereby the central government is able to control, through apparent independent inspectorates, the direction of local state agencies such as local government. Whichever view is taken, there are strong reasons to claim that these inspection regimes are socially constructed, either in relation to accountably and stewardship or regulation, rather than having a traditional scientific basis (see methodology section for further discussion).

According to Grace (2006), the development of CPA, and its predecessor Best Value, can be seen as a drive by Central Government to improve upon the traditional probity based external inspection regimes that existed pre 1997. Indeed it has been suggested by some observers that the key role of this type of external review is to support leaders in making change happen (Byatt and Lyons, 2001). While local government had for many years been subject to the Value for Money (VFM) regime which had been developed to address both the accountability and stewardship aspects referred to previously, this has been variously criticized for focusing too much on money and not enough on value. VFM emphasised the need to consider inputs, outputs and outcomes through the review of economy, efficiency and effectiveness within local government. However, invariably the focus was on the quantitative aspects of inputs and outputs

(economy and efficiency) rather than the more qualitative aspects of effectiveness and outcomes (Jones and Pendlebury, 2000). In part this may have been a result of the timing of the introduction of the VFM initiative in the early 1980s, aligned as it was to the introduction of compulsory competitive tendering which itself focused on achieving the lowest cost for pre-defined outputs, rather than on outcomes achieved. While still maintaining the need to achieve value for money, especially with regard to the increasingly robust use of resources theme over the life of CPA (which has been carried over into the CAA regime), initially Best Value and more recently the CPA regime sought to compliment the traditional probity focused aspects of inspection with a need to drive up continual improvements in public service delivery. Grace (2006), describes this as moving from traditional assurance based measures of performance to a scrutiny regime based on assurance and improvement and views CPA as a holistic measure of performance that forms an opinion by combining the service scores of a local authority (measured through the external inspections of OFSTED and CSCI for example) with its corporate performance. Furthermore, the biggest gains from the external inspection regime are likely to be felt where current organisational effectives is already weak (Grace, 2006), further highlighting the potential for overall improvement. The Table 1 below highlights the main areas into which improvement has developed over firstly the Best Value regime, and secondly the CPA and more latterly the CAA regimes. The improvement areas identified by Grace tie into the CPA regime requirements for continual improvement, effective use of resources and performance management

Table 1: Assurance and Improvement Scrutiny Aspects (Source: Grace 2006)

	Assurance	Improvement
Money and Probity	Accounts and Stewardship meet Audit and Accounts Regulation and Standards	Better financial management and use of resources
Local Services	Services meet standards and are delivered efficiently and are VFM	Better and more customer responsive services, aiming for higher standards
Local Bodies	Governance arrangements meet established standards	More effective performance and management
Partnerships	Partnership relationships and governance are functioning properly	Better partnership working leading to better service delivery outcomes
Local Areas	Services are appropriate for local needs	A better quality of life is achieved through more effective 'joining-up' and a focus on priority issues needing an area-based treatment

It is important to note however that the introduction of the Best Value and CPA regimes did not represent the first time performance within local government had been assessed. For example, there have been inspection bodies for Schools and the Police for a number of years, predating the introduction of VFM. Similarly, funding and inspection bodies had drawn distinctions between good and poorly performing authorities in the distribution of capacity building funds and with regards to freedoms and flexibilities over financial control and decision making. The CPA sought to amalgamate these disparate probity and service based regimes into a single comprehensive assessment for the first time, enabling local authority performance to be monitored and also managed in a more holistic way.

Methodology

This chapter will consider the methodological issues related to this phase of the research study. As highlighted earlier in this document, this study is part of wider research into the nature of sustained strategic turnaround in those English local authorities that have shown a sustained improvement from a position of performing poorly under the CPA regime. Other components of this overall DBA study will include a qualitative study of a small number of local authorities exhibiting interesting aspects of strategic turnaround (document 3) and finally a thesis on the nature of strategic turnaround itself (document 5). These future documents will include a methodology section relevant to the particular needs of those studies and it is expected that they will be more ethnographic (Fisher 2004, Gill and Johnson 1991, Jankowicz 2005, Saunders et al 2000) in nature than this study, which is quantitative in nature. This chapter will therefore consider the methodological framework to be employed and explain and justify the extensive use of secondary data within the research.

The Methodological Perspective of the Study

It is important for the researcher to establish the methodological foundations of the study to be undertaken. A discussion of the specific research methods used in the study will be expanded upon in the analysis section of this document. What will be discussed here is the methodological underpinning of the study.

Methodology is the broad term given to the study of methods used during research (Fisher 2004, Gill and Johnson 1991, Jankowicz 2005). Before considering the methods and techniques to be employed within the research, it is first necessary to establish the methodological framework within which the study needs to take place.

Firstly, it is important for the researcher to consider their own epistemological position in order to establish what kinds of knowledge are likely to be considered legitimate and adequate for the study being undertaken.

This study is quantitative in nature. It is common for quantitative methods to be applied under a positivist paradigm resulting in hypothetico-deductive research methods (Fisher 2004, Gill and Johnson 1991, Jankowicz 2005, Gray 2005). However, positivism does not hold exclusivity over the use of quantitative analysis and despite interpretivist methodologies largely drawing on the interpretation of phenomena established through qualitative methods such as interviews, the outputs of quantitative analysis in themselves represent observable phenomena which can be evaluated within an interpretivist epistemology (Fisher 2004, Gill and Johnson 1991, Jankowicz 2005, Gray 2005). This is particularly relevant to the analysis of the CPA dataset as, fundamentally, the overall score that a local authority achieves is a judgement based on a set of guiding principles that are socially constructed. Indeed, as will be seen, this final judgement is based on the accumulation of evidence from other independent bodies, peer assessment and to a certain extent self-assessment all of which are themselves socially constructed. This study will therefore undertake quantitative analysis on the CPA data set in order to "illuminate" (Fisher 2004 p54) potential relationships that exist between the outputs of the socially constructed CPA methodology. To further explain the reason for this it is important to understand the positioning of this aspect of the research within the overall research framework of the study.

If we accept that research is about finding out about things (Fisher 2004) and that in order to do this individuals go through a process of learning (Gill and Johnson 1991), then the process of research can be related to the experiential learning cycle attributed to Kolb (Kolb, Rubin and McIntyre 1979 in Gill and Johnson 1991) shown at Figure 1.
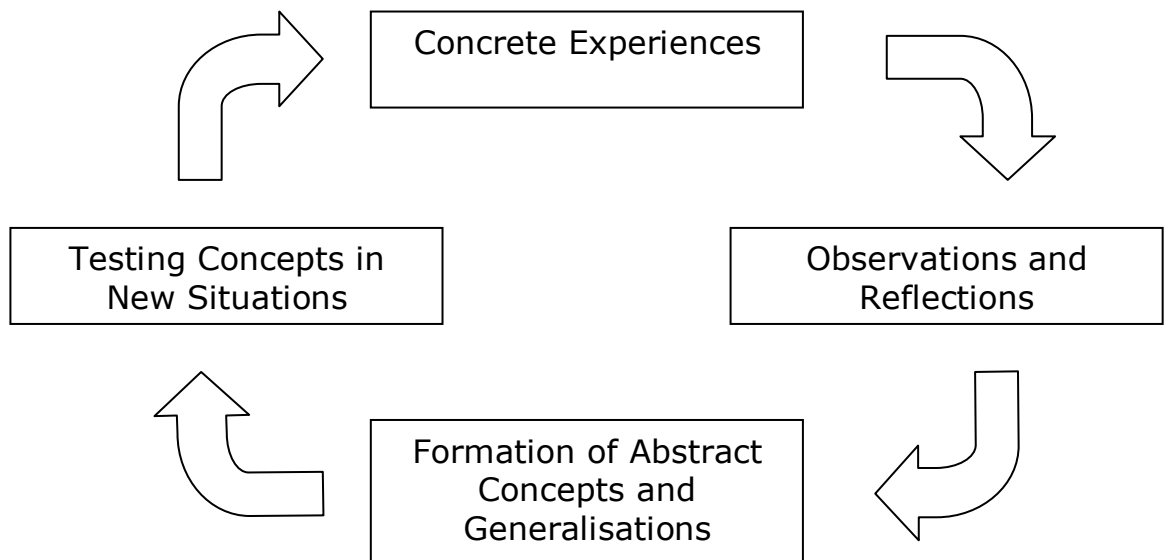
Figure 10: Assurance and Improvement Scrutiny Aspects

It is necessary to view the whole of this study in relation to the experiential learning cycle. Having worked in local government for some years, the researcher has an awareness of the CPA process but only limited practical experience. For the purposes of undertaking this study therefore the researcher was starting from a low base in terms of the subject matter. It is anticipated that through undertaking this study a greater understanding of the strategic processes at work within local government can be gained and that this can be explored further within the final thesis. In relation to the learning cycle therefore, this part of the total study will be exploratory (Fisher 2004) and as such part of an inductive analysis framework resulting in observations and reflections arising from the analysis which can then be used to form abstract concepts and generalisations, rather than universal truths. This study will therefore result in the generation of grounded theory based on the observations of the analysis, rather than looking for evidence of existing theories identified in the literature review. Depending on the findings of this study, these concepts and generalisations may then be tested deductively in the later documents (Gill and Johnson 1991). Indeed it is expected that the final thesis in particular will provide a distillation of the findings of documents 2, 3 and 4 and that this will then be used to establish concepts that can be tested through further primary research.

Important to the development of this study's methodology has been the consideration of social construction (Gergen 2007, Bryman and Bell 2003, Fisher 2004, Jankowicz 2005). A social construct is a hypothesis that people use to make sense of the world (Fisher 2004). The CPA evaluation process for local government, would appear on the face of it to be quasi-scientific methodology based as it is on the accumulation of data about an organisation's performance from which an overall score of performance is established (see next section). The Audit Commission developed the CPA methodology and it was the Audit Commission that undertook the analysis and evaluation of local authorities. Such an audit body is not only required to be independent from the subject organisations they are auditing, but also objective in their analysis and evaluation. It would be tempting therefore to adopt a positivist standpoint, as establishing a performance score appears dependent upon the dispassionate observation of facts that can be analysed in terms of variables resulting in generalisable truths as to the relative performance of organisations and how they can be improved. However, the CPA framework can itself be seen to be a social construct based on a socially agreed understanding (hypothesis) of what constitutes good or bad performance and how performance can be improved. This in turn is informed by the constructs of accountability, stewardship and the needs and wants of the public at large. The CPA methodology makes a number of key assumptions about what constitutes good performance and how performance can be measured across a scale of achievement. Who is to say that these are the right measures of performance and the measurement scale is graduated in the correct proportions? At a different point in time, with a different national government or with different societal norms and beliefs or economic performance, the CPA framework may have developed in a totally different way, or may not have been developed at all. To some extent this is reflected in the CPA framework itself. Not only has it adapted over time to national policy changes, but also it has been developed and amended in consultation with the local authorities themselves. CPA replaced a previous system of performance measurement called Best Value and has itself now been replaced with the Corporate Area Assessment

framework. As an analysis tool therefore the CPA cannot be deemed to be perfect and therefore cannot be expected to yield a universal truth. Therefore a positivist position cannot be taken for this study. Rather, the CPA regime represented socially constructed beliefs about local authority performance at a point in time and as such the performance scores can only be evaluated from an interpretivist theoretical perspective. Interpretivism is itself closely linked to the constructivism epistemology (Gray 2005, Jankowicz 2005). This epistemological approach to research legitimises the value of individual beliefs, focuses on socially agreed understanding rather than searching for truths and facilitates monitoring of personal, social and situational factors that may lead to bias and unreliability (Jankowicz 2005). Under a constructivist epistemology, meaning is constructed and not discovered and actors may construct their own meanings from the same phenomenon. The literature is somewhat confusing as to whether constructivism is the epistemology and interpretivism is the theoretical perspective or vice versa (see Grey 2005 and Jankowicz 2005 and Geregn 2007). However, whichever way round they are taken, the emphasis for the researcher is the same in that the positivist view of what constitutes knowledge cannot be taken. Instead of deduction and empirical analysis being used to formulate a universal truth, the researcher must be aware of the reflexivity of their own interpretation on the research findings. Given the socially constructed nature of the CPA data, it is only appropriate to understand the findings of this analysis from an interpretivist perspective. This subsequently informs the specific research process and methods to be undertaken. It would be inappropriate therefore to use hypothetical-deductive research methods.

Research Methods

Having established the overall methodological perspective of the study, this can then be used to develop appropriate research methods to undertake the study. An analysis will be undertaken of the existing CPA datasets over the life of CPA. This will be

quantitative in nature but the results will be evaluated from an interpretivist perspective through induction rather than hypothetical-deduction. The detailed description of the methods employed will be explained within the analysis section itself; however, an overview will be given here.

Before the analysis could be undertaken, a greater understanding of the CPA framework was required in order that the data could be both aggregated and analysed appropriately and then interpreted. A detailed discussion of the development and changes to the CPA framework is given in the next section of the document.

The CPA datasets were imported into a spreadsheet in order to perform analysis on the data. This analysis was undertaken at three levels. Firstly a high level analysis was undertaken to categorise all of the local authorities according to their relative performance. This required the creation of a scoring framework that put the CPA scores of the different methodologies on a common basis to allow comparisons to be undertaken. This high level analysis also identified the relative movements in CPA scores over the time period and enabled a number of local authorities displaying potential turnaround characteristics to be identified. This was done by applying rules to the CPA scores based on the definition of a turnaround organisation identified in the literature review (document 2).

The second level of analysis was performed on the groups of potential turnaround local authorities identified above. This analysis attempted to establish whether any relationship existed between the movements in the CPA score and the movements in the sub-elements that had been used to build up the overall CPA score. The purpose of this analysis was to establish whether or not any sub-elements showed a strong correlation to the improvement in CPA score to provide evidence that could be taken forward for investigation to the next stage of the study in document 3. Because the CPA data is ordinal (or ranked) date, this analysis was undertaken using the Spearman

Rank Correlation Coefficient (Spearman rho). In order to interpret the findings of the Spearman rho calculations, a rule needed to be established as to what was to be taken as a significant relationship. This level of analysis is referred to as the Grouped Analysis.

The third level of analysis was undertaken at an individual local authority level for those identified as being potential turnaround organisations and used the CPA dataset to establish whether or not any of the CPA sub-elements contributed to the improvement in CPA score. Again the Spearman rho was used to establish any potential correlations. This analysis differed from the grouped analysis in that if focused on each local authority separately and therefore approached the analysis from a different perspective. Frequency distributions were then used to establish whether there were any common factors between local authorities. This level of analysis is referred to as the Individual Analysis.

The analysis section is therefore structured as follows:

- A high level analysis of the main trends within the Audit Commission CPA dataset and the identification of local authorities displaying turnaround characteristics
- A more detailed analysis of the relationships existing within the data sets for those groups of local authorities exhibiting turnaround characteristics
- Specific analysis of individual local authorities that display turnaround characteristics

The CPA datasets represent secondary data and the methodological considerations arising from this are considered below.

Methodological Considerations

This study will make use of an existing dataset that has been complied by the Audit Commission over a seven year time period. The study will therefore be using secondary data (Jankowicz 2005, Saunders et al 2000, Fisher 2004) on which to undertake the research. As will be seen later, this secondary data will be interpreted using a scoring grid developed by the researcher and suitable for the purposes of this research study. It will be this scoring grid, a source of primary data (Jankowicz 2005, Saunders et al 2000), which will be used to interpret the findings of the research. In addition, the research will be undertaken on the whole population of local authority CPA data available therefore overcoming the need to employ sample based research techniques and giving a potential degree of stability to the research findings. However, at this stage of the project there will be no further development of primary quantitative data through the use of questionnaires etc although such approaches may be used in subsequent documents where relevant. The use of secondary data brings with it many advantages over primary data but also has some disadvantages. Saunders et al (2000) and Bryman and Bell (2003) highlight a number of advantages and disadvantages of using secondary data. These will now be discussed in the context of the research project.

Advantages and Disadvantages of using secondary data

The Audit Commission CPA data set meets all the potential advantages of using secondary data. It is readily available via the internet from the Audit Commission website and as such it saves time in collecting the data and instead the researcher's time can be better spend on analysing the data. Similarly, the data itself can be considered to be of a high quality, coming as it does from the Audit Commission, a independent national audit body experienced in both the collection and appraisal and reporting of performance data. It is also unobtrusive, reducing the need to access the

information from within organisations themselves. This also overcomes some of the problems of potential researcher reflexivity (Gill and Johnson 1991) as the researcher is totally independent from both the data collection and the organisations concerned. The dataset covers a period of seven years and provides data for the vast majority of local government organisations within the target population. As such, this provides the basis for a comparative longitudinal study for the duration of the CPA lifecycle. There is also the scope to undertake sub-set analysis, which due to the methodological changes to the CPA framework will be a key pat of this study. All the information is publicly available and therefore there are no issues of sensitivity or confidentiality to be overcome and access to the information is freely available, so there is no financial cost. Finally, the re-analysing of secondary data may lead to unforeseen discoveries. Some summarised analysis has already been done at a national level by the Audit Commission, but this has not been extended into the issues surrounding organisational turnaround in specific organisations. It is hoped therefore that while the potential outcomes of this research are symmetrical, ie whether or not evidence can be found for turnaround is equally valid (Saunders et al 2000), there is the potential at least for identifying some hitherto unknown elements of strategic turnaround.

The disadvantages associated with using secondary data are largely not relevant to the Audit Commission CPA data set. The most cited problem of using secondary data is that it may have been collected for a different purpose, which does not match the current researcher's need (Fisher 2004, Gill and Johnson 1991, Mintzberg 1973 (in Gill and Johnson 1991), Saunders et al 2000). This can lead to a number of potential problems including constraints on the potential analysis and an unbalanced interpretation of findings. This is also linked to a further disadvantage that aggregations and definitions may be unsuitable. The strength of the CPA data set is that it provides the only national comparative measure of local authority performance and as such is the appropriate start point for identifying organisations that have moved from poor performance to a turnaround position. Furthermore, the Audit Commission

themselves can be regarded as an 'eminent' source of secondary data (Jankowicz 2005). As an audit body they are bound by rules of independence and are by necessity thorough and experienced in the development of the methodologies they employ across the public sector. In addition, the methodologies used to compile the CPA data set have been developed following full consultation with the local authorities being assessed and a number of revisions were made between the consultation and final versions of the CPA methodologies (Audit Commission 2002, 2003). With regards to the aggregation of data and comparisons across organisations, the CPA data set also has the strength that despite there being methodological revisions throughout the life of CPA, at any one point in time the methodology was employed consistently. Finally, there is an alignment with the aims of this research project and the reasons why the CPA was introduced, namely the continuous improvement of local authority performance. As such, the CPA data set can legitimately be used to assess improvements in local authority performance and thus strategic turnaround.

Even though the disadvantages often associated with the use of secondary data can be seen to be of little significance, there is one aspect that will need to be addressed by this research project. In order to both strengthen the case for using the CPA dataset and also provide a means for its analysis later in the study, it will be necessary to have a full understanding of the methodological development of the various CPA frameworks. This will be dealt with more fully in the next section of the document, but in summary it will be necessary to be mindful that while generalisations on improvement will be possible from the dataset across all local authorities and over the lifecycle of CPA, detailed and meaningful analysis can only be undertaken within the different organisational subgroups of Single Tier and County Councils (STCC) and District Councils. Furthermore, within these subgroups the major updating of the CPA methodology that occurred between 2005 and 2006 means that analysis will need to be carefully interpreted both before and after the updating and more importantly when comparing information in year one with that in year seven.

Many of the concerns expressed in the literature about using secondary data for analysis purposes relate to the use of official statistics produced by government departments (Bryman and Bell 2003). There is the potential therefore that this could have a bearing on this study. In particular, concerns are expressed regarding the reliability and validity of such data. Reliability issues arise when the definitions and policies applied to the phenomena to be analysed change over time. These issues have been discussed briefly above and in more detail in the next section. Validity issues arise in that it may be tempting to draw inferences about the relationships between data in the dataset, when in fact other phenomena not captured by the dataset have been responsible. This issue can be dealt with in two ways by this study. Firstly, the CPA dataset is self-contained and as such any improvements identified in local authority performance will be as a direct result of the individual components of the CPA scoring regime. It would therefore be valid to undertake an analysis of these components in order to determine any potential relationships. Secondly, this study is exploratory (Fisher 2004, Saunders et al 2000) in nature and will be used to inform the later qualitative analysis document and the final thesis. As such, there will be scope to further test the validity of any relationships found through triangulation within these ethnographic studies.

The CPA Data Sets

The datasets used in this analysis have been taken from an external source and have therefore not been developed by the researcher. For this reason it is important to have a clear understanding of the way in which the data was collected, the parameters under which it was collected and the variables and judgements that were undertaken by the Audit Commission when arriving at the score for each local authority. Although the CPA data is considered to have been supported by a robust methodology of collection, its interpretation is to some degree subjective being a composite of a number of different assessment approaches including service performance indicators, corporate assessments and the direction of travel statement, and being a judgement of performance rather than a direct measure. Added to this, the performance regime was changed over the seven year period and therefore it will be important to be able to track these changes in order that their impact on the resulting analysis can be assessed and accounted for. This section of the document will therefore set out the CPA methodology employed by the Audit Commission in arriving at the scores for both Single Tier and County Councils (STCC) and District Councils and track those changes that impacted upon the scoring regime.

In summary, it will be seen that the CPA methodologies can be broadly broken down into two main types with two main phases each, creating an analysis framework of four data frames. This is outlined in Figure 2 below

	Phase 1	**Phase 2**
Single Tier and County Councils (STCC)	2002 to 2004 Original Regime	2005 to 2008 "The Harder Test"
District Councils	2003 to 2005 Original Regime	2006 to 2008 Revised Framework

Figure 11: The Four CPA Data Frames of Analysis

Single Tier and County Councils

The first CPA assessment framework type relates to Single Tier and County Councils (STCC). These organisations represent local authorities of four types;

- County Councils

- London Boroughs

- Metropolitan Boroughs

- Unitary Authorities

Before examining the CPA methodology for this group, it is important to define what these organisations represent. The London Boroughs, Metropolitan Boroughs and Unitary Authorities are called Single Tier or "all purpose" Authorities as they provide the full range of Local Authority Services in their geographic area. For these types of local authority there is therefore a common set of services delivered and assessed under the CPA, namely:

- Education

- Children's Social Care

- Adult Social Care

- Environmental Services

- Housing

- Libraries and Leisure

- Benefits services

County Councils operate slightly differently in that they are part of a two-tier structure for the provision of local authority services along with the District Councils. While County Councils have traditionally had a strategic role in managing service provision within the county boundary, local authority services are split in terms of responsibility and provision between the County Councils and the District Councils at this sub-regional level. The services provided by District Councils are dealt with in a separate section of this chapter. Unlike the other STCC group members, the County Councils do not provide Housing services or Benefit Services, but the list of services provided is as follows:

- Education

- Children's Social Care

- Adult Social Care

- Environmental Services

- Libraries and Leisure

This has identified therefore the first point of difference when analysing the scores of the STCC group, in that the judgement for County Councils is based only on 5 Service Scores rather than the 7 Service Scores used for the single tier authorities.

Despite this difference in services provided, the STCC group were assessed using a common CPA framework which was issued in 2002 following a consultation period during the summer of that year. This initial framework document represents the start point of the CPA process and even though consultation occurred, the Audit Commission recognised at the outset that CPA would be an evolving process and that revisions to the framework could be expected year on year. Common to both the single tier

authorities and the county councils within the CPA scoring regime is the Use of Resources score, which will be explained later.

The Initial CPA Methodology for STCC (2002-2004)

In the introduction to the 2002 CPA framework the Audit Commission state that "the best councils already use processes similar to CPA to deliver improved services" (Audit Commission 2002, p2). This compliments the view of Grace (2006) in that the biggest gains from the external inspection regime are likely to be felt where current organisational effectiveness is already weak. The CPA framework built on the requirement of Best Value to help local authorities provide better services to their communities and was introduced to make these improvements comprehensive and universal. As well as being able to identify those councils that were very good at this, the framework was introduced to help local authorities who wanted to improve but had capability or capacity issues, those who had difficulty in judging their own performance as well as identifying those where intervention would be required to protect services to local communities (Audit Commission 2002).

The initial framework used by the Audit Commission is set out below in Figure 3. The key aspects of this framework are that it combines the outputs of a number of separate performance assessment exercises to arrive at an overall judgement for the local authority. Initially, the overall judgement scores were categorised over 5 areas of increasingly good performance as follows:

- Poor
- Weak
- Fair
- Good
- Excellent

Diagram 1 The overall framework is set out below
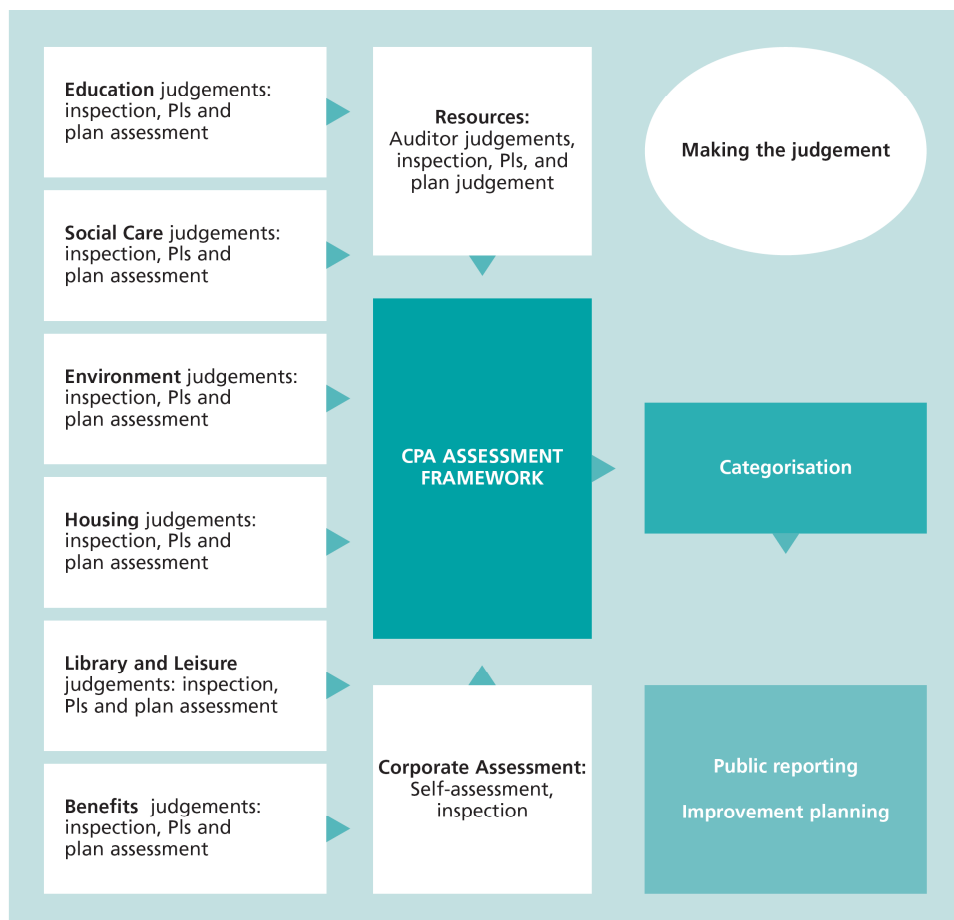
Figure 12: Initial STCC CPA Framework (Source: Audit Commission - 2006a)

Initially two broad areas were used to form the overall judgement for an authority. Firstly, there was the core service performance (Education, Social Care etc), which at this stage included the use of resources. Secondly, there was the corporate assessment, which measured a local authority's overall ability to improve. The elements within each of these broad areas were given a score between 1 and 4 and weighted accordingly within the CPA methodology (see below). The core service assessments used as their base the outcomes of already existing external inspections for the council (for education this was the Ofsted inspection, for social care it was the star rating awarded by the Department of Health). These external assessments were complemented by performance against national performance indicators and an

assessment by the Government of a local authority's plan in each area (eg the local transport plan). It should be noted that for social care, the children and adult assessments were averaged to give an overall score in the initial assessment. At this initial stage the use of resources assessment was based on the annual audit and inspection of the local authority and its performance against national performance indicators. In later methodologies the use of resources would be given more weight and additional performance criteria would be introduced. The ability of the council to improve was assessed partly through a self-assessment process, which was then followed up by an external corporate assessment undertaken by an auditor, inspector and 'peer' officers and councillors. The ability of a council to improve was assessed across 9 elements:

- Ambition
- Focus
- Prioritisation
- Capacity
- Performance Management
- Achievement
- Investment
- Learning
- Future Plans

The overall scoring methodology of the various elements is given in figure xx below and shows that there was a weighting applied to certain core services, education and social care receiving the highest weighting of 4, environment and housing a weighting of 2 and the remaining services (including use of resources) a weighting of 1. Similarly, in the Ability to Improve assessment, a higher weighting was given to Achievement (3) and Investment (2), with the remaining elements having a weighting of 1. The scoring methodology was then used to produce a combined core services

score and a combined ability to improve score which taken together would be used to plot the performance in the scoring matrix at the bottom of Figure 4 to arrive at the overall judgement.

Diagram 5

CORE SERVICE PERFORMANCE		COUNCIL ABILITY	
RULES	**SERVICES (COUNTY SCORES IN BRACKETS)**	**THEMES**	Scores take account of service improvement judgements
Rule 1: Must score at least 3 (2 stars) on education, social services star rating, and financial standing to achieve the excellent category overall	Education 4-16 Social Care 4-16 Environment 2-8 Housing 2-8 (0) Libraries/leisure 1-4 Benefits 1-4 (0) Resources 1-4	Ambition 1-4 Focus 1-4 Prioritisation 1-4 Capacity 1-4 Performance mgt 1-4 Achievement 3-12 Investment 2-8 Learning 1-4 Future plans 1-4	
Rule 2: Must score at least 2 (1 star) on education, social services star rating, and financial standing to achieve a category of fair or above	**Combined score (county scores in brackets):** 15-29 (12-23) - score of 1 30-37 (24-29) - score of 2 38-45 (30-36) - score of 3 46-60 (37-48) - score of 4	**Combined score:** 12-23 – score of 1 24-31 – score of 2 32-39 – score of 3 40-48 – score of 4	
Rule 3: Must score at least 2 (1 star) on all other core services to achieve a category of excellent overall			

	Scores	CORE SERVICE PERFORMANCE			
		1	2	3	4
COUNCIL ABILITY	1	poor	poor	weak	not applicable
	2	poor	weak	fair	good
	3	weak	fair	good	excellent
	4	not applicable	good	excellent	excellent

Figure 13: The 2002 CPA Scoring Methodology for STCC (Source: Audit Commission - 2006a)

Finally, there were 3 rules that were applied to limit a local authority's ability to gain a high score, if they were clearly not performing well in the significant core services. In order to achieve a score of excellent, a council must score a pre-weighted score of at least 3 in Education, Social care and Financial Standing (use of resources) as well as

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achieving a score of at least 2 on all other core services. To achieve a judgement of
fair or above, the local authority needed to be have a pre-weighted score of at least 2
in the core services of Education, Social care and Financial Standing.

Changes to the CPA Methodology between 2003-2004

Between 2003 and 2004 there was no significant change to the overall CPA assessment
framework methodology for STCCs (Audit Commission 2003). However, there was the
introduction of some additional rules governing whether a council could move category,
or improve on its previous judgement. To move up a category was not simply a case of
improving performance within the original scoring criteria. While it was not impossible
to move up category following the original inspections in 2002, the additional rules
were designed to make sure that only local authorities that could clearly demonstrate
improvement either in their core services or their ability to improve (or both) were
allowed to move up a category. It was however, relatively easy to be able to slip down
a category with a simple reduction in score against the 2002 criteria being sufficient for
this to occur.

To move up a category, a local authority would need to achieve the original core
service thresholds identified above and also improve their weighted core service score
by at least 3. On top of this, to move into the excellent category a council would also
need to demonstrate a proportionate increase in its corporate assessment score i.e. it
would need to be re-assessed. Further rules were put in place around when a council
could apply to have a further corporate assessment undertaken after demonstrating
improved core service performance. Where councils had previously achieved a score of
2 on their corporate assessment they would need to achieve a revised score of at least
36 to move up a category (ie into category 3 or above), more than half way up the
category 3 scale. Finally, councils achieving a score of 3 on their core services, would
need to achieve a score of 40 on their corporate assessment to move into the excellent

category.   Special rules also applied to councils in the poor category (the worst category) and movement was dependent upon improvement against an agreed recovery plan, with corporate assessments triggered by the Government Monitoring Board chaired by the lead official appointed by the Secretary of State.

The revised STCC Methodology "The Harder Test" 2005

In 2004 the Audit Commission began an extensive consultation on proposed changes to the CPA framework following a timescale for revision of the process that it had set out in previous guidance (Audit Commission 2003, 2004a). This resulted in the publication of "CPA-The Harder Test" (Audit Commission, 2005a), which made some significant changes to the CPA methodology designed, as the title suggests, to ratchet up the need for continual improvement within local government.

The revised framework is outlined below in Figure 5 and a number of changes from the original methodology can be identified.

- The move to a star system rather than a rating system
- Three component parts; retaining the Services Scores and Corporate Assessment and introducing the Use of Resources
- A revision to the service categories and classification into level 1 and level 2 services
- A more compact Corporate Assessment framework – removing focus, investment, learning and future plans

Figure 1

The new CPA framework for single tier and county councils
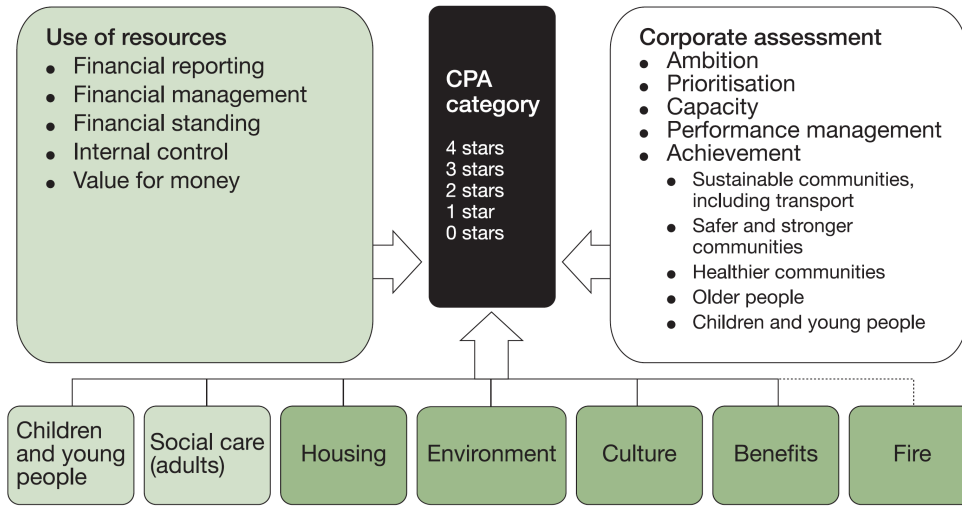
Figure 14: Revised STCC CPA Framework – The Harder Test (Source: Audit Commission - 2005a)

The move to awarding stars rather than a rating is a fairly minor change and does not in itself have an impact on the quantitative analysis of this study. There are still five categories (zero star to four star) and these equate to the previous rating system of poor to excellent:

0 Star	-	Poor
1 Star	-	Weak
2 Star	-	Fair
3 Star	-	Good
4 Star	-	Excellent

What is more significant to this analysis is the scoring methodology resulting in the overall star judgement for a council. This will be covered later in the chapter.

The introduction of the use of resources as a specific element of the scoring regime represented a change in the CPA methodology. It moved away from more traditional

financial auditor judgements of financial reporting and internal control and "raised the bar" (Audit Commission 2005a, p12) to include demonstrable and measurable improvements in the way value for money was planned, assessed and delivered within the council including the use of non-financial resources. In part, this emphasis on value for money reflected the introduction of the Gershon efficiency targets and was also a natural progression from the previous Best Value regime that had been in place pre 2002.

The revision of the service categories also reflected changes in the structure of local government and brought the framework into line with the introduction of the Children's Act that required each authority to appoint a Director of Children's Services and Lead Member. Children's services, previously dealt with under the Education and Social Care services categories, were now amalgamated into Children and Young People. The remaining adult social care service made up the remaining level 1 service. The designation of Level 1 mirrors previously higher weighting these services attracted in the original framework. Of the level 2 services, the previous Library and Leisure category was renamed as Culture and the Fire and Rescue services were given a separate category to reflect the different ways in which Fire and Rescue Services were structured nationally.

The contraction of the corporate assessment criteria was a result of lessons learned from both the previous CPA experience and also evidence gained from pathfinder councils in 2004 (Audit Commission 2005a). In essence, the contraction represents a more focussed approach to the core facets of corporate management.

The harder test scoring criteria are given in Figure 6 below and this shows how the various scoring elements were brought together to arrive at the overall judgement for a council – its star rating. The weighting factors of the previous framework have been removed and replaced instead with a set of rules. Within these rules some weighting

clearly still exists between the level 1 and level 2 services, but this is limited to providing a crude hurdle to differentiate council's ability to get into a higher star category.

Table 7

Corporate assessment	Level 1 assessments (children and young people, adults' social care and use of resources)	Level 2 assessments (housing, environment, culture and benefits)	Category
4	None less than 3	None less than 2	4 stars
4	None less than 2	No more than one less than 2	3 stars
4	No more than one less than 2	No more than one less than 2	2 stars
4	Any other combination		1 star
3	None less than 3	None less than 3	4 stars
3	None less than 2	None less than 2	3 stars
3	None less than 2	No more than one less than 2	2 stars
3	Any other combination		1 star
2	None less than 3	None less than 2	3 stars
2	None less than 2	None less than 2	2 stars
2	No more than one less than 2	No more than one less than 2	1 star
2	Any other combination		0 stars
1	None less than 3	None less than 2	2 stars
1	None less than 2	None less than 2	1 star
1	Any other combination		0 stars

Figure 15: STCC Scoring Criteria – The Harder Test (Source: Audit Commission 2005a)

Behind the overall scoring methodology sat further separate rules based methodologies for Corporate Assessments and the Use of Resources. These are summarised in Figure 7 below. Both methodologies applied a four score rating system for each element, which were then applied to a set of rules to derive an overall score between 1 and 4.

Table 6
Rules for corporate assessments

Scores on 5 themes (the 4 corporate themes and an overall score for achievement)	Overall corporate assessment score
Two or more themes with a score of 4 None less than score of 3	4
Three or more themes with a score of 3 or more None less than score of 2	3
Three or more themes with a score of 2 or more	2
Any other combination	1

Scores on use of resources themes (financial reporting, financial planning and management, financial standing, internal controls and VFM)	Overall score
Two or more themes with a score of 4 None less than score of 3	4
Three or more themes with a score of 3 or more None less than score of 2	3
Three or more themes with a score of 2 or more	2
Any other combination	1

Figure 16: Corporate Assessment and Use of Resources Scoring (Source: Audit Commission 2005a)

The service scores were also awarded out of 4 for each service. These scores were again based on existing external inspections from agencies such as Ofsted or undertaken by the Audit Commission themselves. The impact of national performance indicators was again also taken into account when arriving at the service score. In a departure from the previous CPA methodology, the service scores were not added together to give a weighted total score. Instead, the absolute score was applied to the rules framework in figure xx above in order to determine the overall star category.

Changes to the Revised Methodology 2006 - 2008

The main changes introduced in 2006 were as follows:

- The introduction of the Direction of Travel Statement – not part of the scoring regime though

- Publication of a scoring framework for service based Performance Indicators (see below)

Table 1

Distribution of PIs to give PI score for each service

PI score	Distribution of PIs
4	No PIs at or below the lower threshold and 35 per cent or more PIs at or above the upper threshold
3	No more than 15 per cent of PIs at or below the lower threshold and 25 per cent or more PIs at or above the upper threshold
2	Any other combination
1	35 per cent or more PIs at or below the lower threshold

After 2006 there were no significant changes to the CPA methodology for STCC.

District Councils

District councils were subject to a separate CPA regime and lagged behind the introduction of CPA for STCCs due to the number of district councils involved (238) requiring the rolling out of CPA in a number of tranches. As such the scores for district councils were published in 2003/04. Similar to STCCs, the District Council regime was updated but this time in 2006. The reason for the different approach to district councils was due to their much smaller size and complexity (Audit Commission 2006a), which meant a less intensive approach could be applied. Also, the district councils were covered by a disproportionately higher range of the national performance indicators, so the Audit Commission could rely more heavily on these rather than carrying out further inspections. The two CPA methodologies for district councils will be described in detail

later in this section, but it is important to note at this stage that all district councils received an initial assessment between 2003/2004 but that from then on a re-categorisation was only undertaken if the council requested it, and it could demonstrate significant evidence of improvement since the original assessment or where the audit commission identified evidence of a significant deterioration (Audit Commission, 2005b, 2006b).

All 238 District councils were assessed under the original CPA framework between June 2003 and December 2004. District councils form part of the two-tier system of local government that operates in some parts of the country and was described in the earlier section on STCCs. The district councils provide local services such as housing, planning, leisure and recreation, waste collection, environmental health, revenue collection and housing and council tax benefits. Most services and functions are common across district councils but, due to differences in their localities and the communities they serve, each council faces its own particular challenges. This was recognised in the CPA methodology with its focus being on how successful each council was in meeting the needs of its local community (Audit Commission 2005b).

The Original District Council Methodology

It has not been as easy to identify the original CPA methodology for district councils as it was for STCCs. It has been necessary to piece together the methodology from a number of related documents (Audit Commission 2004b, 2005b, 2006a, 2006b) and an interview with the former Director of Local Government Practice. The framework used for the original assessments provided a single assessment of performance (the judgement) based on core service performance and a council's ability to improve. As for STCCs, the judgement was made over five categories from poor to excellent and was the result of the combining of Audit Commission's assessment of performance (using national PIs where appropriate) with the council's own self assessment (and

possible discretionary peer assessment) and that of external agencies eg the Benefits

Fraud Inspectorate (BFI) and external auditors. These elements were combined into

what was called the Corporate Assessment, which was split over 10 themes. Each of

the 10 themes was awarded an individual score between 1 and 4, where 1 was weak

and 4 strong. Each theme was also given a weighting, which was then used to

combine the theme scores into the overall judgement. The themes and their

weightings are given in Figure 8 below and as can be seen, the highest weightings

were given to achievement of quality and improvement followed by investment.

Theme	Weight	Theme	Weight
Ambition	1	Achievement of quality	3
Prioritisation	1	Achievement of improvement	3
Focus	1	Investment	2
Capacity	1	Learning	1
Performance management	1	Future Plans	1

Figure 17: Original District Council Theme Weightings (Source: Audit Commission 2004b)

Unlike the STCCS, the district councils were not awarded separate service scores as

part of the assessment process. Instead, performance in three core service areas was

assessed as part of the prioritisation and achievement themes. The three core service

areas were:

- Public Space – measured through a diagnostic assessment of the strategic

  approach to the use of public space

- Housing – measured either against the Decent Homes Standard or how well the

  council contributed to a balancing housing markets if it no longer directly

  managed its housing stock

- Benefits Services – assessed by the BFI

In addition, the financial management of the council was assessed by the external auditor and used to inform the overall assessment across a number of themes.

The weighted theme scores were used to establish the overall judgement for the council using the categories shown in Figure 9.

Category	Range
Excellent	48 to 60
Good	42 to 47
Fair	36 to 41
Weak	30 to 35
Poor	15 to 29

Figure 18: Original District Council Categories (Source: Audit Commission 2004b)

The core service and financial management elements were further combined into the framework through the introduction of a single rule that if any of these receive the lowest possible rating, then a council was unable achieve a judgement of excellent.

Alongside the final judgement, the Audit Commission made an assessment of the direction of travel of the council within the report published for each council. It should be noted that the direction of travel and the financial management elements were reported annually as part of the external audit report of the council, although this did not constitute a re-assessment. Rather, it provided the evidence of deterioration referred to earlier that the Audit Commission would use to prompt a re-assessment.

This framework remained in place without any amendments until the introduction of the revised framework for District Councils in 2006.

The Revised District Council Methodology 2006

Following consultation during the early part of 2006, and a piloting process for an amended corporate assessment process, the Audit Commission issued the revised framework for district council CPA that would commence from 2006 onwards. Unlike the STCCs CPA, there was no introduction of a harder test for re-categorisation of district councils. Some changes were made to the methodology to keep it up to date with the national environment, but in order to ensure comparability with the 2003/2004 assessments these reflected equivalent levels of performance. Also, the judgement categories remained the same, rather than converting to star categories as they did under STCC CPA. However, there were a number of changes made to the methodology and these will be explained in this section.

Furthermore, the methodology used an exception reporting based re-categorisation process rather than the annual inspection and reporting enjoyed by STCCs. This re-categorisation process adopted a two-staged approach; stage 1, determined whether there was sufficient evidence for a category change through a regional Commission panel including peer review and stage 2, undertook a corporate assessment to determine whether a re-categorisation is warranted. The revised framework is shown in Figure 10 below.
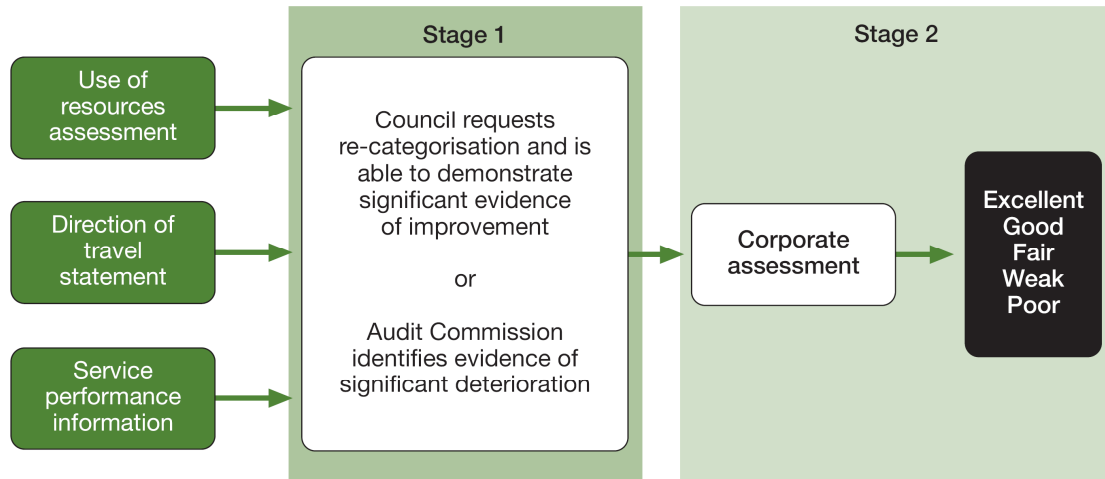
Figure 19: The Revised District Council Methodology (Source: Audit Commission 2006b)

The main changes between the two methodologies can be summarised as follows:

- The introduction of the Use of Resources Assessment

- Separate assessment of core service areas, although still not formally scored

- A revised corporate assessment with the number of themes reducing from ten to five

The use of resources assessment comprised the same five themes as that for STCCS under the harder test framework and was reported annually. Within this, the value for money theme was evaluated as the result of an initial self-assessment by district councils in 2005. In subsequent years, the self-assessment would be undertaken annually only to reflect any significant changes. The value for money theme also now incorporated an assessment by the external auditor of the council's annual efficiency statement.

Service performance information was assessed through combining an analysis of national performance indicators with inspection scores resulting from both Audit Commission and BFI inspections of services. The three broad areas of service

assessment remained the same namely, use of public space, housing and benefits. The main change from the previous methodology was that the service information was not used to inform the scores used in the revised corporate assessment. Instead, this information was used to inform stage one of the re-categorisation process.

If a council got through stage 1 of the re-categorisation process, the Corporate Assessment was used to give a revised judgement for the council. The number of themes was reduced from 10 to 5 and each was assessed using a four point scoring system with 1 representing inadequate performance and 4 representing performing strongly. Each theme was also given a weighting before the aggregation of the final judgement. The revised categories and their weightings are given in Figure 11 below.

Theme	Weighting
Ambition	2
Prioritisation	2
Capacity	2
Performance management	2
Achievement	7

Figure 20: Revised Corporate Assessment Weightings for District Councils (Source: Source Audit Commission 2006b)

The revised categories were essentially a collapsed version of the previous 10 categories and mirrori the revised corporate assessment categories for STCCs. As such, the weightings reflect a similar desire for achievement by the council as reflected in the previous framework.

Finally, the revised framework used an amended scoring grid to arrive at the final judgement. The 5 categories remained the same, but given the changes in themes and their respective weightings, and in order to the retain comparability with the previous framework, the scoring bandwidths were also amended. The revised required scores are shown in Figure 12 below.

Category	Required score
Excellent	45 – 60
Good	36 – 44
Fair	28 – 35
Weak	21 – 27
Poor	20 or less

Figure 21: Revised Required Scores for District Councils (Source: Audit Commission 2006b)

Summary of Findings

From the above discussion it can be seen that the development over time of the various CPA methodologies will have an impact on the interpretation of the results of the analysis that follows in the subsequent sections. Firstly, the STCCs and the District Councils will need to be treated as separate groupings and cannot be directly compared. This is due to the different approaches adopted within the CPA methodologies and also the different ways and timings in which the data was published. Secondly, for the STCCs the CPA methodology change in 2005 means that it would not be wholly appropriate to directly compare performance for years in different CPA methodology timeframes. The analysis of STCCs will therefore provide comparative data over three timescales; 2002-2004, 2005-2008 and for information purposes 2002-2008. Finally, the district council CPA methodology changes were relatively minor and as such allow a more direct comparison between the two methodologies to be undertaken. This is beneficial, as due to the way in which the district council CPA inspections were undertaken and published, only two datasets are available for analysis. The one for data published in 2003/04 and the final dataset in 2008.

High Level Analysis

Overview of CPA Performance Scores between 2002 and 2008

Initially, an analysis of the CPA performance scores for all local authorities in England was undertaken for the whole of the CPA assessment period. The purpose of this part of the analysis was to highlight any high level trends that could be identified from the basic data before going on to conduct further more detailed analysis. It should be noted that as discussed earlier, the basic CPA data is ordinal data and as such there are limitations over the type of quantitative analysis that can be undertaken. However, some useful insights into the data set have been established non-the-less.

The performance scores were analysed for all 149 Single Tier and County Councils (STCC) (the Isles of Scilly was excluded from the analysis, as a complete data set is not available) and all 238 District Councils between 2002 and 2008. In order to carry out the analysis a scoring framework was established by assigning a number to each of the CPA assessment scores as follows:

CPA Ranking	Score Allocated
Poor/ 0 Star	1
Weak/ 1 Star	2
Fair/ 2 Star	3
Good/ 3 Star	4
Excellent/ 4 Star	5

The same numeric score has been used across each of the CPA methodology time periods following the argument developed earlier that even though there were changes to the methodology between years, the overall CPA ranking is broadly comparable. This scoring framework has been used throughout the whole of the remaining

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quantitative analysis. The scoring system developed here has put the CPA categories on the same numerical ranking, allowing comparison to be undertaken of relative performance over the CPA timeframe. For example it is now possible to establish the movement in CPA score numerically between different points in time. If a local authority started with a score of 1 (Poor or 0 star), and achieved a later score of 4 (good or 4 star) then it will have moved up 3 CPA categories. These movements are used later in the analysis to establish local authorities displaying turnaround characteristics. The ranking applied as part of this analysis remains ordinal and as such suffers from the same constraints as the CPA data referred to above.

In order to establish an overview of the spread of CPA scores across the CPA time period, it is possible to use both a frequency distribution and relative frequency distribution for each class of CPA score (Anderson et al 1990, Shah and Madden 2003). The frequency distribution and relative frequency distribution of the overall performance scores for the STCCs is shown in Table 2 below. This is also represented graphically in figure 13.

From the frequency distribution and the graph it can be seen that in general there was an improvement in the performance of STCC local authorities during the CPA period as measured by the CPA scoring regime. Initially there were 13 (8.75%) local authorities that were poor and 21 (14.09%) that were weak. By 2008 there were no poorly performing STCCs and only 4 (2.68%) that were categorised as weak. It is not possible to use the mean as a descriptive indictor, nor the standard deviation as a measure of dispersion due to the ordinal nature of the data (Anderson et al 1990, Shah and Madden 2003).

Table 2: STCC CPA Score Frequencies

CPA Score Frequency Table							
Score	2002	2003	2004	2005	2006	2007	2008
1	**13**	**10**	**1**	**1**	**0**	**0**	**0**
	8.72%	6.71%	0.67%	0.67%	0.00%	0.00%	0.00%
2	**21**	**18**	**14**	**8**	**5**	**2**	**4**
	14.09%	12.08%	9.40%	5.37%	3.36%	1.34%	2.68%
3	**40**	**39**	**33**	**31**	**23**	**22**	**26**
	26.85%	26.17%	22.15%	20.81%	15.44%	14.77%	17.45%
4	**53**	**56**	**60**	**70**	**71**	**67**	**57**
	35.57%	37.58%	40.27%	46.98%	47.65%	44.97%	38.26%
5	**22**	**26**	**41**	**39**	**50**	**58**	**62**
	14.77%	17.45%	27.52%	26.17%	33.56%	38.93%	41.61%
	149	**149**	**149**	**149**	**149**	**149**	**149**
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(Note: Isles of Scilly excluded from analysis)
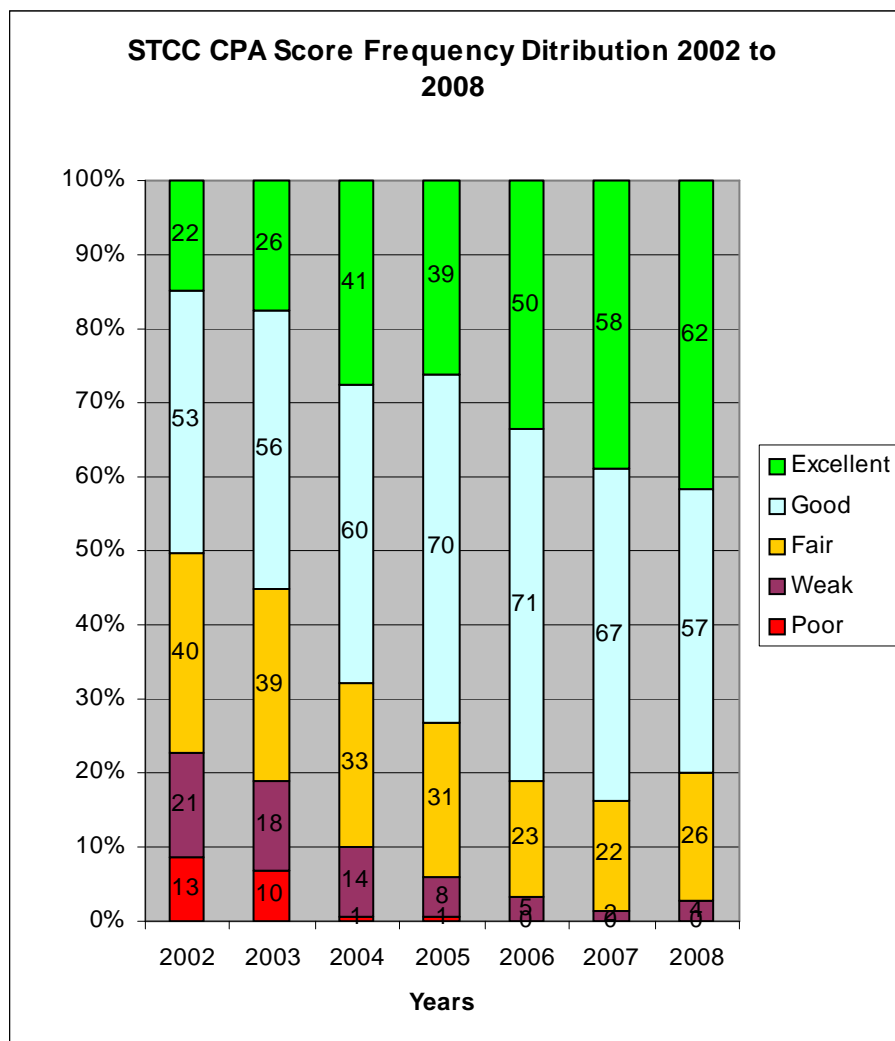
Figure 22: STCC CPA Score Frequencies

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However, the mode can be used for ordinal data as a measure of location (Anderson et al 1990). The modal score for STCCs was 4 for the first six years of CPA rising to 5 for the final year. This indicates that throughout the CPA period, a significant proportion of STCCs were performing at a good (3 Star) or excellent (4 Star) level.   The frequency distribution for District Council CPA scores is shown in Table 3 below and graphically in Figure 14.

Table 3: District Council CPA Score Frequencies

CPA Score Frequency Table		
Score	2003-04	2008
1	**8**	**1**
	3.36%	0.42%
2	**30**	**9**
	12.61%	3.78%
3	**87**	**76**
	36.55%	31.93%
4	**85**	**101**
	35.71%	42.44%
5	**28**	**51**
	11.76%	21.43%
	238	**238**
	100.00%	100.00%

From the frequency distribution and the graph it can be seen that while the proportions of district councils regarded as poor or weak were initially lower than for STCCs at 3.36% and 12.61% respectively, by the end of the CPA regime, there were higher proportions of district councils remaining either poor (1 council representing 0.42%), or weak (9 councils representing 3.78%). The modal score for district councils was 3 in the first year of assessment, rising to 4 in the final year, showing that overall performance for district councils was generally lower than for their STCC counterparts.

The reducing proportions of both STCC and district councils falling into the poor and weak categories indicates that local authorities that would previously have been deemed to be failing must have improved somewhat and as such there is the potential to identify those that have achieved a turnaround position.

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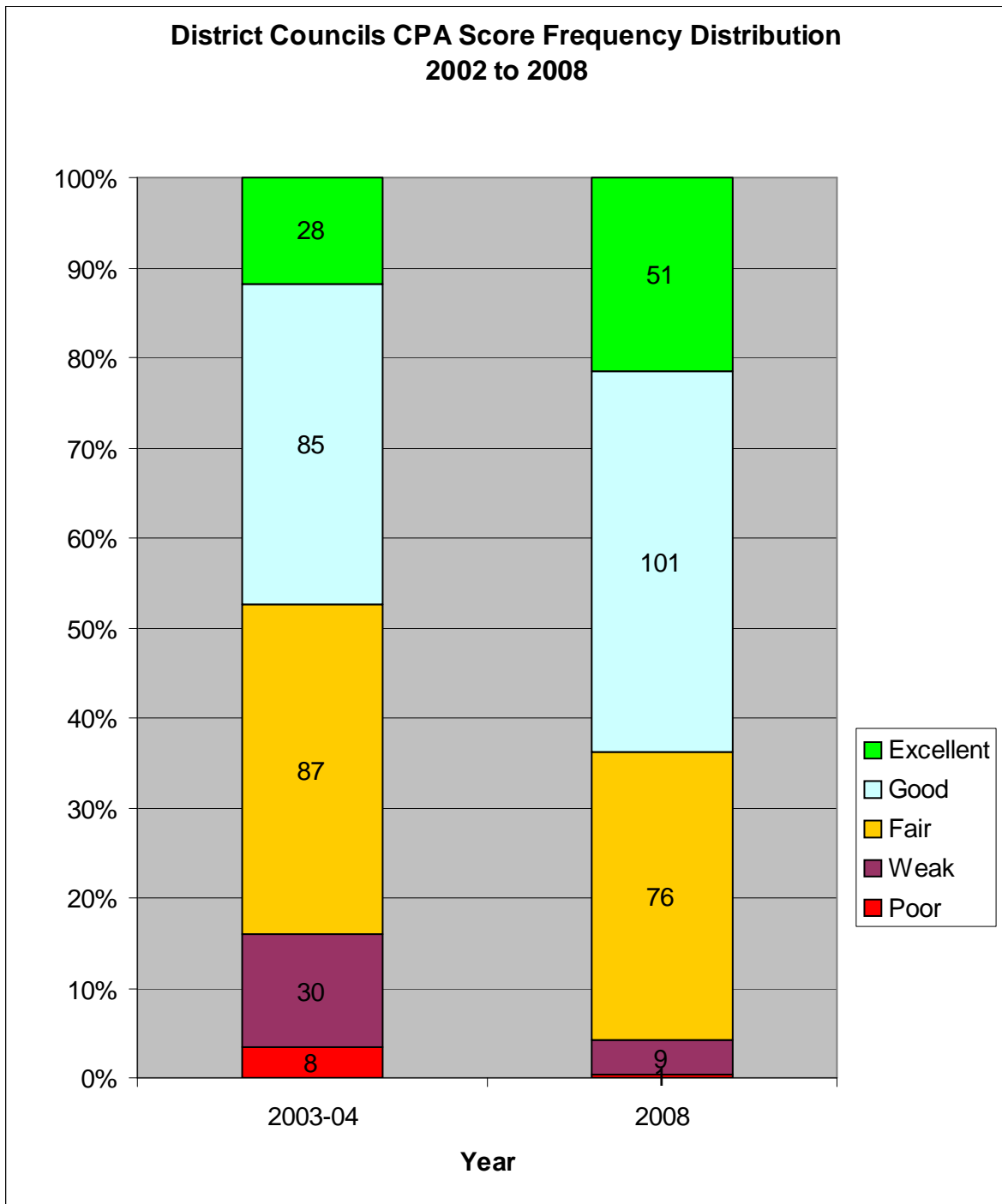
Figure 23: District Council CPA Score Frequencies

The next stage of the high level analysis was to identify the trajectories of local authority performance scores over the CPA lifecycle. Due to the way in which the performance scores were published, it has only been possible to do this for the STCCs as district council scores were only published at the start and end of the CPA timeframe. At this stage, it has not been necessary to separately analyse the two different scoring regimes between 2002-2004 and 2005-2008, although these demarcations have been identified in the analysis.

The performance trajectory is the path that a local authority has followed in terms of the overall CPA assessment score. For STCCs this analysis was done in two stages. Firstly on the whole of the data set and secondly on those local authorities identified as being in a potential turnaround situation. For each stage of the analysis the trajectories of the local authorities were classified before being grouped and plotted on a range of graphs. The most significant trajectory graphs are shown in the subsequent pages.

In order to arrive at a trajectory for each local authority the scoring system was used to identify the movement in performance score between three points.

Point 1   2002 to 2004

Point 2   2004 to 2005

Point 3   2005 to 2008

These timescales represent the four significant dates in the CPA lifecycle. Its introduction, the first framework, the second framework and the end of the process. Despite changes to the methodology, it is useful to identify the broad scoring between these key dates to identify any interesting potential trends in the data set.

The scoring farmework was used to identify movements between rankings for each local authority. For example if a local authority's score was poor (or 1) in 2002 and weak (or 2) in 2004. It would have increased by +1. If it rose to fair (or 3) in 2005 then this would represent a further +1 and if it subsequently fell back to weak in 2008, it would then have reduced by −1. Overall this local authority would have experienced an increase of CPA score of +1 between 2002 and 2008 (a net increase from poor to weak (or 1 to 2)).

With regards to the overall high level analysis, which includes all local authorities whether they were failing or not, a total of 37 potential trajectories were identified for the 149 STCCs analysed. For some of these only one council took that particular trajectory. However, for others a number of councils followed the same trajectory. For analysis purposes, each trajectory was given a coded number between 1 and 37. Those trajectories displayed by more than 3 local authorities are shown in the graphs below. It should be noted that while the trajectory may be the same for each local authority they may in fact have started from different points. For example, the most common trajectory was number 8, which showed no improvement between each or any of the assessment points. 26 local authorities followed this trajectory, however, Thurrock Council started from a CPA score of 3, whereas Bath and North East Somerset started from a score of 4.

Within the trajectories, shown in Figure 15 below, there are some interesting aspects, which may be of use to future researchers in this subject area. For example, types 5 and 7 actually show a reduction in performance that is not recovered from. It would be interesting to establish the reasons for this as a total of 12 councils exhibited this trajectory. Furthermore, trajectory types 9, 13, 22, 23 and 33, which account for 61 local authorities all display different forms of improvement from the early starters who levelled off soon into the process (types 22 and 33), to those who took longer to start improving (types 13 and 23), and those who left it till the end (type 9). Finally, there

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are also those that showed some initial improvement before returning to a lower level of performance. These are represented by types 17, 18 and 26. Of these, type26 is most notable as it represents a two-category increase in performance initially followed by a two-category decline. Future research projects would be able to develop this analysis further to identify the potential impact of the change in CPA methodologies – to establish whether this helped or hinder the performance scores of the local authorities.

Figure 24: STCC – General CPA Movement Curves 2002 to 2008

CPA Movement 2002 to 2008 - Type 9 - (17 Councils)

CPA Movement 2002 to 2008 - Type 13 - (15 Councils)

CPA Movement 2002 to 2008 - Type 17 - (5 Councils)

CPA Movement 2002 to 2008 - Type 18 - (6 Councils)

CPA Movement 2002 to 2008 - Type 22 - (22 Councils)

CPA Movement 2002 to 2008 - Type 23 - (4 Councils)

CPA Movement 2002 to 2008 - Type 26 - (4 Councils)

CPA Movement 2002 to 2008 - Type 33 - (3 Councils)

56
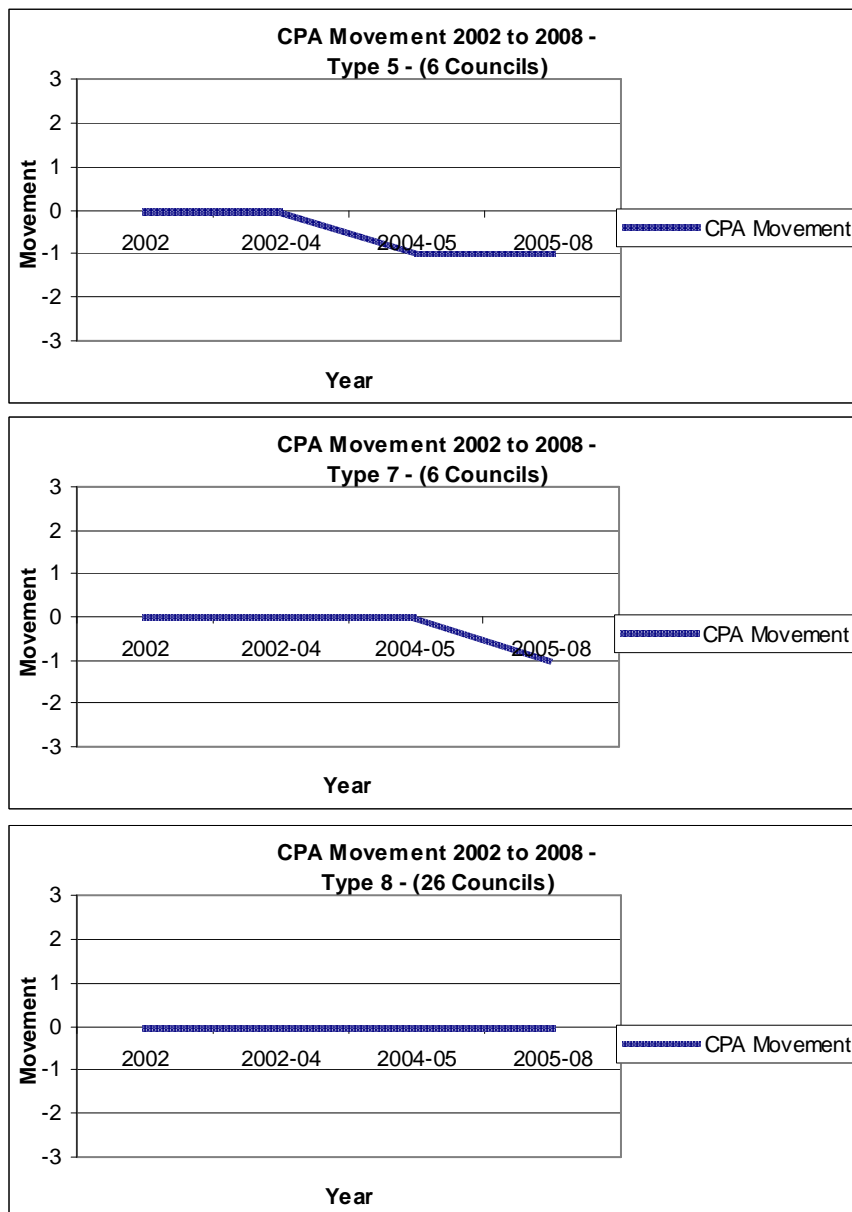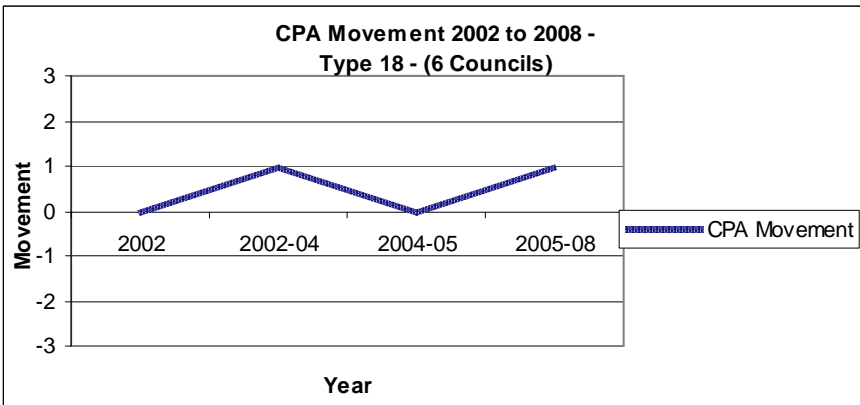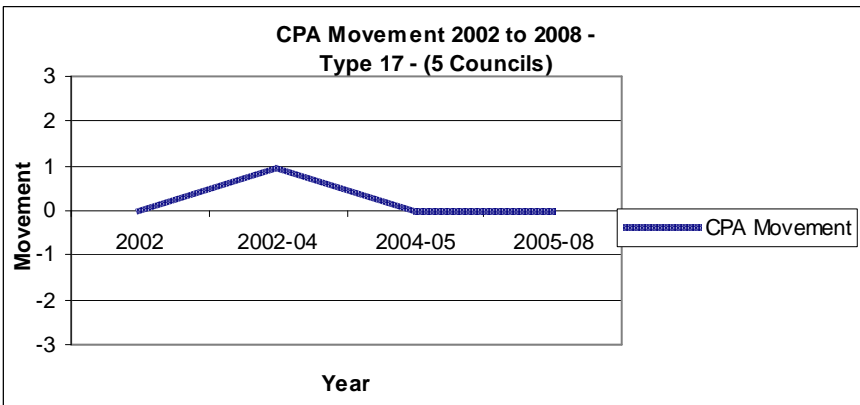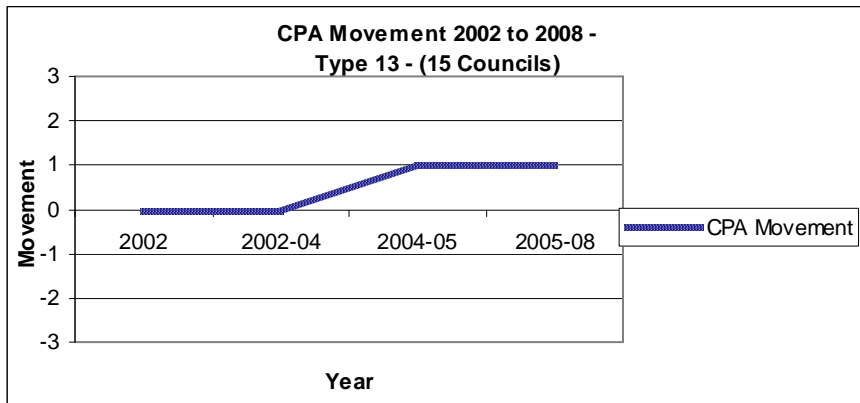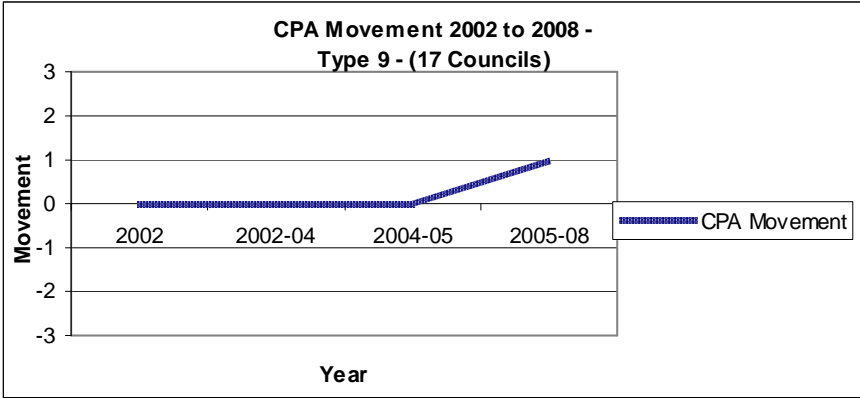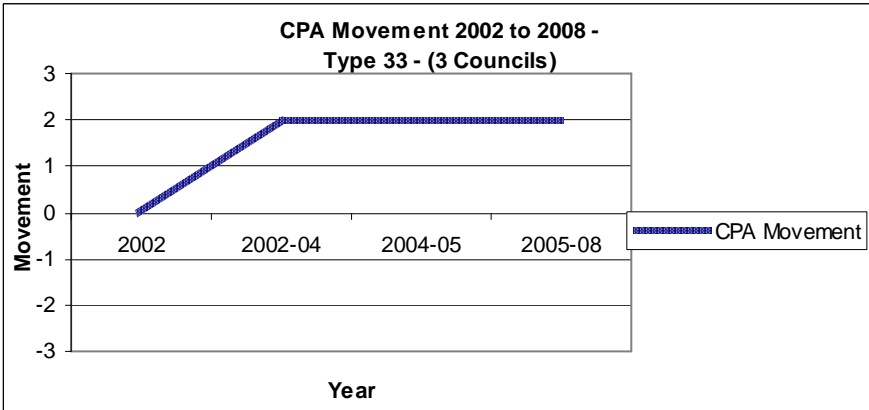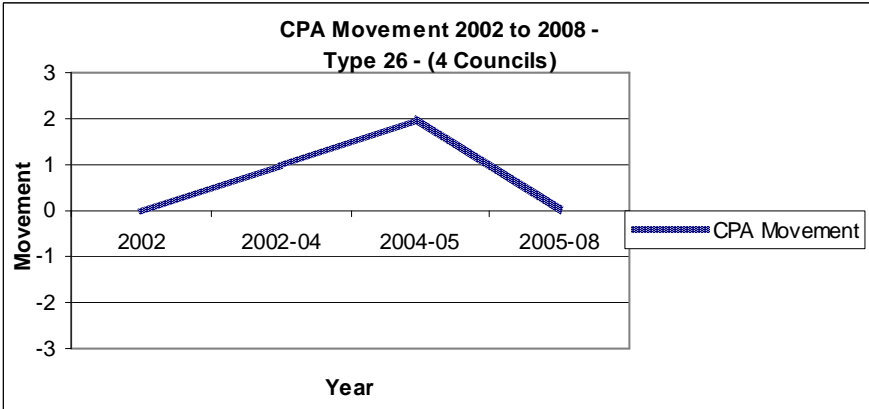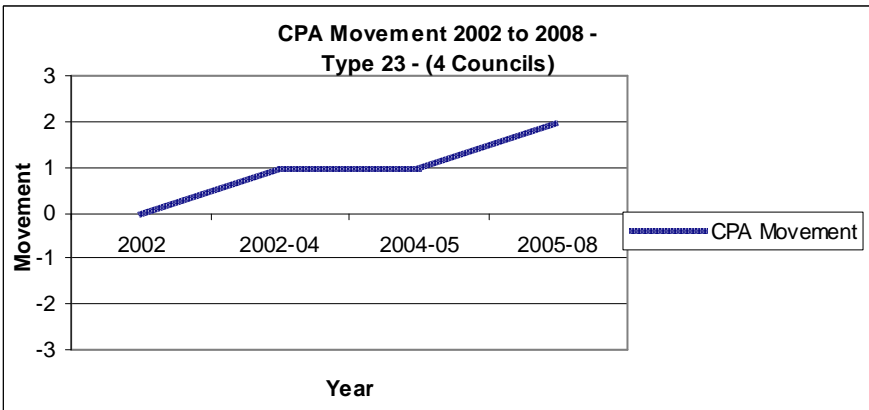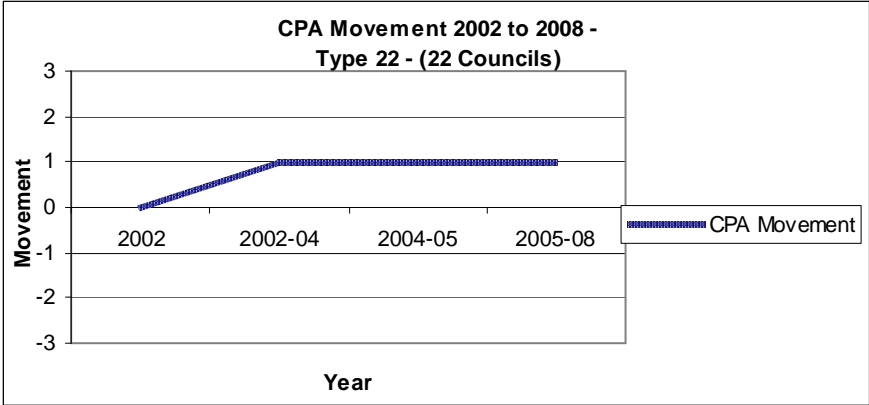
Detailed level Analysis on target populations – i.e. those displaying turnaround characteristics

The next stage in the analysis was to examine the more detailed content of the CPA datasets in order to establish which local authorities, if any, displayed turnaround characteristics and whether there was any evidence within the data sets to suggest a relationship between the different sub-elements that had been used to formulate the overall CPA score. The sub-elements of the CPA data sets have been described under the CPA Methodology section earlier in the document and these were different both between the STCC and district councils, and the different time periods of the CPA process meaning that the analysis itself has had to be undertaken across different CPA methodologies and time periods. In this section, the analysis will establish whether or not any of these sub-elements played a part in contributing to poor or weak performance initially and then helped contribute to the improved performance in the local authorities identified.

The first stage of this process was to identify those councils that could be described as having experienced turnaround during the period of CPA. Due to the content of the CPA data sets this had to be done in a different way for STCC and District Councils and each type of local authority will be taken in turn.

Single Tier and County Councils – Detailed Analysis

In order to establish local authorities displaying turnaround characteristics, it was necessary to use spreadsheets to reorder the base Audit Commission data sets. This was done over three time periods:

- An overall analysis between 2002-2008
- For the first CPA methodology between 2002-2004

- For the second CPA methodology between 2005-2008

A comparison between 2002 and 2008 is included in the analysis as it gives an overview of the complete CPA time period and therefore provides a useful insight despite the changes to the CPA methodology referred to in earlier sections of the document.

In order to identify potential turnaround organisations two rules were established by which to undertake the analysis. The rules were determined in accordance with the definition of a turnaround organisation put forward in the literature review, 'a process that takes a company (or local authority) from a situation of poor performance to a situation of good sustained performance' (Brandes and Brege 1993, p92). (Document 2). The first rule was that for a local authority to be deemed to be exhibiting poor performance it must have initially scored poor or weak on the CPA framework. For it to have moved to a position of improved performance it must have moved up at least two categories into the fair category or good or excellent categories if it started with a score of poor, or have moved up 3 categories if it started out with weak. Using these rules, 15 STCCs were initially as potential turnaround organisations.

A single spreadsheet was complied for each of the above time periods by aggregating the information contained in each of the annual published data from the Audit Commission. This involved cutting and pasting the data from the source documents into the spreadsheets and therefore to verify the accuracy of the data transfer, an 'audit' was undertaken to cross check the data back to its source. This revealed very few problems with the data transfer, the only real issue worthy of mention was that the descriptive name of the local authority in some cases was slightly different between years in the audit commission source data meaning that the data when copied over was out of sequence. This was easy to rectify by reordering the relevant data.

The spreadsheets contained all of the CPA data for each local authority for each of the years of the CPA process including the overall CPA score and the sub-element scores (eg Improvement, Education, Use of resources etc). Using the scoring frame referred to earlier in the document, the CPA scores were recategorised as being 1,2,3,4 or 5 depending on the original CPA classification to enable the analysis to be undertaken. Initially, some basic comparisons were undertaken on the spreadsheet data to identify the year- on- year movement between the various scores and the overall movement between the start and end point of the respective time period. Using the rules established to identify potential turnaround local authorities described to earlier, it was then possible to re-order the data according to the relative CPA score and movement between years to identify those local authorities that would be analysed further.

Having reordered the data it was then possible to focus on those local authorities displaying turnaround characteristics according to the rules identified above. From this initial analysis, 15 local authorities were identified for the period 2002-2008, 11 authorities for the period 2002-2004 and 11 authorities for the period 2005-2008. It should be noted that on the whole the local authorities were different between the two time periods 2002-2004 and 2005-2008. While there were some authorities that appeared in both the 2002-2008 and 2002-2004 and the 2002-2008 and 2005-2008 lists, only two local authorities, Bury and Wakefield, appeared in all three lists. The STCC local authorities identified as displaying turnaround characteristics are given in Table 4 below. These local authorities will be used as the basis for identifying potential case study organisations for the qualitative analysis in document 3.

Table 4: STCC Local Authorities Displaying Turnaround Characteristics

2002-2008	2002-2004	2005-2008
Bedfordshire Bromley **Bury** Coventry Ealing East Sussex Enfield Hackney Islington Kingston-upon-Hull Lambeth Merton North Tyneside **Wakefield** Waltham Forest	Bromley **Bury** Coventry East Sussex Islington North Tyneside South Tyneside Southwark Torbay **Wakefield** Windsor & Maidenhead	Barking & Dagenham Bedfordshire **Bury** Hackney Havering Kingston-upon-Hull Merton North East Lincolnshire Sefton **Wakefield** Waltham Forest

Initially the performance trajectory was analysed for potential turnaround STCCs to establish whether any common trends emerged for the 2002-2008 timeframe. These are shown in the performance trajectory graphs that follow in Figure 16. As can be seen, a range of trajectories were followed by the turnaround local authorities and no common pathway emerged. The trajectories were once again classified by type (A to J) and the most frequent types were trajectories C and J which each corresponded to 3 local authorities. The variety of trajectories followed, shows that there is no single route followed by the STCCs and as such the results of this part of the analysis concludes that a range of approaches and timescales were experienced by STCC and this will have been a factor of local circumstances which can usefully be explored in the document 3 – the qualitative analysis.

Figure 25: STCC Turnaround Authority Improvement Curves 2002 to 2008

Turnaround CPA Movement 2002 to 2008 - Type A - (1 Council)

Turnaround CPA Movement 2002 to 2008 - Type B - (1 Council)

Turnaround CPA Movement 2002 to 2008 - Type C - (3 Councils)

Turnaround CPA Movement 2002 to 2008 - Type D - (1 Council)

Turnaround CPA Movement 2002 to 2008 - Type E - (1 Council)

Turnaround CPA Movement 2002 to 2008 - Type F - (2 Councils)

Turnaround CPA Movement 2002 to 2008 - Type G - (1 Council)

Turnaround CPA Movement 2002 to 2008 - Type H - (1 Council)

Turnaround CPA Movement 2002 to 2008 - Type I - (1 Council)

Turnaround CPA Movement 2002 to 2008 - Type J - (3 Councils)

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Analysis of Sub-Element Scores

The next stage was to analyse the local authorities identified above according to the changes in sub-element score across the three timeframes. This was only done for those local authorities displaying turnaround characteristics, as these are the only ones relevant to the focus of this study as identified earlier in the document. This analysis sought to identify whether or not there were any relationships between the relative performance of the three groups of local authorities across the range of relevant sub-elements for each local authority. In order to do this a measure of correlation needed to be established that could be used with ordinal data. Usual methods of correlation are not appropriate for ordinal data as they are parametric measures and require the use of interval or ratio data (Anderson et al 1990, Shah and Madden 2003). Ordinal data is ranked data and does not display an interval between observations that can be expressed as a fixed unit of measurement as for interval or ratio data. As it is inappropriate to compute means, variances and standard deviations for ordinal data, the normal rules of parametric methods break down. While this limits the type and amount of analysis that can be performed on ordinal data, it is possible through the use of non-parametric methods to analyse it (Anderson et al 1990, Bryman and Bell 2003, Shah and Madden 2003). A suitable method of correlation that can be used on ordinal data is the Spearman Rank Correlation Coefficient (r_s) and referred to as the Spearman rho (Anderson et al 1990, Bryman and Bell 2003). The formula for the Spearman Rank Correlation Coefficient is as follows:

$$r_s = 1 - \frac{6\Sigma \, d_i^{\,2}}{n(n^2 - 1)}$$

Where:

n = the number of items or individuals being ranked

X_i = the rank of item i with respect to one variable

Y_i = the rank of item i with respect to a second variable

$d_i = X_i - Y_i$

This method of correlation allows for the identification of a measure of association between two variables when the data is ordinal. For the purposes of this analysis the correlation was performed to establish whether such an association existed within the data between the overall CPA score of a local authority (variable 1) and the individual sub-elements for a given year (variously treated as variable 2). The correlation was performed for each sub-element in each year and separate analysis was performed for each of the three time periods referred to above. The analysis was undertaken using the SPSS Statistical computer package and required the establishment of a number of databases within the package in order that the raw data could be imported from the spreadsheets referred to above.

The Spearman rho was undertaken using bi-variate analysis and was used in two ways. Firstly, the analysis sought to establish whether there was any relationship between the CPA score variable and the sub-element variables for the full range of local authorities in each of the three time periods. This will be referred to as the grouped analysis. Secondly, the analysis was undertaken to measure any relationship between the CPA score and the sub-elements for each individual local authority over the respective time period. This will be referred to as the individual analysis. In both cases, the CPA sub-elements were used as described in discussion of the CPA methodology given earlier. For the 2002–2008 time period, only a limited number of sub-elements could be used which are deemed to have general relevancy across the two CPA methodology changes. These being:

2002-2008

- Ability to Improve (Improvement)

- Social Care – Adults

- Environment

- Housing

- Benefits

- Use of Resources

For the other time periods the following sub elements were used.

2002-2004

- Ability to Improve (Improvement)

- Education

- Social Care – Adults

- Social Care – Children

- Environment

- Housing

- Benefits

- Libraries and Leisure

- Use of Resources

2005-2008

- Ability to Improve (Improvement) – now called the corporate assessment

- Children and Young People

- Social Care – Adults

- Housing

- Environment

- Culture

- Benefits

- Use of Resources

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For 2005-2008 more detailed information was available across this time period for the Use of Resources score broken down by its own sub-elements. This allowed the Spearman rho analysis to be undertaken for any relationship that may exist between the Use of Resources (variable 1) and the sub-elements (variously variable 2) as follows:

2005-2008 Use of resources

- Financial Reporting

- Financial Management

- Financial Standing

- Internal Control

- Value for Money

The Spearman rho calculation gives a correlation coefficient that is the same in principle as the Pearson's r correlation coefficient (Bryman and Bell 2003) and will give a value between −1 and +1. A zero value indicates that there is no relationship between the two variables where-as a value of −1 or +1 indicates a perfect relationship between the two variables either negative or positive respectively. When interpreting the strength of the relationship indicated by the correlation coefficients, the following Table 5 provides a rough guide.

Table 5: Rough guide to interpreting correlation coefficients (Source: Rowntree (1991:170) in Fisher 2004)

Correlation Coefficient (+ or -)	Strength of Relationship
0.0 to 0.2	Negligible
0.2 to 0.4	Weak
0.4 to 0.7	Moderate
0.7 to 0.9	Strong
0.9 to 1.0	Very Strong

Another useful tool in analysing the correlation coefficient is the coefficient of determination (r^2). By squaring the correlation coefficient and multiplying by 100 to give a percentage, the resulting coefficient of determination expresses how much of the variation in one variable is due to the other variable (Bryman and Bell 2003). For example a Spearman rho of 0.2 would indicate a weak or negligible relationship in the table above and would result s in an r^2 of 0.04 (4%) indicating that only 4% of the change in variable 1 is accounted for by variable 2. This means that other variables have a greater impact in the change in variable 1. Conversely a Spearman rho of 0.7 would indicate a strong relationship in the table above and give an r^2 of 49% meaning that 51% of the change in variable 1 is not accounted for by variable 2. A Spearman rho of 0.708 gives an r^2 of 50%. For the purposes of this analysis using the table above and the r^2 as a guide, a Spearman rho of 7 or above will generally be taken as indicating a strong relationship between the variables. As a secondary guide, Spearman rho between 0.6 and 0.7 will also be considered as a weaker but never the less moderate to strong indication that a relationship exists, especially if there are multiple variables within the analysis displaying this relationship. This is not true multi-variate analysis, but does at least try to take account of and understand such weaker relationships.

Finally, it is important to note that the Spearman rho is a measure of correlation and will only identify the relative strength of any relationship that exists between the CAP score and the sub-elements. It does not on its own represent a cause and effect relationship (Anderson et al 1990, Bryman and Bell 2003), but rather will be used as a start point for further investigation to e undertaken in the next stage of this DBA study (Document 3)

The Grouped Analysis

This part of the analysis sought to establish whether there was a relationship between the overall CPA score and the CPA sub-elements across all local authorities in a given time frame. In this way, it would be possible to identify whether or not changes in a particular CPA sub–element, or sub-elements, had a potential impact on changes in the overall CPA score. In this case the specific changes of interest would be whether an improvement in the CPA score correlated to an improvement in one or more of the sub elements over the respective time periods being examined. The analysis was structured so that all sub-elements were correlated to the CPA score for a given year across the three time frames.

Within the analysis the variables are as follows; variable 1 is the CPA score in a given year and variable 2 is the sub-element score in a given year. The hidden variable is the local authority across the respective local authority group (Anderson et al 1990, Bryman and Bell 2003).

The results of this analysis are given in the Table 6 below. Using the interpretation approach referred to above significant relationships are highlighted in yellow. It is important to note for this part of the analysis the impact of timing. The local authorities selected for the analysis have been chosen because they demonstrated a low CPA score at the start of the time period and a relative high CPA score at the end

of the time period and as such the CPA scores are generally improving (increasing) in each successive year, and certainly will have increased by the end of the time period. As such, a strong positive correlation between the CPA score and the sub-elements in each successive year would indicate that as the CPA score increases/improves so does the sub-element score. Conversely, a negative correlation would indicate that as the CPA increases the sub-element score decreases.

It can be seen from the analysis that the ability to improve sub-element (IMP) was the only one to show a consistent, moderate to strong relationship to the CPA score throughout all eight years of CPA and across each of the three time frames. The Spearman rho for ability to improve varies between positive 0.627 and 0.915 indicating that as the CPA score increased, so did the ability to improve score. Therefore, this sub element is of interest to follow up in the next stage of the research. Unfortunately, the detailed breakdown of the ability to improve score is not available form the published data so no further quantitative analysis can be performed at this stage. However, this aspect will be one that can be pursued in more depth through qualitative analysis in Document 3.

Table 6: Grouped STCC Correlation by time frame

SINGLE TIER AND COUNTY COUNCILS

Grouped Correlations 2002-2008

	CPA02		CPA02	IMP02	SCA02	HOU02	ENV02	BEN02	UOR02
Spearman's rho		Correlation Coefficient	1.000	.874**	-.080	-.309	-.017	.000	.509
N = 15	CPA03		CPA03	IMP03	SCA03	HOU03	ENV03	BEN03	UOR03
		Correlation Coefficient	1.000	.867**	-.121	-.276	-.069	-.013	.637*
	CPA04		CPA04	IMP04	SCA04	HOU04	ENV04	BEN04	UOR04
		Correlation Coefficient	1.000	.569*	.206	.179	.369	.185	.652**
	CPA05		CPA05	IMP05	SCA05	HOU05	ENV05	BEN05	UOR05
		Correlation Coefficient	1.000	.915**	-.050	.018	.052	.151	.395
	CPA06		CPA06	IMP06	SCA06	HOU06	ENV06	BEN06	UOR06
		Correlation Coefficient	1.000	.746**	.109	.074	.168	-.032	.392
	CPA07		CPA07	IMP07	SCA07	HOU07	ENV07	BEN07	UOR07
		Correlation Coefficient	1.000	.387	.000	.221	.000	.000	.354
	CPA08		CPA08	IMP08	SCA08	HOU08	ENV08	BEN08	UOR08
		Correlation Coefficient	1.000	.707**	.387	.218	.000	-.018	.277

SINGLE TIER AND COUNTY COUNCILS

Grouped Correlations 2002-2004

	CPA02		CPA02	IMP02	ED02	SCA02	SCC02	ENV02	HOU02	BEN02	LL02	UOR02
Spearman's rho		Correlation Coefficient	1.000	.735*	.082	.180	.128	.187	-.021	.137	.560	.625*
N=11	CPA03		CPA03	IMP03	ED03	SCA03	SCC03	ENV03	HOU03	BEN03	LL03	UOR03
		Correlation Coefficient	1.000	.743**	.503	.039	.537	-.085	-.229	-.190	.354	.334
	CPA04		CPA04	IMP04	ED04	SCA04	SCC04	ENV04	HOU04	BEN04	LL04	UOR04
		Correlation Coefficient	1.000	.809**	-.036	.162	.067	.041	.214	-.089	.211	-.067

SINGLE TIER AND COUNTY COUNCILS

Grouped Correlations 2005-2008

	CPA05		CPA05	IMP05	CYP05	SCA05	HOU05	ENV05	CUL05	BEN05	UOR05
Spearman's rho		Correlation Coefficient	1.000	.221	.332	.727*	.630*	.285	.299	.103	.334
N = 11	CPA06		CPA06	IMP06	CYP06	SCA06	HOU06	ENV06	CUL06	BEN06	UOR06
		Correlation Coefficient	1.000	.690*	.268	.134	-.129	.386	.039	.035	.690
	CPA07		CPA07	IMP07	CYP07	SCA07	HOU07	ENV07	CUL07	BEN07	UOR07
		Correlation Coefficient	1.000	.627*	.339	.000	.304	.000	.267	-.267	.391
	CPA08		CPA08	IMP08	CYP08	SCA08	HOU08	ENV08	CUL08	BEN08	UOR08
		Correlation Coefficient	1.000	.724*	.	.472	.269	.000	.535	-.197	.561

With the exception of Use of Resources, the remaining sub-elements appear to have little individual impact on the CPA score. Many of the sub–element scores show a negligible or weak relationship to the CPA score. In 2006 the Social Care – Adults and the Housing sub-elements gave a moderate to strong relationship but as this is only in one year it is difficult to draw an interpretation from this overall. The only remaining sub-element of interest across the eight years of CPA is the Use of Resources score. While this does not show as consistently strong relationship as the ability to improve sub-element, it does never the less show a moderate positive relationship in four of the

eight years across each time frame grouping. On a more detailed level, it is interesting to note that between 2002 and 2004, the use of resources score had a positive correlation of 0.625 in 2002 indicating that there was a moderate positive relationship with the poor CPA score, as such the use of resources score would also have been poor for the group of local authorities. By 2004 however, the grouped use of resources relationship with the CPA score had become negligible, suggesting that the improvement in CPA score was more likely due to improvements in other sub-elements. Between 2005 and 2008 a different picture emerges, with the use of resources score having a moderate, or borderline moderate positive relationship to the CPA score, and therefore it too was improving over the time period. This may be a factor of the change in emphasis given by the audit commission to use of resources in this second time period of CPA. Indeed the re-categorisation of the use of resources into a level 1 assessment meant that local authorities would find it difficult to improve the overall CPA score if they had not improved their use of resources score. As such, this relationship within the analysis may be a function of this change in CPA methodology, meaning that those local authorities selected in this part of the study would include a number who had managed to improve their use of resources score. This is another issue that will be followed up in the next stage of the research (document 3).

Generally, it must be concluded that only the ability to improve score and, to a lesser extent, use of resources sore demonstrate what may be considered a potential relationship to the CPA score. The other sub-elements do not show a strong enough correlation to the CPA score to demonstrate that any relationship exists for them at the group level.

Finally in this part of the analysis, detailed data is available within the CPA data sets for use of resources scores during the 2005-2008 time period (but not

2002-2004) giving the individual sub-elements used to make up the use of resources score. Given the findings given above, further analysis was undertaken to establish whether there was any relationship at the grouped level between the 5 sub-elements that were used to make up the use of resources score. The results of this analysis are shown in Table 7.

Table 7: STCC 2005-2008 – Correlation within Use of Resources

CORRELATION WITHIN UOR 2005 TO 2008

Spearman's rho	UOR05		UOR05	FINR05	FINM05	FINS05	IC05	VFM05
N = 11		Correlation Coefficient	1.000	.348	.882**	.304	.773**	.548
	UOR06		UOR06	FINR06	FINM06	FINS06	IC06	VFM06
		Correlation Coefficient	1.000	.798**	1.000**	.100	.449	.828**
	UOR07		UOR07	FINR07	FINM07	FINS07	IC07	VFM07
		Correlation Coefficient	1.000	.577	.389	.553	.241	.516
	UOR08		UOR08	FINR08	FINM08	FINS08	IC08	VFM08
		Correlation Coefficient	1.000	.561	.	.742**	1.000**	.516

This analysis shows that in two years, two of the sub elements showed a perfect positive correlation to the use of resources score, internal control in 2008 and financial management in 2006. Indeed, over the 4 year period, all sub-elements showed at least a strong relationship to the use of resources score in at least one of the years. However, from this it can be only concluded that for the group of local authorities, no single sub-element contributed to the improvement in the use of resources score over the four-year period. This will be examined further in the next section of this document and will also form part of the next stage research study (document 3).

The Individual Analysis

In this part of the analysis, each local authority is examined individually. Each sub-element is compared to the overall CPA score for each of the years relevant to the

respective time periods. Again the Spearman rho is used as a measure of ranked correlation, and the rules regarding significance are the same as those applied in the previous section. Furthermore, the analysis is again conducted over the three time periods of 2002-2008, 2002-2004 and 2005-2008. The purpose of this part of the analysis is to look in more detail at any potential relationships that may exist within the data, but this time at an individual local authority level. At a grouped level, the previous section showed potential relationships for the ability to improve and use of resources scores, but could not conclude that a relationship existed for the other sub-element scores for each group of local authorities. The individual analysis here examines the data from a different perspective. Each local authority is examined in turn across each of the CPA variables for all relevant years. In this way, the analysis will show whether or not any potential relationships exist between the sub-elements at an individual local authority level. Given the findings of the previous section on grouped data, it would be expected that each local authority is likely to display a different mix of variables that could present a strong relationship to CPA improvement. Again, it is important to point out that because for the local authorities being examined, CPA scores are improving over the time period, then a positive correlation will indicate a corresponding improvement in sub-element score and negative correlation a reduction in the sub-element score.

Within this part of the analysis the variables are as follows; variable 1 is the CPA score for a local authority and variable 2 is the sub-element score in a local authority. The hidden variable is the year across the respective time period (Anderson et al 1990, Bryman and Bell 2003).

Due to the size of the tables involved, the results of this analysis are given in Appendices A, B and C at the end of the document. Significant Spearman rho correlation coefficients (ie those greater than 0.6) are highlighted in yellow to give a visual array of the significant outcomes.

The first part of the individual analysis looks at the time period between 2002 and 2004 and the results are given in Appendix A. The first striking outcome from the analysis is that for a number of the CPA sub-elements, a blank spearman rho correlation coefficient has been returned for many of the local authorities. This relates to those CPA elements where the sub-element score was constant throughout he time period. As such it will have no correlation to the increasing CPA score and hence the blank return. The next observation to make from the analysis is that for all of the local authorities, except East Sussex, a number of sub-elements have shown a strong to very strong correlation with the CPA score. Indeed, in some cases sub-elements have a perfect correlation of 1 showing that they are moving in direct relation to the CPA score improvement. As would be expected from the previous group analysis, there is no common pattern among the individual local authorities, other than the majority (7 out of the 11) showing a strong or very strong correlation between CPA score and ability to improve. Two local authorities have shown a strong or very strong correlation in the majority of the sub-elements (Islington and Bury with 6 and 7 out of 9 respectively), and a further two have shown a strong correlation in 5 out of 9 of the sub-elements (Southwark and Wakefield). With regards to the sub-elements, the frequency of significant correlations is given in Table 8 below. This shows that ability to improve appears most as a strong to very strong correlation (7 times), Social Care- Adults, Environment, Benefits and Use of Resources appear the second most frequently (6 times), Education 5 times, Social Care- Children 4 times and housing and libraries and leisure twice.

Table 8: Frequency of significant correlations by Local Authority – 2002-2004

CPA Sub-Element	Frequency (out of 11)
Ability to Improve	7
Social Care - Adults	6
Environment	6
Benefits	6
Use of Resources	6
Education	5
Social Care- Children	4
Housing	2
Libraries and Leisure	2

The second year group is the 2005 to 2008 time period and the results of this analysis are shown in Appendix B. This analysis shows both the relationship between the CPA and the sub-elements and also, following on form the findings of the grouped analysis, the relationship between the Use of Resources Score and its sub-elements. The Use of Resources analysis is on the right hand side of the table in Appendix B. Once again, there is no clear common pattern of correlations across each of the local authorities and many local authorities display a strong or very strong correlation for a number of the sub-elements (the first row for each local authority in the table in the appendix). With regards to the sub-elements the frequency distribution of the significant correlations is given in Table 9 below. This shows that once again ability to improve appears the most frequently at 9 times out of 11. However, for this time period the use of resources sub-element also appears 9 times out of 11 with each of the other sub-elements being 6 or below. It also demonstrates that as the CPA score is increasing year on year, so must be the use of resources score. The increase in the frequency of use of resources from 6 to 9 between the two time periods mirrors the findings regarding this sub element in the grouped analysis section and re-affirms that

this sub-element is worth examining further in the next phase of the research project (document 3).

Table 9: Frequency of significant correlations by Local Authority – 2005-2008

CPA Sub-Element	Frequency (out of 11)
Ability to Improve	9
Use of Resources	9
Housing	6
Benefits	5
Environment	5
Children and Young People	4
Culture	4
Social Care - Adults	2

Taking the use of resources theme further, the analysis in Appendix B also shows the relationship between the sub-elements to the use of resource score. This is the third row for each local authority in the table and is analysed in the five right hand columns. Again, yellow shading represents a significant correlation. From the array of data, it can be seen that no common pattern of relationships exists across all f the local authorities for the use of resources sub–elements. One local authority, Befordshire, shows a strong to very strong correlation for all of the sub-elements but the others again have individual patterns. Once again the frequency distribution of significant correlations is given in Table 10 below and this provides a useful insight not revealed immediately by the array in the Appendix.

Table 10: Frequency of significant correlations for Use of Resources 2005-2008

Use of Resources Sub-Element	Frequency (out of 11)
Financial Management	8
Financial Standing	7
Internal Control	6
Value for Money	5
Financial Reporting	3

The table also shows that Financial Reporting has the lowest frequency of strong correlations to an improving use of resources score. This is perhaps not surprising given the audit scrutiny and national emphasis that there has been in over the years on the production of timely financial accounts for the organisation (Jones and Pendlebury, 2000). What is more surprising is the high frequency attributed to financial management and financial standing. The two sub-elements that appear most frequently are Financial Management (8 times out of 11) and Financial Standing (7 times out of 11). It is these sub-elements that are showing the strongest relationship to the use of resources score, which is itself improving year on year (as shown earlier). These then are two specific areas that can be examined further as a line of enquiry in the next phase of the research.

The District Councils

The analysis of the district councils has been constrained by the availability of the data within the CPA data set. Because of the way in which the inspections were undertaken, and the subsequent reports were issued, there is only data available for the start of the process (2002/2003 for district councils) and the end of the process (2008). Unlike STCC, there were no annual inspections, but rather district councils applied for a change in CPA rating on an exception basis.

Using the same rules that were applied to the STCC, 24 district councils were identified as potential turnaround organisations. The 24 local authorities identified are shown in Table 11 below along with their CPA score at the start and end of CPA and the movement in score. As discussed previously in the document, the revised District Council CPA methodology established in 2006 did not make wholesale changes to the approach undertaken to scoring. As such, it was not as critical to treat the two time periods differently as it was for STCCs.

Table 11: District Councils displaying turnaround characteristics

Council	CPA 2002/03	CPA 2008	MOVEMENT
Castle Point	1	4	3
Chester-Le-Street	1	4	3
Harlow	1	4	3
North Shropshire	1	4	3
Rossendale	1	4	3
Torridge	1	4	3
North East Derbyshire	2	5	3
Selby	2	5	3
Tunbridge Wells	2	5	3
Teesdale	1	3	2
Castle Morpeth	2	4	2
Congleton	2	4	2
Corby	2	4	2
East Lindsey	2	4	2
Mansfield	2	4	2
North Dorset	2	4	2
Nuneaton and Bedworth	2	4	2
Ribble Valley	2	4	2
Rochford	2	4	2
Shepway	2	4	2
Stratford-on-Avon	2	4	2
Watford	2	4	2
Weymouth	2	4	2
Wyre	2	4	2

A further limitation to data is that the detailed analysis of sub-elements can only be undertaken across the five that were published by the Audit Commission. These were as follows:

- Ambition

- Prioritisation

- Capacity

- Performance Management

- Achievement

The Use of resources scores were only added part way through the process and therefore cannot be used for comparing between the two points in time as they did not exist at the start of CPA for district councils.

The analysis for the District Councils was also undertaken on a grouped and individual basis in the same way as for STCCs. The results are given in Appendix D, E and F. Appendix D shows the grouped analysis for the district councils using the Spearman rho to calculate the correlation coefficient between the CPA score and the sub-elements for each district council. Significant relationships are again highlighted in yellow. The analysis in Appendix D shows that only one sub-element in one year showed a significant relationship to the CPA score and this was the Capacity score in first year. Other than that, very few of the other sub-element scores are higher than weak. This shows that while all the sub-elements are positively correlated to the CPA Score at the start of the process, only the Capacity sub-element has any form of relationship in the data to the CPA score. For the 2008 year, non of the sub-elements score more than 0.490 and many are below 3.0 demonstrating that there was a weak relationship between CPA score and sub-element score in 2008. There is no evidence that a rise in CPA score is matched by a strongly correlating sub-element score and as such the only conclusion that can be drawn from the analysis is that no one sub-element had contributed to the overall improvement in CPA score. In fact, looking at the raw data by means of a time series chart, see Figure 17 below, it can be seen that generally, as the CPA score increases, the sub-element scores also increase. Because the local authorities selected were chosen on the basis that their CPA score had gone up

significantly between the two time periods, the graphs show a definite uniform movement from bottom left to top right. This would suggest a linear relationship between the variables over time, and as such the correlations would perhaps have been expected to have been stronger than they have come out at. Never the less the spearman rho does on the whole show positive

correlations between the CPA score and the sub-elements, even though the relationship can only be assessed as weak to moderate.

Finally, the district council data has also been analysed by individual council and the results are shown in Appendix E and F. The majority of spearman rhos are 1.00 which either means that many sub-elements for each local authority display a perfect positive correlation or the answer is skewed by the very low levels of data available for each sub-element. Given the picture portrayed in the time series graphs above, it can be concluded that for poorly performing district councils to have improved, they must have made improvements across the range of CPA sub-elements. This matches the conclusion of the grouped data analysis above.

For District Councils, the conclusions that can be drawn from the analysis are limited by the data available. However, there does seem to be a common thread that no single sub-element was responsible for improvement in the overall CPA score and therefore improvement in a wide range of sub-elements is expected. This will form the basis of part of the analysis in the next phase of the study (document 3).

Figure 26: Time Series Graphs for District Council CPA
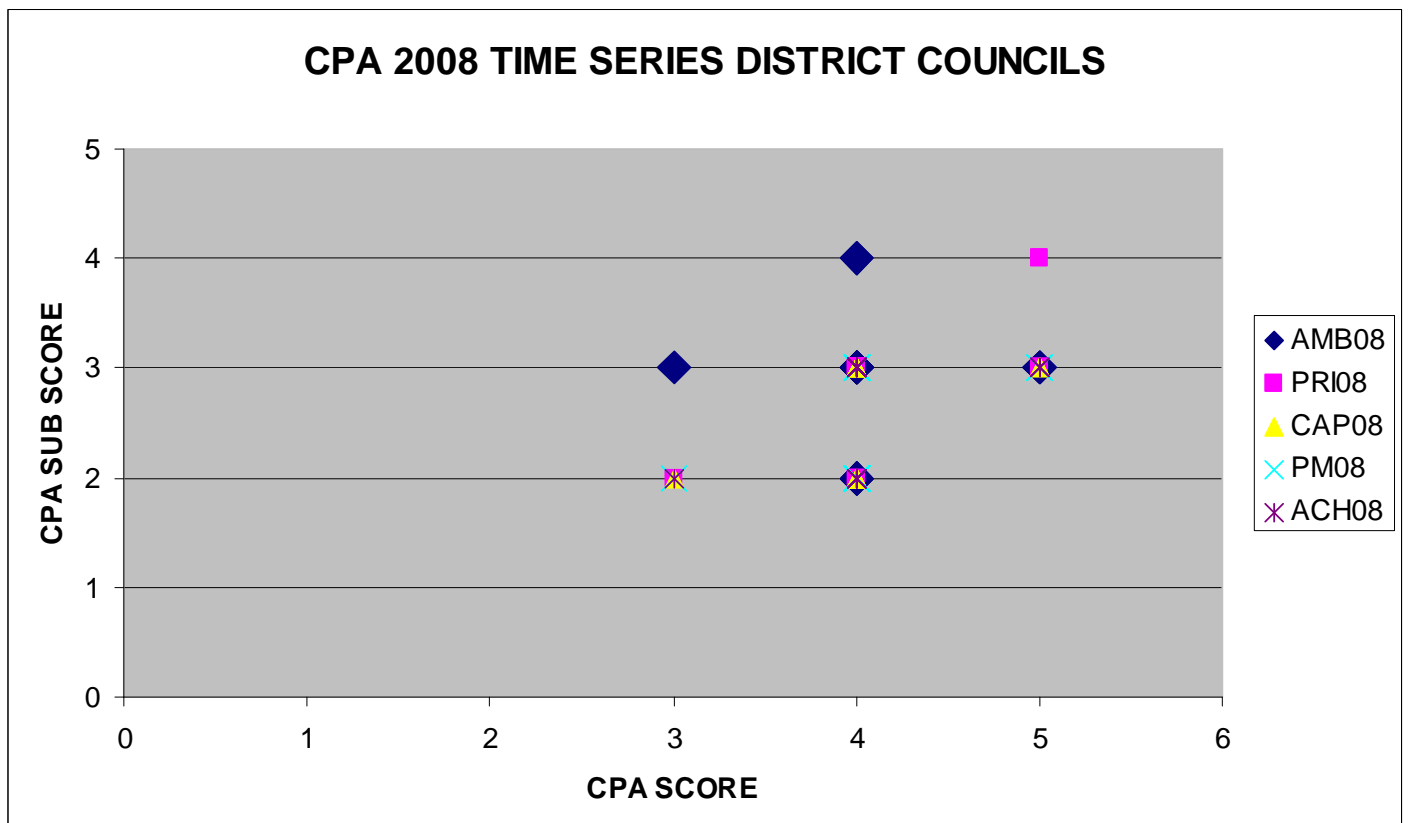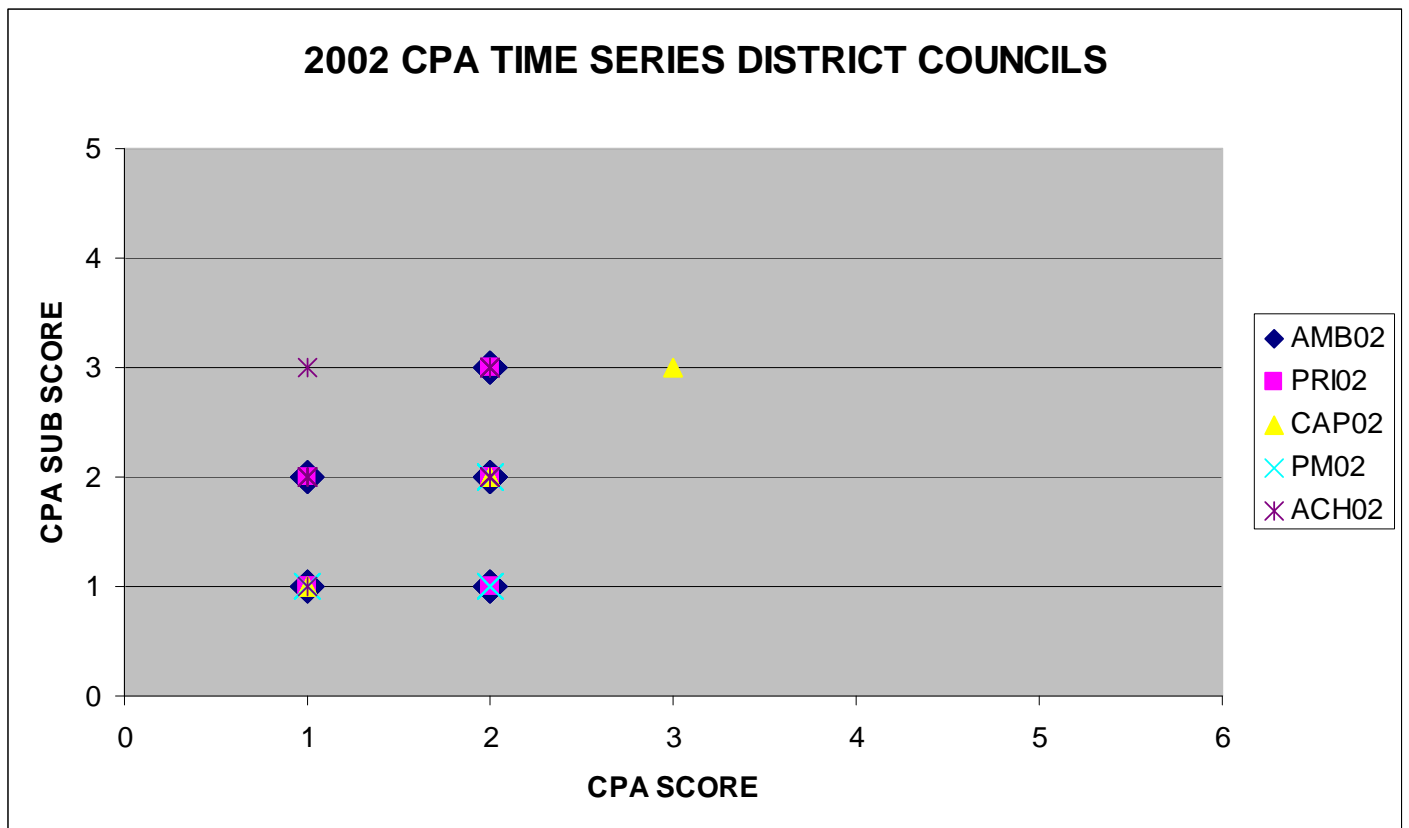
Conclusions

This structured analysis has been undertaken on the CPA datasets of the Audit Commission between 2002 and 2008 in order to establish:

- A range of local authorities exhibiting turnaround characteristics under the CPA framework that could form the basis of a future qualitative study into the processes of turnaround within English local authorities;
- A range of lines of enquiry that could be used to form the basis of the qualitative analysis referred to above.

Methodological Issues

It has been seen that the CPA framework, and the data provided by the audit commission, form the basis of a socially constructed view of local authority performance. This means that with even though this part of the overall DBA study uses quantitative techniques, they have been undertaken within a wider Interpretivist methodology in line with the purposes of the study as a whole, rather than the traditional hypothetico-deductive approach often employed under a Positivist methodology. Furthermore, the data itself is ordinal in nature meaning that it is not possible to undertake the full range of quantitative techniques such as hypothesis analysis and deduction. As such, the analysis and subsequent interpretation of the analysis has been undertaken using non-parametric measures that can more appropriately be applied to ordinal data within an interpretivist, inductive framework.

The analysis has used secondary data that has been restructured in order to perform various quantitative analyses to achieve the above objectives. The secondary nature of the data raises certain methodological issues and it has been argued that given the source and nature of the data, these potential issues do not apply in the case of this

study and that the analysis conducted here is inline with the original purposes for which the data was collected; namely to asses the performance, and improvements in performance, of English local authorities. In order to be able to use the audit commission datasets, it was further necessary to explore the way in which the data was collected and the meanings attached to the CPA data within the CPA methodological framework. This has identified that in order to undertake the quantitative analysis, it was necessary to do this between two local authority groups and over two distinct timeframes. This raised a number of issues for the analysis. Firstly, the STCCs and the District Councils will need to be treated as separate groupings and cannot be directly compared due to the different approaches adopted within the CPA methodologies and the different ways and timings in which the data was published. Secondly, for the STCCs the CPA methodology changed in 2005 and as such it is not wholly appropriate to directly compare performance for years in different CPA methodology timeframes. The analysis of STCCs therefore provided comparative data over three timescales; 2002-2004, 2005-2008 and for information purposes 2002-2008. Finally, the district council CPA methodology changes were relatively minor and as such allow a more direct comparison between the two methodologies to be undertaken between data at the start of the CPA process (2003/04) and at the end (2008) in line with the only two datasets available for analysis for district councils.

In order to achieve the objectives of the study, the analysis was undertaken at two levels. Firstly, a high level analysis of all English local authority performance and secondly, a more detailed analysis of those local authorities displaying turnaround characteristics. The detailed analysis was further subdivided between a grouped analysis and an individual analysis. The main findings of the study are given below.

High Level Conclusions

From the high level analysis, it can be seen that in general there was an improvement in the performance of STCC local authorities during the CPA period as measured by the CPA scoring regime. Initially there were 13 (8.75%) local authorities that were poor and 21 (14.09%) that were weak. By 2008 there were no poorly performing STCCs and only 4 (2.68%) that were categorised as weak. The modal score for STCCs was 4 for the first six years of CPA rising to 5 for the final year. This indicates that throughout the CPA period, a significant proportion of STCCs were performing at a good (3 Star) or excellent (4 Star) level. As such, performance as a whole can be said to have improved during the CPA time period, using the CPA framework as the performance measurement tool.

The variety of trajectories identified for STCCs, shows that there is no single route followed by the STCCs and as such the results of this part of the analysis concludes that a range of approaches and timescales were experienced by STCC and this will have been a factor of local circumstances which can usefully be explored in the document 3 – the qualitative analysis.

For district councils the analysis shows that while the proportions of district councils regarded as poor or weak were initially lower than for STCCs at 3.36% and 12.61% respectively, by the end of the CPA regime, there were higher proportions of district councils remaining either poor (1 council representing 0.42%), or weak (9 councils representing 3.78%). The modal score for district councils was 3 in the first year of assessment, rising to 4 in the final year, showing that overall performance for district councils was generally lower than for their STCC counterparts.

The reducing proportions of both STCC and district councils falling into the poor and weak categories indicates that local authorities that would previously have been

deemed to be failing must have improved somewhat as measured by the CPA framework and as such there is the potential to identify those that have achieved a turnaround position.

As a result of the high level analysis, 24 district councils and, depending on the timeframe used, between 11 and 15 STCCs were identified as potential turnaround organisations that could be used as case studies in the next part of this DBA study and in the final thesis.

The Detailed Analysis

The detailed analysis used a scoring framework developed as part of this research to allow for the comparison of local authority performance between and within the various CPA timeframes. The Analysis itself used the Spearman rho correlation of coefficient to establish whether or not any potential relationships existed within and between the CPA data directly comparing the overall local authority CPA scores and the various sub-elements used to derive this score. The correlation scores do not directly show cause and effect relationships but merely the strength of any relationship that may exist. As such, this analysis provides the start point for further qualitative analysis in document 3 by providing lines of enquiry that will be worth exploring further in the qualitative analysis.

Detailed Grouped Analysis Conclusions

The detailed grouped analysis was undertaken for both STCCS and the district councils displaying turnaround characteristics. This analysis sought to establish whether there was any evidence to suggest a relationship between improvement in the overall CPA score and movements in the various sub-elements used to derive the CPA score. This analysis was taken across all of the potential turnaround local authorities identified

within each timeframe. From the detailed grouped analysis a number of conclusions were drawn. Firstly, the "ability to improve" sub-element showed strong relationship with overall CPA score improvement across all of the groups of local authorities analysed. Secondly, the "use of resources" sub-element showed a weaker relationship with CPA improvement, but was still strong enough to be of further interest. The other sub-elements did not show any overall strength of relationship at the grouped level but are considered further in the individual analysis below.

The analysis showed that between 2002 and 2004, the "use of resources" score had a positive correlation of 0.625 in 2002 indicating that there was a moderate positive relationship with the poor CPA score, as such the "use of resources" score would also have been poor for the group of local authorities. By 2004 however, the grouped "use of resources" relationship had become negligible, suggesting that the improvement in CPA score was more likely due to improvements in other sub-elements. Between 2005 and 2008 a different picture emerges, with the "use of resources" score having a moderate, or borderline moderate positive relationship to the CPA score, and therefore it too was improving over the time period. This maybe a factor of the change in emphasis given by the audit commission to "use of resources" in this second time period of CPA. Indeed the re-categorisation of the "use of resources" into a level 1 assessment meant that local authorities would find it difficult to improve the overall CPA score if they had not improved their "use of resources" score. As such, this relationship within the analysis may be a function of this change in CPA methodology, meaning that those local authorities selected in this part of the study would include a number who had managed to improve their "use of resources" score. This is another issue that will be followed up in the next stage of the research (document 3).

On a more detailed level, it was possible to analyse the use of resources sub-element further between 2005 and 2008. This analysis shows that in two years, two of the sub elements showed a perfect positive correlation to the use of resources score, internal

control in 2008 and financial management in 2006. Indeed, over the 4 year period, all sub-elements showed at least a strong relationship to the use of resources score in at least one of the years. However, from this it can be only concluded that no single sub-element contributed to the improvement in the use of resources score over the four-year period. This will be examined further in the next section of this document and will also form part of the next stage research study (document 3).

Detailed Individual Analysis Conclusions

The detailed individual analysis examined the relationship between improvement in CPA score and the various sub-elements for individual local authorities rather than for the groups of local authorities. Once again, there is no clear common pattern of correlations across each of the local authorities and many local authorities display a strong or very strong correlation for a number of the sub-elements.   With regards to the sub-elements the frequency distribution of the significant correlations shows that once again ability to improve and the use of resources sub-elements show a strong potential relationship with overall improvement in CPA score. This re-affirms that these sub-elements are worth examining further in the qualitative phase of the research project (document 3).

Within the use of resources sub-element at an individual local authority level it was also found that Financial Reporting had the lowest frequency of strong correlations to an improving use of resources score. This is perhaps not surprising given the audit scrutiny and national emphasis that there has been in over the years on the production of timely financial accounts for the organisation. What is more surprising is that the two sub-elements that appear most frequently are Financial Management (8 times out of 11) and Financial Standing (7 times out of 11). It is these sub-elements that are showing the strongest relationship to improvements in the use of resources score.

These then are two specific areas that can be examined further as a line of enquiry in the next phase of the research.

For District Councils, the conclusions that can be drawn from the analysis are limited by the data available. However, there does seem to be a common thread that no single sub-element was responsible for improvement in the overall CPA score and therefore improvement in a wide range of sub-elements is expected. This will form the basis of part of the analysis in the next phase of the study (document 3).

Overall Conclusions

A range of both STCCs and district councils have been identified for further analysis at the qualitative stage of the study in document 3 and the final thesis. Gaining access to these organisations will be a key determinant as to which ones will form the basis of future case studies but it is hoped that at least 3 organisations representing a mix of STCC and district councils will be able to chosen.

With regards to the lines of enquiry that can usefully be undertaken in the next stage of the study, three main issues have emerged. Firstly, a more detailed analysis of the ability to improve sub-element can be undertaken beyond the data contained in the CPA datasets. This sub-element relates directly to the corporate management processes of the organisations concerned as such will link directly to the overall objectives of the DBA study given in document 1. Secondly, the use of resources sub element will also be worthy of further investigation during the next stage. A number of interesting aspects have arisen form this analysis including the apparent difference in impact that use of resources had between the two STCC time periods and the evidence from the detailed analysis of the use of resources sub-element between 2005 and 2008. This sub-element will also be useful to explore for district councils for which there is limited data currently available with in the CPA dataset. Finally, it has been

established that for the remaining sub-elements, there is no evidence for a strong relationship existing between these sub-elements and improvement in CPA score. As such each local authority will have experienced different pathways for improvement in relation to these sub-elements, if at all, reflecting local circumstances and needs. This local dimension can also be explored further in the next phase of the study within the specific case study organisations selected.

Areas for further study

In addition to the findings of this study and those areas identified for further study in subsequent documents it has also been identified that there are a number of interesting factors arising form the high level analysis of all local authorities. The main findings have been the generally overall good performance of the majority of local authorities within the CPA framework. As such it would be interesting to establish the main reasons for this; were many local authorities already well managed or did they merely play the game of working within the CPA framework as a measure of good performance? Furthermore, what impact did the change in CPA methodology for STCCs have in 2005 onwards? Did this make it more difficult to achieve and maintain good performance? Finally, the CPA score trajectories highlight that local authorities undertook a range of trajectories over the lifetime of CPA. Some maintained consistently good performance, while others fluctuated in performance over the lifetime of CPA. For some performance started off as good and then became poor over time. The underlying reasons behind these movements would form the useful basis of further study.

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APPENDICES

SINGLE TIER AND COUNTY COUNCILS

Correlations 2002-2004 by Local Authority

Correlations

Islington

Spearman's rho	CPA		CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	.866	.866	.866	.	.866	.	.866	.	.866
		N	3	3	3	3	3	3	3	3	3	3

Bromley

			CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	.	.	.	1.000**	-1.000**	.	.	.	1.000**
		N	3	3	3	3	3	3	3	3	3	3

Bury

			CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	.	.866	.866	.	1.000**	1.000**	.866	.866	.866
		N	3	3	3	3	3	3	3	3	3	3

Coventry

			CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	1.000**	.	1.000**	.500	.	.	.866	.500	.500
		N	3	3	3	3	3	3	3	3	3	3

East Sussex

			CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	.	.	1.000**	.	.500	.	.	.	.
		N	3	3	3	3	3	3	3	3	3	3

North Tyneside

			CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	1.000**	1.000**	.	.	.	.	.500	.	.866
		N	3	3	3	3	3	3	3	3	3	3

South Tyneside

			CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	1.000**	.	1.000**	.	-.500	1.000**	.500	.	.500
		N	3	3	3	3	3	3	3	3	3	3

Southwark

			CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	.866	.866	.	.866	-.866	.	1.000**	.	.
		N	3	3	3	3	3	3	3	3	3	3

Torbay

			CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	.866	.	.	.	.000	.	.866	.866	.866
		N	3	3	3	3	3	3	3	3	3	3

Wakefield

			CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	.866	.	1.000**	.866	.866	.	.500	.	.866
		N	3	3	3	3	3	3	3	3	3	3

Windsor & Maidenhead

			CPA	IMP	ED	SCA	SCC	ENV	HOU	BEN	LL	UOR
Spearman's rho	CPA	Correlation Coefficient	1.000	.	1.000**	.	1.000**	1.000**	.	1.000**	.	.
		N	3	3	3	3	3	3	3	3	3	3

SINGLE TIER AND COUNTY COUNCILS

Correlations 2005-2008 by Local Authority

Waltham Forest

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000	.943		.816		.889	1.000**	.544		-.544		.816		.943
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient														
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Barking & Dagenham

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000	.816	.816		.833	.816	.000	.816	.816			.833	.816	.816
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient	.816	1.000**	.333		.544	1.000**	-.577	.333	1.000			.816	1.000**	1.000**
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Bedfordshire

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000	1.000**	.333	.577		.816	.000		.816	.333	.816	.577	.816	1.000**
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient	.816	.816	.816	.000		1.000**	.000		1.000	.816	.833	.707	1.000**	.816
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Bury

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000	.707	.000	.000			-.500	.816	.816	.816	.816	.707	.707	
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient	.816	.577	.333	-.333			-.816	.333	1.000	1.000**	1.000**	.577	.577	
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Hackney

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000				.889	.236	.816	.889	.943	.816	.943		.943	.544
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient	.943				.943	.000	.577	.943	1.000	.577	1.000**		1.000**	.577
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Havering

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000	1.000**	-1.000**		.816	1.000**			1.000**	.577	1.000**	1.000**	1.000**	
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient	1.000**	1.000**	-1.000**		.816	1.000**			1.000	.577	1.000**	1.000**	1.000**	
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Kingston-Upon-Hull

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000	.816	.707		.707	.000	.000	.707	.816	.707	.816	.816	.833	
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient	.816	.333	.577		.577	.333	.333	.577	1.000	.577	1.000**	1.000**	.544	
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Merton

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000	.816			.816	.816	.816	.000	.707	.816	.707	.816	.707	.707
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient	.707	.577			.577	.577	.577	-.577	1.000	.577	1.000**	.577	1.000**	1.000**
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

North East Lincolnshire

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000		.816	.577	.816	.577	.333	.577	.816	.272	.816	.816	1.000**	1.000**
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient	.816		.500	.707	.833	.707	.000	.707	1.000	.500	.833	1.000**	.816	.816
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Sefton

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000	.816			.943		.833	.943	.816	-.544	.236	1.000**	.544	
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient	.816	1.000**			.577		.816	.577	1.000	-.333	.577	.816	.333	
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

Wakefield

			CPA	IMP	CYP	SCA	HOU	ENV	CUL	BEN	UOR	FINR	FINM	FINS	IC	VFM
Spearman's rho	CPA	Correlation Coefficient	1.000	.816		.816	-.943	.544	.544	.272	.943	.833	.943			.816
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4
	UOR	Correlation Coefficient	.943	.577		.577	-1.000**	.577	.577	.577	1.000	.707	1.000**			.577
		N	4	4	4	4	4	4	4	4	4	4	4	4	4	4

SINGLE TIER AND COUNTY COUNCILS

Correlations 2002-2008 by Local Authority

Correlations

Coventry				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.939**	.828*	-.214	.756*	.566	.076
		N		7	7	7	7	7	7	7
Islington				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.872*	.676	.637	.886**	.834*	.637
		N		7	7	7	7	7	7	7
Wakefield				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.930**	.941**	.000	.749	.310	-.196
		N		7	7	7	7	7	7	7
Waltham Forest				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.971**	.890**	.	.769*	-.371	.813*
		N		7	7	7	7	7	7	7
Bedfordshire				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	1.000**	.669	.	.911**	.	-.411
		N		7	7	7	7	7	7	7
Bromley				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.	.725	.678	-.176	.114	.644
		N		7	7	7	7	7	7	7
Bury				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.663	.529	.770	.770*	.840*	.094
		N		7	7	7	7	7	7	7
Ealing				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.535	.756*	.772	.751	.327	.249
		N		7	7	7	7	7	7	7
East Sussex				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.	1.000**	.	.636	.	.000
		N		7	7	7	7	7	7	7
Enfield				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.907**	.663	.663	.852*	.939**	-.321
		N		7	7	7	7	7	7	7
Hackney				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.813*	.816	.801*	.806	.801*	.734
		N		7	7	7	7	7	7	7
Kingston-Upon-Hull				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.907**	.428	.842*	-.321	.772*	.334
		N		7	7	7	7	7	7	7
Lambeth				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.870*	.668	.525	.680	.793	.813*
		N		7	7	7	7	7	7	7
Merton				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.890**	.816	.892**	.829*	-.519	.223
		N		7	7	7	7	7	7	7
North Tyneside				CPA	IMP	SCA	HOU	ENV	BEN	UOR
Spearman's rho	CPA	Correlation Coefficient		1.000	.837*	.764*	.837*	.764*	.000	.316
		N		7	7	7	7	7	7	7

District Council Correlations by year

DISTRICT COUNCIL CORRELATIONS

2003/04			CPA03	AMB03	PRI03	CAP03	PM03	ACH03
Spearman's rho	CPA03	Correlation Coefficient	1.000	.324	.559**	.654**	.542**	.289
		N	24	24	24	24	24	24
	AMB03	Correlation Coefficient	.324	1.000	.490*	.364	.133	.139
		N	24	24	24	24	24	24
	PRI03	Correlation Coefficient	.559**	.490*	1.000	.362	.281	.115
		N	24	24	24	24	24	24
	CAP03	Correlation Coefficient	.654**	.364	.362	1.000	.559**	.141
		N	24	24	24	24	24	24
	PM03	Correlation Coefficient	.542**	.133	.281	.559**	1.000	.067
		N	24	24	24	24	24	24
	ACH03	Correlation Coefficient	.289	.139	.115	.141	.067	1.000
		N	24	24	24	24	24	24
2008			CPA08	AMB08	PRI08	CAP08	PM08	ACH08
Spearman's rho	CPA08	Correlation Coefficient	1.000	.061	.469*	.418*	.438*	.358
		N	24	24	24	24	24	24
	AMB08	Correlation Coefficient	.061	1.000	.456*	.060	-.129	-.490*
		N	24	24	24	24	24	24
	PRI08	Correlation Coefficient	.469*	.456*	1.000	.452*	.237	-.252
		N	24	24	24	24	24	24
	CAP08	Correlation Coefficient	.418*	.060	.452*	1.000	.418*	-.275
		N	24	24	24	24	24	24
	PM08	Correlation Coefficient	.438*	-.129	.237	.418*	1.000	-.146
		N	24	24	24	24	24	24
	ACH08	Correlation Coefficient	.358	-.490*	-.252	-.275	-.146	1.000
		N	24	24	24	24	24	24

District Council Correlations by Local Authority

District Council CPA scores

Council		CPA	AMB	PRI	CAP	PM	ACH
Castle Point	2003	1	2	2	2	1	2
	2008	4	3	3	2	2	3
	rho	1.000	1.000	1.000		1.000	1.000
Chester-Le-Street	2003	1	2	1	1	1	2
	2008	4	2	2	2	3	3
	rho	1.000		1.000	1.000	1.000	1.000
Harlow	2003	1	2	1	1	1	2
	2008	4	3	3	3	2	2
	rho	1.000	1.000	1.000	1.000	1.000	
North Shropshire	2003	1	1	1	1	1	2
	2008	4	2	2	3	3	3
	rho	1.000	1.000	1.000	1.000	1.000	1.000
Rossendale	2003	1	1	1	1	1	2
	2008	4	4	3	3	3	2
	rho	1.000	1.000	1.000	1.000	1.000	
Torridge	2003	1	1	1	1	1	1
	2008	4	4	3	3	3	2
	rho	1.000	1.000	1.000	1.000	1.000	1.000
North East Derbyshire	2003	2	2	1	2	2	3
	2008	5	3	3	3	3	3
	rho	1.000	1.000	1.000	1.000	1.000	
Selby	2003	2	2	2	2	2	3
	2008	5	3	4	3	3	3
	rho	1.000	1.000	1.000	1.000	1.000	
Tunbridge Wells	2003	2	2	1	3	2	2
	2008	5	3	3	3	3	3
	rho	1.000	1.000	1.000		1.000	1.000
Teesdale	2003	1	1	1	2	1	3
	2008	3	3	2	2	2	2
	rho	1.000	1.000	1.000		1.000	**-1.000**
Castle Morpeth	2003	2	1	2	2	2	2
	2008	4	2	3	3	3	3
	rho	1.000	1.000	1.000	1.000	1.000	1.000

District Council CPA scores

Council		CPA	AMB	PRI	CAP	PM	ACH
Congleton	2003	2	2	2	2	1	3
	2008	4	3	3	2	2	3
	rho	1.000	1.000	1.000		1.000	
Corby	2003	2	3	3	2	1	2
	2008	4	3	3	3	2	3
	rho	1.000			1.000	1.000	1.000
East Lindsey	2003	2	1	1	2	1	2
	2008	4	3	2	2	2	3
	rho	1.000	1.000	1.000		1.000	1.000
Mansfield	2003	2	2	2	3	2	2
	2008	4	3	3	2	3	2
	rho	1.000	1.000	1.000	**-1.000**	1.000	
North Dorset	2003	2	2	1	2	1	2
	2008	4	3	3	2	2	3
	rho	1.000	1.000	1.000		1.000	1.000
Nuneaton and Bedworth	2003	2	2	2	2	1	3
	2008	4	3	2	2	2	3
	rho	1.000	1.000			1.000	
Ribble Valley	2003	2	3	2	2	2	3
	2008	4	3	2	2	2	3
	rho	1.000					
Rochford	2003	2	2	2	2	2	2
	2008	4	2	2	3	2	3
	rho	1.000			1.000		1.000
Shepway	2003	2	1	2	1	1	3
	2008	4	3	3	3	2	2
	rho	1.000	1.000	1.000	1.000	1.000	**-1.000**
Stratford-on-Avon	2003	2	1	2	2	2	2
	2008	4	2	2	2	3	3
	rho	1.000	1.000			1.000	1.000
Watford	2003	2	3	3	2	2	2
	2008	4	3	3	3	3	2
	rho	1.000			1.000	1.000	
Weymouth	2003	2	3	3	2	1	2
	2008	4	3	3	2	2	3
	rho	1.000				1.000	1.000
Wyre	2003	2	1	2	2	2	2
	2008	4	3	2	2	2	3
	rho	1.000	1.000				1.000

Doctor of Business Administration

Nottingham Trent University

Document 5 – Thesis

Exploring Strategic Turnaround in English

Local Authorities

Martin Jones

Resubmission 2013

Acknowledgements

This thesis would not have been possible without the co-operation of those that were interviewed as part of the study. Unfortunately, as you wished to remain anonymous I cannot name you here. You know who you are though, and thank you for giving up your time and being involved.

Thank you to my wife Sunny for all your support, encouragement and belief. I apologise if doing this spoilt (y)our wedding. Thank you also to my boys, Joe and George for being bemused but supportive witnesses of the process. Sorry to my entire family if I've been a bit short with you recently.

In the last year I would not have been able to complete this without the formal and informal support of my work colleagues. Chris, thanks for making the time available and turning a blind eye at times. Ian, Pete, Chris and Kirsten, thanks for covering for me.

And finally, a big thanks to my supervisors Colin and Joyce, I got there in the end. Colin, you have been an inspiration for longer than you know (see Document 6) and Joyce, thank you for believing in me, it meant more than you will ever know.

Abstract

This thesis explores the nature of strategic turnaround in English local authorities during the period of Comprehensive Performance Assessment (CPA) between 2002 and 2008. This period was unique in that it allowed the comparative performance of local authorities and their management practices using the holistic performance management framework of the CPA. Specifically, this study focuses on a group of local authorities that were poorly performing at the start of CPA era, but had sustained improved performance by the end. It aims to establish the turnaround approaches adopted by this group of local authorities, the impact of leadership and the extent to which the approaches adopted promoted sustained turnaround. Publicly available CPA information and interviews with senior officers of turnaround councils and government lead officials are used to classify and analyse the changes in strategic processes.

The thesis adopts a casestudy approach within a managerialist perspective and identifies ten approaches to turnaround that can be related to a longitudinal "7Rs" framework adapting the work of Boyne (2004) and others. This has been developed to include Realisation and Reinforcement at either end of the turnaround period. Realisation is required to kick-start the turnaround process and Reinforcement to embed the organisational changes necessary to sustain improvement over the longer term. Leadership is a key aspect throughout the process, both in terms of introducing new leaders and the adoption of new leadership approaches to support and underpin sustainable organisational improvement. Sustained improvement was found to be achievable by poorly performing councils. The study also concludes that there was a continuing influence of managerialism, originally associated with new public management, throughout the CPA era.

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SECTION 1

1.1 INTRODUCTION

Background

This document is the final thesis of a study into the nature of strategic turnaround in English local government. As Document Five, it is the culmination of an in-depth doctoral study into aspects of strategic turnaround that occurred within a group of local authorities between 2002 and 2008. This time period represents a unique era in the performance management of English local government, in that it corresponds with the introduction and operation of the Comprehensive Performance Assessment (CPA) of English local government by the UK central government. The CPA was developed and administered by the Audit Commission, the Department for Transport Local Government and the Regions (DTLR), the Office of the Deputy Prime Minister (ODPM) and the Department for Local Government and Communities (DGLC), and followed the Best Value inspection period enshrined in the Local Government Act (Best Value) Act 1999. It represented the first attempt at both the comprehensive and comparative evaluation of the performance of all services and activities, including corporate and strategic processes, provided by local government organisations (Murphy et al, 2011). This comparability, and the associated documentation maintained that remains publicly available (Audit Commission, 2006; Audit Commission, 2009), gives an excellent opportunity to review various aspects of local government performance, management and leadership during the time period. There is a small, but growing, body of academic literature focussed on the CPA era and, in support of other commentators, it is timely to undertake a study that makes use of the resources available (House of Commons CLG Select Committee 2012, Clarke 2008).

The thesis builds on the work of earlier studies into local government turnaround that were mostly carried out towards the start of the CPA era (Turner et al, 2004; Turner and Whiteman, 2005; Jas and Skelcher, 2005; Wilson and Moore, 2007; Beeri, 2009) and were discussed in more depth in the literature review in Document Two (Jones, 2008). The focus of this thesis is to explore the development of sustainable turnaround approaches by local authorities deemed to have been performing badly at the start of the CPA, but that subsequently became good or excellent by the end. This is only one of many possible areas that could have been explored and the reasons for this choice of topic are discussed in greater detail in preceding documents, primarily Document One (Jones, 2007) and Document Four (Jones, 2010).

<u>Objectives</u>

The objective is to establish the nature of strategic turnaround in the English local government sector and its conversion into sustainable strategic practices. The definition of strategic turnaround was discussed in Document Two and is taken to be that of Brandes and Brege (1993 p186) namely; 'a process that takes an organisation from a situation of poor performance to a situation of good sustained performance'. The emphasis on sustainability is important (Brandes and Brege, 1993) as to achieve a short-term improvement in performance, only to slide back at some later point in time, would be ineffectual for any organisation. Previous studies focussed on the early years of the CPA era, and as such could not assess sustainability to the same extent. By studying organisations that have shown a sustained improvement in performance presupposes that changes have occurred to the strategic management processes at the heart of those organisations. It is these strategic processes that the thesis is about rather than the specific policies and strategies that were introduced. Strategic processes relate to those leadership and management activities and systems that are used within an organisation to inform decision-making and change. The study is therefore

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internally focussed, dealing with the changes to strategic activities under the control of local councils, rather than examining the external environmental factors that they faced, or the specific policy responses to them.

In order to achieve the overall research objective the following research questions were established for this document:

1. What approaches to strategic turnaround were adopted by English local authorities?

2. How did leadership impact upon the turnaround of the organisation?

3. To what extent could the approaches to turnaround transfer into sustainable local authority improvement?

An Overview of the CPA Era

Previous documents have identified local authorities displaying turnaround characteristics and formulated lines of enquiry that could be used to establish the underlying causes of poor performance within them. These previous documents have considered the development of the CPA framework, its operation and the various iterations of its methodology in detail. Nevertheless, it is useful to discuss the main characteristics of the CPA era here.

CPA was a holistic (Jones, 2005) approach to reviewing the management of local authorities. As a mechanism, it combined pre-existing service based reviews, such as Ofsted inspections and financial audits with, for the first time, an assessment of the corporate workings of a local authority (Audit Commission, 2006 and 2009). These new aspects were reported periodically by the Audit Commission in the form of corporate assessments, which in turn contributed to

the overall CPA score of a local authority. The CPA formed part of the Local Government Improvement Programme (LGIP) (Jones, 2005) implemented by the New Labour government. It followed on from the Best Value regime introduced in 1997 and built on the need for local authorities to achieve best value and continuous improvement laid down in the Local Government (Best Value) Act 1999 (Downe et al, 2010).

It is important to recognise that criticisms have been levelled at the CPA regime (see Broadbent, 2003; Kelly, 2003; Jones, 2005; Kelly, 2006; and Clark 2008). Such criticisms focus on the potentially circulatory nature of CPA (Boland and Coleman, 2008) whereby the Government said, the Audit Commission policed and councils did; as such 'you get what you measure' (Bovaird and Loeffler, 2007 p 298), or that it was a hierarchical control mechanism that could be used as a device to legitimise intervention (Grubnic and Woods, 2009) at the most senior levels within a local authority deemed to be poorly performing against the Government's own priorities for change and service improvement. A more detailed consideration of these aspects was undertaken in Document Four.

There is also the need to recognise that the CPA was a socially constructed (Gergen, 2007; Bryman and Bell, 2003; Fisher, 2004; Jankowicz, 2005) performance framework, emerging from the managerialist discourse around strategic leadership and new public management (NPM) over the last few decades. Rochet (2007 p11) refers to this as "a set of recipes based on neo-classical principles". It is no surprise therefore that some of the lines of enquiry pursued in the corporate assessments mirrored strategic management concepts inherent within these literatures. CPA was primarily an administrative discourse rather than a political discourse (Joyce, 2012), although it did contain some political reference points, for example by considering political leadership. It was also a command and control discourse more than a persuade and control discourse (Grubnic and Woods, 2009) from a central government perspective.

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Despite allowing for some interaction and dialogue with stakeholders, there was the threat of punitive action should local authorities not tow the line. There is a need to recognise that the framework itself was developed collectively by the DTLR, ODPM, DCLG, the Audit Commission and the lead officials appointed from senior roles in local government. It was enacted and refined by the Audit Commission and the lead officials (through the engagement programme (ODPM, 2003)) and is therefore only one view of what a local authority should look like. The hegemony of the Audit Commission in this process needs also to be recognised. Since its creation in 1984, the Audit Commission had become an independent expert, an opinion shaper and a mediator within the local government/central government network (Kelly, 2003 and 2006). As such, it was able to both directly and indirectly shape approaches to local governance and leadership.

Furthermore, the CPA was not necessarily the only model for assessing local authority performance. Previous models have existed in the past and new models will no doubt emerge in the future, possibly based on a different discourse. The most obvious of these would be to leave the assessment of the corporate management of a local authority to the democratic process, rather than overlaying 'administrative' measurement tools. Through such an approach, the public would get the public services they vote for and local councils would be administered under traditional bureaucratic agency relationships (Pollitt, 1990 and 1993; Hughes, 1998; Gregory, 2007; Greener, 2009). Alternatively, it is interesting to note that during the CPA era in England, different models of local authority performance improvement were in place in Scotland (Best Value Audits) and Wales (Wales Programme for Improvement). Similar claims have been made for all three approaches in that they improved corporate capacity within poorly performing councils (Downe et al 2010). Finally, the incoming Coalition government of 2010 removed the Comprehensive Area Assessment (CAA) regime, the replacement for CPA, before the first results were published. Other

than the national service inspections (Ofsted etc) and the traditional audit and inspection regimes, no compulsory holistic method of performance assessment, in the sense that CPA attempted, now exists within English local government. The discourse is now apparently one of 'Big Society', decentralisation and localism.

The Managerialist Perspective of the Study

This thesis has been undertaken within a managerialist perspective. This term has been ascribed different meanings at different times and as such requires further explanation regarding its use within the context of this study.

The term new public management (NPM) (Hood, 1991) has come to epitomise changes that were externally imposed on public sector organisations by successive UK governments. Managerialism (or managerialist) is the academic term that became closely associated with NPM. While originally a term used in the private sector (O'Reilly and Reed, 2010) to denote the separation of control from owners to managers, managerialism was co-opted into the public sector following the introduction of what is now known as NPM, based on the theory of public choice, by many developed democracies in the 1980s. Although often used interchangeably, over time NPM has perhaps come to mean a wider concept than managerialism in that it refers to a range of doctrines linked to neo-liberal ideologies regarding the shrinking of both the size and influence of the state, the primacy of market mechanisms and the introduction of alternative principal/agent relationships focussed on the public as consumers. NPM therefore included structural changes such as privatisation, compulsory competition and the introduction of quasi-market mechanisms, as well as a focus on outputs and outcomes rather than inputs. It challenged and broke down the traditional administrative bureaucracies and accountabilities, rooted in public administration theory, which characterised many western governments in the 1970s. Rhodes (1991, p1), defined NPM in the following way:

"The 'new public management' has the following central doctrines: a focus on management, not policy, and on performance appraisal and efficiency; the disaggregation of public bureaucracies into agencies which deal with each other on a user-pay basis; the use of quasi-markets and contracting out to foster competition; cost-cutting; and a style of management which emphasises, amongst other things, output targets, limited–term contracts, monetary incentives and freedom to manage".

Importantly for this study, NPM consisted of two elements. The "hard" structural (and primarily ideological) changes that were driven into the public sector, including local government, such as performance measurement, privatisation and CCT and the "soft" managerial changes that focussed on the way public bodies would be run, but that were more difficult to embed through external imposition. Hughes (2003) follows a similar line of argument in distinguishing between two separate changes that took place; marketisation and the trend away from bureaucracy.

Dunleavy and Hood (1994) point to five external forces acting on public sector organisations under NPM that were essentially neo-liberal central government impositions of the new rules and structures of NPM. These were; output focussed performance indicators, a network of contracts linking incentives to performance, the introduction of purchaser/provider functions, competition and the de-concentration of provider roles to allow users to utilise exit choice. Within this broad NPM framework, Hood (1991) identified a range of common doctrines that were more internally focussed (Hughes, 1998), and have relevance to the management of local government and the development of the CPA framework. Namely; 'hands on professional management, explicit standards and measures of performance, greater emphasis on output controls, a shift to disaggregating, greater competition, a stressing of private sector styles of management and

greater discipline and parsimony in resource use' (Hood 1991, p 4-5). Managerialism in this context is part of NPM in that it refers to a range of management practices to be used within the public sector with the prime objective of improving efficiency and effectiveness by giving public sector managers the freedom to manage, away from political control. With the exception perhaps of greater competition (although the option for this still remained), the remainder of Hood's doctrines can all be seen to some extent in the development of the CPA framework, especially that aspect of it that related to corporate assessment. For the purposes of this study therefore, the term managerialism, or ongoing managerialism, is used in reference to changes in management practices.

The value of NPM, and to some extent managerialism, is contested within the literature, for example Hood (2000) refers to a series of paradoxes that underpinned NPM and threatened to undermine it. Similarly, others express doubt as to whether NPM was ever fully implemented and whether politicians were prepared to hand over control to managers (Pollitt, 1990, 2000), or whether such separation was even possible (Hughes, 1998). In other words doubting whether public administration was ever fully replaced. Critics of NPM in particular, question whether the use of markets and the focus on individual choice inherent within NPM is appropriate to the equitable development and delivery of public policy, or whether the focus on managers rather than policy makers undermines agency relationships within the sector. Pollitt (1993), ascribes a more sinister meaning to the term "managerialism", considering the focus on changing management practices as a smokescreen by right wing thinkers for restructuring the machinery of government and weakening traditional power bases. Despite Pollitt's tendency to use managerialism instead of NPM, there is still the recognition of the distinction between structural change and management change referred to above.

Public Value, which increased in prominence during the 2000s (Beddington and Moore, 2011) sought to address some of these issues, but was also based on neo-liberalism and emphasised the need for public organisations to have appropriate strategic management processes in place to allow them to be responsive to changes in the political, demographic and economic environment at a national and local level. It can be argued therefore, that aspects of NPM, and managerialism in particular, have transcended changes in central political control, although their tenets have been adapted over time (Talbot, 2001). Linked to Hood's doctrines, NPM and managerialism in the UK were represented in initiatives such as value for money (VFM), The Financial Management Initiative (FMI), Best Value (BV), and more latterly CPA. While some of the elements of NPM have been watered down, e.g. competition is no longer compulsory in local government, some aspects were strengthened e.g. performance management in the form of public service agreements in central government and local public service agreements in local government (Talbot, 2001). There are also those that suggest NPM has now stalled and that other reforms are replacing it, digital era governance (Dunleavy et al, 2005) for example, or joined up government replacing fragmentation, collaboration replacing competition and citizens replacing consumers (Newman and KcKee, 2005; Greener, 2009). Despite this movement away from the harder structural elements of NPM, the managerialist discourse, and Hood's more internally focused 1991 perspective, still remain within the public management discourse and clearly shaped the thinking of the Audit Commission, DCLG and ODPM when the CPA framework was developed and rolled out. CPA's measurement of KPIs, corporate strategic practices and the use of resources underline this. Any attempt to consider local authority strategic processes and measure local authority performance during the CPA era is therefore best undertaken within this ongoing managerialist perspective. The wider literature considered within this study as a whole, covering disciplines such as strategic turnaround, strategic management, public sector strategy, local government and leadership, is closely related to this managerialist discourse. The

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objectives of this thesis focus on those aspects of strategic turnaround that were within the control of local authorities. It is therefore an analysis of internal factors in keeping with Hood's doctrines and related to the freedom to manage part of NPM, rather than the structural impositions. It also does not focus on specific external and environmental factors affecting local authorities, but rather the mechanisms that existed and changed within councils to identify and respond to such factors.

While recognising the existence of alternative discourses and approaches to local authority performance assessment, it is not the purpose of this study to challenge the development and operation of the CPA regime per se. Rather, as has been discussed, the focus of the thesis is in identifying those strategic management practices and process that changed within local authorities that displayed turnaround characteristics. The CPA is used as a measurement scale within this thesis to determine, at least initially, those local authorities that could be said to have turned around their performance in a sustainable manner. It also uses a conceptual framework developed in Document Two that draws on a range of wider theories but that are quite clearly related to managerialism. As such, the thesis adopts a realist approach from a managerialist perspective.

It is also important to recognise that the CPA did not exist in isolation. Its development and refinement can be seen as part of a wider range of measures that the New Labour government introduced while in power. The positioning of CPA within this wider framework is shown in Figure 1, which, although a simplification of a complicated set of policies and initiatives, demonstrates the general timing of the main relevant developments.

Figure 27: Factors Affecting Local Government Between 2000 and 2010

	Concepts	Ambitions	Initiatives	Local Delivery Plan	Delivery Mechanism
2000 – 2002	Modernisation	Community Engagement	Best Value	Local Public Service Agreements (LPSAs)	
2002 – 2008	Continuous Improvement: - Services - Corporate	Community Leadership	Comprehensive Performance Assessment (CPA)*		Local Strategic Partnerships
2009 – 2010	Continuous Improvement: - Area Based - Multi Agency		Comprehensive Area Assessment (CAA)**	Local Area Agreements (LAAs)	

(Scrutiny Arrangements spans all periods on the left-hand side.)

* Original CPA methodology 2002-2004. "The Harder Test" methodology 2005 -2008

**Replaced CPA in 2009. Abolished by Coalition in 2010.

The roll out of scrutiny arrangements, community engagement and community leadership as well as the planning frameworks offered by Local Public Service Agreements, Local Area Agreements and Local Strategic Partnerships all overlapped with the introduction and refinement of the CPA regime. As such, some of the learning and improvement that took place within turnaround councils was informed and supported by the other initiatives taking place at this time.

The Use of Corporate Assessments

CPA documentation is used to analyse the changes in strategic management practices reported by the Audit Commission through the corporate assessments. These corporate assessments provide a snap shot of the performance and activity of the corporate core of a local authority at three distinct points in time; at the start of CPA (2002 for STCCs and 2004 for district councils), at the end of CPA in 2008 and for some councils interim reporting was undertaken in or around 2004.

While not necessarily a definitive nor impartial historical record, the corporate assessments are useful in tracking the changes introduced and the outputs achieved. The focus on the corporate activities of local authorities means that they are well suited for this study, focussing as it does on the nature of strategic turnaround and changes to strategic processes. The detailed use of the CPA assessment scores and the corporate assessments is discussed further in the following sections.

The Role of Government Lead Officials (GLOs)

Government Lead Officials (GLOs) were local authority senior officials (usually CEOs or Deputy CEOs) who had been appointed by the ODPM/DTLR (and more latterly the DLGC) to play an intervention and advisory role to poorly performing local authorities. This process was termed engagement, which could be of varying degrees depending on the severity of the problems faced. Their roles and responsibilities were set out in practice guidance for lead officials (ODPM, 2003). Effectively GLOs were the first point of contact for poorly performing councils after receiving a poor or weak inspection. They were not responsible directly for turning around the council (although did hold certain powers), but rather offered an advisory role to councils in addition to reporting back on progress to the Local Government Minister. They were in essence both critical friends and watchdogs and their involvement with the council ceased when it was deemed to be on a recovery trajectory. Their initial involvement in the turnaround process, however, made them a valuable source for this study.

The Case Study Councils

A large part of the analysis for this study was based on the Audit Commission corporate assessment reports for 23 turnaround councils and interviews with two GLOs. From this, ten themes were identified as being the main approaches to

turnaround adopted by English local authorities. These ten themes are used in Section 3 to explore the experiences of three councils in more depth. While not full case studies in the traditional sense (Bryman, 2008; Gray, 2004; Jankowicz, 2005; Yin, 2002), the unit of analysis is the council as a discrete body, offering the opportunity to provide comparative and multiple-holistic case analysis (Gray, 2004). This holistic approach allows the 10 CPA turnaround themes to be compared across councils to explore the findings of the document analysis and GLO interviews within specific organisational contexts. The cases of the three councils were developed using elite interviews and the corporate assessment and CPA documentation of each council. In addition, the author had delivered a training course for one of the councils during its turnaround phase and the development and delivery of this allowed for a degree of observation of both senior officers and elected members. These experiences have been included in the case study analysis where appropriate.

The three case study councils are introduced at the start of Section 3, and an overview of the interviewees is given in the methodology section in Section 1. Section 3 addresses the three research questions by firstly considering each of the ten turnaround approaches before discussing the relevance of leadership and sustainability within the case studies.

1.2 METHODOLOGY AND METHODS

Methodological Approach

The research in this thesis adopts a realist philosophy from a managerialist perspective using both deductive and inductive approaches to the analysis, as well as the triangulation of evidence between documentary records, interviews with council officials and interviews with GLOs.
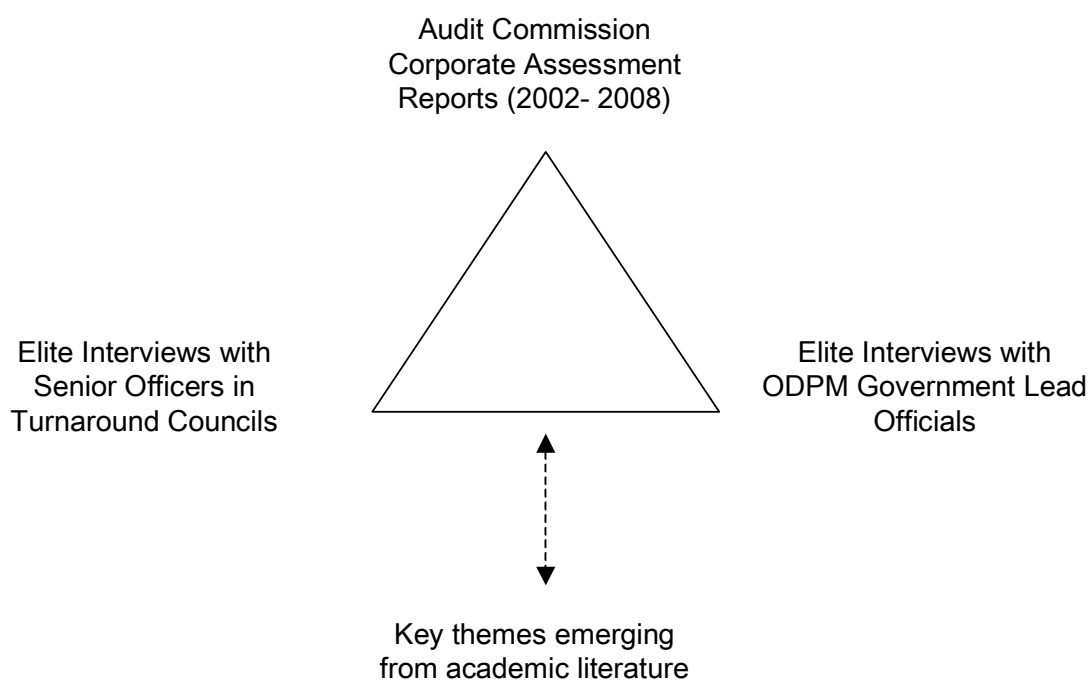
Realism recognises that within the social sciences external realities exist and can therefore be observed, studied and analysed objectively (Hammersley, 2002; Bryman and Bell, 2003; Fisher, 2004; Gray, 2005; Saunders et al, 2007). However, consideration needs to be given as to whether such external realities are permanent or temporary and whether they are universal or partially seen. Such debates reside more within the critical realist philosophy and require the consideration of the generative mechanisms that underlie observable experiences and events (Bryman and Bell, 2003; Fisher, 2004; Saunders et al, 2007). The CPA era lasted for only a relatively short period of time between 2002 and 2008. As such this study is concerned with the nature of the reality in place at that time. Also, as has been discussed above, CPA represented a managerialist view of what good local authorities should look like. As this did not exist prior to and after this period, it cannot be regarded as a universal truth and as such does not fit with a positivist paradigm (Bryman and Bell, 2003; Fisher, 2004; Gray, 2005; Saunders et al, 2007). The main focus of this study is on the observable changes that occurred during the turnaround era that resulted in performance improvement as measured by the CPA construction and as such this lends itself more to a realist approach, if in a subtle way (Hammersley, 2002). It would have been possible to adopt a critical realist approach to undertaking the research, and indeed some of the conclusions of this study do make inroads into speculations about what some of the underlying generative mechanisms may

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have been. However, the focus is objective in identifying those strategic processes that changed within local authorities during the CPA era and whether this can give insights that will be helpful to future practitioners and researchers in this field of study.

Overview of the Approach to the Analysis

The analysis in this thesis is largely qualitative and combines deductive and inductive approaches. The primary analysis seeks to triangulate information from three sources in an attempt to identify those strategic practices that changed within improving local authorities. The three main sources of information are represented in Figure 28.

Figure 28: Sources of Primary Evidence

Audit Commission
Corporate Assessment
Reports (2002- 2008)

Elite Interviews with
Senior Officers in
Turnaround Councils

Elite Interviews with
ODPM Government Lead
Officials

Key themes emerging
from academic literature

The Audit Commission corporate assessment reports are publicly available documents that reported on various aspects of the corporate leadership,

governance and management of local authorities during the CPA period. They were linked to and formed part of the CPA assessment framework (Audit Commission, 2009). They therefore offer a unique longitudinal insight into what was occurring within the corporate core of local authorities both at the start and during the CPA era. Their content is also highly relevant to the focus of this study into the strategic management processes within turnaround councils. It is recognised that care should be taken when interpreting the assessment reports as they only offer one view of what was happening. However, the Audit Commission is in itself a professional and experienced organisation, and as such it can be expected that due process and appropriate consideration were given in researching and compiling the reports, even if as has been said they may have had an influence on the way local authorities behaved. The reports were subject to a draft and review process before publication that allowed the local authority concerned to comment on the findings and to an extent can be said to be a "shared document". They can therefore be viewed as a high quality source of secondary data (Bryman and Bell, 2003). Also, while constituting a major part of the data used in the analysis, the corporate assessments were not used in isolation. The findings of what has been called the 'document analysis' were compared to the findings of two sets of interviews. The first set of interviews were with senior members of staff within three of the organisations identified in Document Three as being suitable turnaround councils. The second set of interviews were with Government Lead Officials (GLOs) who acted on behalf of the government during the CPA period in part to assist, to varying degrees, local authorities that were deemed to be poorly performing. Both sets of interviews provided rich sources of data (Bryman and bell, 2003; Saunders et al, 2007) that offered reflections on the process of turnaround from both the individual council's experience of turnaround and in the second case across a range of. The final point of triangulation was through both a priori and ex post comparison with the key literature identified as relevant to the study.

Identifying Turnaround Councils

Document Four (Jones, 2010) used the main CPA inspection reports to identify a number of both Single Tier and County Councils (STCCs) and District Councils that displayed sustainable turnaround characteristics and would therefore be appropriate to study. Two rules were established in order to identify potential turnaround organisations from the CPA datasets. The rules were determined in accordance with the definition of a turnaround organisation identified from the literature review namely, 'a process that takes an organisation from a situation of poor performance to a situation of good sustained performance' (Brandes and Brege 1993, p186).

The first rule was that for a local authority to be deemed to be exhibiting poor performance it must have initially scored poor or weak on the CPA framework. The second rule was that for it to have moved to a position of improved performance, it must have moved up at least three categories into the good or excellent categories if it started with a score of poor, or have moved up three categories to excellent if it started out as weak. Sustainability was judged to be where a local authority had maintained this improved position and not slipped back against the CPA scoring framework. The main CPA inspections were carried out and reported annually for STCCs. However, this was not the case for district councils. Due to this difference in the timing of CPA inspections between STCCs and district councils, sustainability could only be considered for STCCs.

In total, 23 local authorities were identified as being suitable for the analysis of turnaround authorities, consisting of 15 STCCs and 8 district councils. The STCCs are given in **Table 12** along with their CPA score during the CPA era and the

movement scores between the beginning and the end of CPA[2]. The district councils are shown in Table 13 along with their CPA score at the start and end of CPA and their movement in score[1].

Table 12: STCC Turnaround Authorities

COUNCIL	CPA 2002	CPA 2003	CPA 2004	CPA 2005	CPA 2006	CPA 2007	CPA 2008	2002 2008 Movement
STCC 1	1	1	3	4	4	4	5	4
STCC 2	1	2	4	4	4	4	5	4
STCC 3	1	2	3	3	3	4	5	4
STCC 4	1	1	2	2	4	5	5	4
STCC 5	1	1	2	2	4	4	4	3
STCC 6	1	1	2	2	3	4	4	3
STCC 7	1	1	1	2	3	3	4	3
STCC 8	1	1	2	3	2	4	4	3
STCC 9	1	1	3	3	3	4	4	3
STCC 10	1	1	2	4	4	4	4	3
STCC 11	2	2	4	4	4	4	5	3
STCC 12	2	3	4	3	4	4	5	3
STCC 13	2	4	4	4	4	4	5	3
STCC 14	2	3	3	4	4	4	5	3
STCC 15	2	2	3	3	4	4	5	3

Table 13: District Council Turnaround Authorities

| District Council	CPA 2002/03	CPA 2008	MOVEMENT
DC 1	1	4	3
DC 2	1	4	3
DC 3	1	4	3
DC 4	1	4	3
DC 5	1	4	3
DC 6	2	5	3
DC 7	2	5	3
DC 8	2	5	3

Even though the CPA reports used to compile the above analysis are available as a public record on the Audit Commission website, the local authority interviewees wished to remain anonymous. Therefore, all the councils are anonymous in order protect the identity of these respondents.

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[2] Note: There was a change to the descriptors used within the CPA between the various phases. To allow comparison, a generic labelling was used for the purposes of this study. 1 = Weak/No Star, 5 = Excellent/4 Star

Collecting and Analysing the Three Sources of Data

The three data sources were collected and analysed in different ways but as part of a structured approach, which is illustrated in Figure 29.

Figure 29: Structure of Data Collection and Analysis
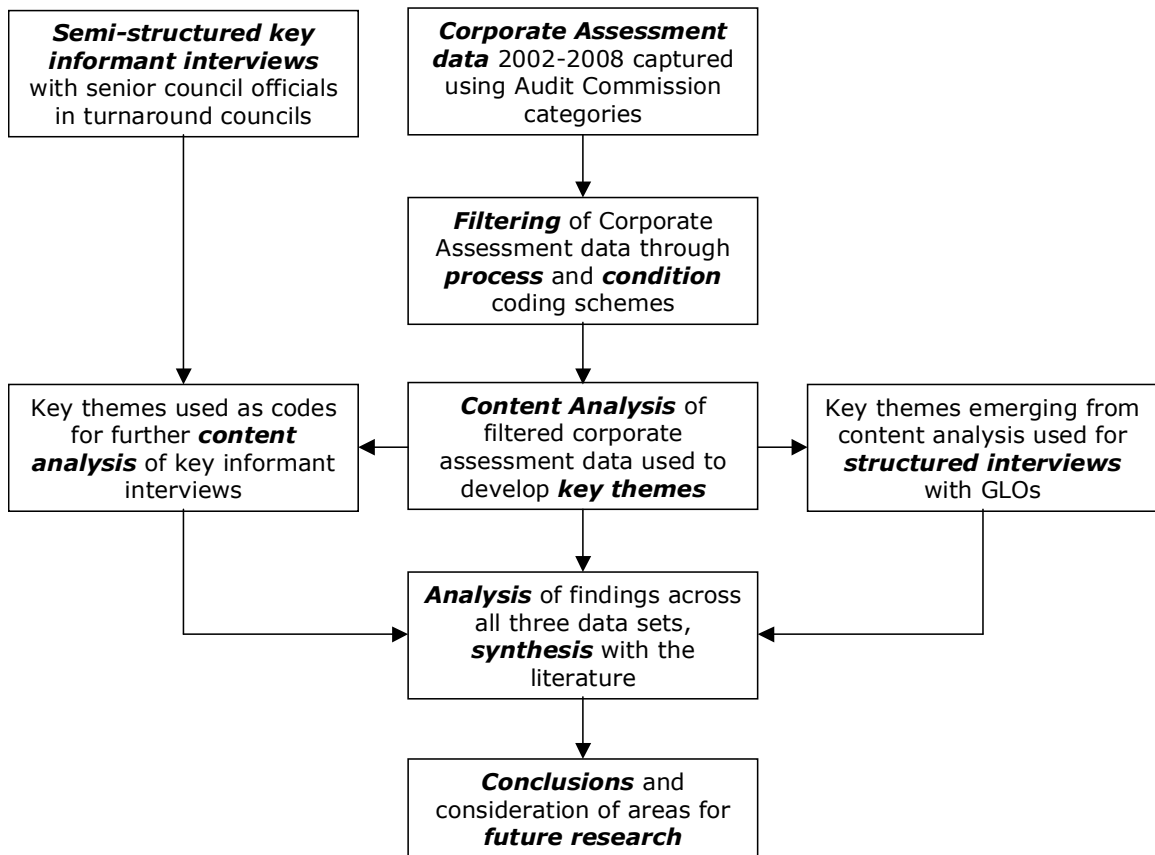
The approach shown in Figure 29 led to the development of ten key themes, which were used as the basis for the Analysis and Findings section of this thesis. The structured approach included the filtering and cross-analysis of the data from the three sources in order to ensure as far as possible the reliability of the findings through triangulation. It is recognised that any form of research is not necessarily a perfect science as it can always be prone to researcher bias (Bryman and Bell, 2003; Fisher, 2004; Gray, 2005; Saunders et al, 2007), especially an approach that seeks to make sense of data from secondary and

social sources. However, the use of this structured approach attempted to eliminate bias as far as possible through approaching the analysis objectively with reference to the conceptual framework, in keeping with the realist approach to the study.

Collecting the Data

The interviews with the council officers were undertaken first. The purpose of these interviews was to allow the interviewee to tell their council's story during the turnaround period. These interviews were semi-structured and undertaken at the council offices concerned. They were also recorded, with the proviso that the recorder could be switched off if required. A prompt sheet, informed by the conceptual framework emerging from the literature review in Document Two, was prepared to help keep the interview on track and was given to the interviewees to preview at the start of the interview. The prompt sheet is included as Appendix A.

The loose structure of the interviews intended to capture information regarding three points in time: the pre-CPA period, the turnaround period itself and the time that the improved CPA announcement was made. The pre-CPA period information was also used in Document Three, which examined the causes of poor performance. Each interview lasted for about 2 hours and generally followed the prompt sheet. It was useful however to be able to hear the interviewees' own accounts of what happened and to be able to probe more deeply with follow up questions. The council interviews were not analysed until the document analysis of the corporate assessments was undertaken and the ten subsequent themes had emerged.

For the document analysis, the corporate assessment reports for the 23 STCCs and district councils identified above were downloaded from the Audit

Commission website. Spreadsheets were created to capture the content of the corporate assessments reports. The structure of these reports was slightly different between the start and end of the CPA era, however, these differences did not affect the way in which the data could be analysed. At the start of CPA the categories were Ambition, Prioritisation, Focus, Capacity, Performance Management, Achievement in Quality of Service, Achievement of Improvement, Investment, Learning and Future Plans. At the end of CPA a reduced list of categories was used as follows: Ambition, Prioritisation, Capacity, Performance Management and Achievement. The information captured from the corporate assessments was split between strengths and weaknesses and recorded for each year reported against each of the respective categories. Appendix B (for a STCC) and Appendix C (for a District Council) give an example of the data collected for each council. The next phase was to use two analysis frameworks to filter the base information into a form that was suitable for this study. Two coding structures were developed to do this, one based on the turnaround processes identified in the literature review and conceptual framework of Document Two, and one based on the causes of poor performance identified in Document Three. The production of these coding structures and their application is discussed in more detail in the Analysis and Findings section. However, it is important to mention them at this stage as the outcomes of this filtering were used to undertake content analysis to identify emergent themes within the analysed corporate assessment data (Fisher, 2004; Gray, 2005; Bryman 2008). These themes were then used in turn to analyse the council interviews, as well as providing the basis for the structured interviews that were undertaken with the GLOs.

Finally, the GLO interviews were carried out. These were undertaken in a much more structured way than the council officer interviews. The purpose of the GLO interviews was to explore the ten key themes that had emerged from the content analysis of the corporate assessments and as such these themes were used as

the structure for the interviews. An outline of the key themes was given to the interviewees at the start of each interview and they were asked to talk about the relevance of the themes based on their own experience. These interviews also lasted about two hours each. The interviews were undertaken at the interviewee's place of work and were recorded with the proviso that the recorder could be switched off.

Selection of Interviewees

As a start point for establishing where interviews could most advantageously be undertaken, reference was made to 23 turnaround authorities identified above. Of these, three were known to the researcher in terms of having existing contacts through a number of different networks. Two councils came from the STCC group and one from the district council group, which represented a good balance of the mix of turnaround authorities identified. Each interviewee also displayed a number of desirable characteristics. Firstly, each held a senior position within the organisation they worked for. One was a CEO, the second a Director of Finance and Resources and the third a Senior Manager responsible for Finance and Transformation and reporting directly to the CEO. As such they had witnessed turnaround from both a senior and cross-organisational perspective, rather than only seeing a limited aspect of it. They had access to and had been involved in the strategic processes that are the focus of this study. Secondly, they had all been employed by their organisations for a long time and, significantly, throughout the CPA time period. They had therefore witnessed the turnaround at first hand.

Rather than just focussing on the stories of the councils themselves, it was considered necessary to gain information on the national picture as well and, so to speak, from the other side of the fence. As such two further interviews were undertaken with two of the government's lead officials (GLOs) during the CPA

era. One of the GLOs had also been a significant player within government in both the pre-cursor to CPA and the development and roll out of the CPA regime.

It was felt that the two sets of interviews would provide useful counterpoints within the analysis, each balancing out to some extent the potentially partisan views of the officers towards their organisations and the GLOs towards the CPA regime. On balance, it is considered that this generally occurred, although it is interesting that the findings from the two sets of interviews were generally supportive.

The interviewees were therefore selected as key informants (Jankowicz, 2005) who would be able to provide an overview of the processes and the critical events that occurred during the CPA era. A pen picture of each of the interviewees is given below. The names of each interviewee and their organisations have been removed to provide anonymity. This is because even though the CPA data is freely and publicly available on the audit commission web site, the interviews dealt with some potentially sensitive internal issues relating to the host organisations. As such some of the responses in the interviews and stories given should not be traceable directly to the organisation concerned. Also, unavoidably, some of the responses represent the views of the interviewees themselves and in order to gain as much access as possible, assurances were given through the process of informed consent (Saunders et al, 2007) before commencing the interviews that interviewee's anonymity would be maintained.

The Government Lead Official 1 **(GLO1)**

The GLO had previously been a local authority CEO but was co-opted by the ODPM to assist with the peer review and turnaround of failing local authorities under the Best value regime that predated CPA. Subsequently, the GLO was appointed as one of a number of GLOs operating under the CPA regime and was responsible for overseeing the interventions and turnaround of failing local

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authorities. The GLO personally had an involvement in 11 CPA interventions, all of which were successfully turned around and was employed by the ODPM throughout the CPA era. This GLO was the lead official for interview Council A and was therefore able to comment on the findings for this council.

The Government Lead Official 2 **(GLO2)**

Similar to GLO1, GLO2 had previously been a Deputy CEO before being appointed onto the GLO panel. He did not serve for the full CPA era, but was nevertheless involved in a number of successful turnarounds.

The Chief Executive (CEO) **(Council A)**

The CEO had worked for the local authority (a small district council) for almost 36 years. At the time of the first CPA announcement the CEO held the position of Director of Finance, in itself a very senior role. During the intervening period, the CEO was promoted a number of times. First to Director of Resources, then Deputy Chief Executive, followed by Acting Chief Executive and finally CEO.

The Director of Finance and Resources (DOFR) **(Council B)**

The DOFR had been employed by the council (a metropolitan borough) for a number of years ("since Adam was a lad") and had been DOFR since 1999. In 2002 the DOFR also took on responsibility for e-Government and IT with a focus on outcomes and transformation.

The Finance and Transformation Manager **(Council C)**

A Finance and Transformation Manager, reporting directly to the CEO, who had been involved with the organisation prior to CPA, although had only recently joined the organisation at the start of the CPA regime. This was another metropolitan borough.

1.3 SUMMARY OF KEY LITERATURE

Introduction to the Key Literature

The body of literature on strategic turnaround in local government, though growing, remains relatively sparse. In studying the topic it has therefore been necessary to consider a wide range of literature in the strategic management arena, from both the private and public sectors, to identify discourses that are relevant to framing the research analysis and findings. An overview of the key literatures reviewed in Document Two is given in Figure 30 below and is described as a series of overlapping fields.

Figure 30: Overlapping Fields of Literature
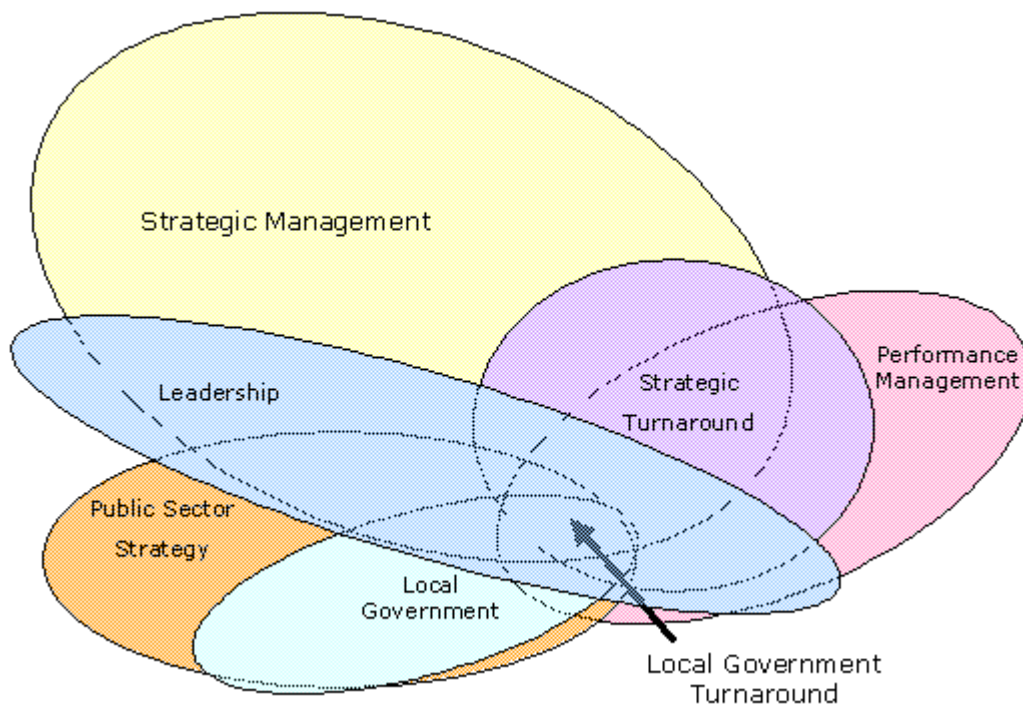
Document Two critically reviewed these fields of literature in some depth, and as such only key aspects relevant to this part of the research will be summarised

here. This summary focuses on literature that relates to turnaround directly, whether this be in the public or private sectors. Elements of the other literatures are brought into the analysis and conclusions where they are relevant. The definition of strategic turnaround used in this study is that of Brandes and Brege (1993, p186), 'a process that takes an organisation from a situation of poor performance to a situation of good sustained performance'. This definition was chosen as it contains elements of both performance improvement and sustainability.

Literature Summary

There are a number of issues or concepts identified in the turnaround literature in both the public and private sectors, which have informed the appraisal of the local authority experience under CPA. These are summarised below.

Mintzberg and Walters (1992) identified that turnaround is a distinct episode in an organisation's lifecycle. In a sense, if organisations were good at strategy they would not be failing and therefore would not need to turnaround in the first place. In relation to local government, Jas and Skelcher (2005) identified that performance naturally fluctuates over time and where the organisation is in control of these fluctuations then they are described as self-regulating and able to correct poor performance before the need for turnaround arises. However, where organisations lack the necessary skills, then they become permanently failing, and are not able to recover, or are unable to recover within a reasonable timescale. A number of issues that impacted on this ability to recover were identified. Management and leadership cognition, capability and capacity (the 3Cs) (Turner et al, 2004; Turner and Whiteman, 2005) are important factors to enable both the identification that poor performance exists in the first place and then to be able to correct it. Having the right leadership capabilities in sufficient quantity in particular would appear to be key to this (Joyce, 2004). Otherwise

there is a danger that stress rigidity or threat rigidity (Wilson and Game, 2006) occurs whereby the leadership becomes retrenched against the changing environment often relying on the fallacy of past successes or a belief that the environment is wrong. Situational factors (Turner and Whiteman, 2005) play a key role in terms of the culture, history, and politics within the organisation which can affect issues of capability, capacity and hence cognition. They are identified as being primarily internal factors, with even the external context being more to do with the level of engagement by the leadership, rather than any distinct external reasons for failure.

The above elements have dealt with the potential causes of poor performance. With regards to how turnaround can be enacted, different viewpoints have been adopted by different authors. However, it is possible to link these viewpoints together. Hofer (1980) identified that there was a difference between strategic and operational approaches to turnaround adopted by private sector organisations. Strategic relates to new business models and operational focuses on reduced costs/increased revenues in the short term. Hofer suggested that turnarounds fail if operational approaches are used when a strategic approach is required. Linked to this, Snow and Hambrick (1980) considered whether turnaround represented strategic adjustment or strategic change. This can be linked to the concept of self-regulation in that if they are embedded within the organisation, the need for turnaround can be avoided. However, in a turnaround situation, it is likely that strategic step change is required, rather than incremental adjustment.

Such issues are a precursor to the main process based assessments of how turnarounds happen. Initially, a period of realignment in organisational expectations occurs (Filatotchev and Toms 2006) between internal and external stakeholders, especially financial stakeholders in the private sector. This occurs at an early stage to assess whether the organisation has the facility to enter the

next stage of retrenchment? If not they should give up and go into liquidation, although this is clearly not always an option in the public sector, if at all. Retrenchment is then likely to occur followed by recovery (Hofer 1980, Robins & Pearce 1992). Retrenchment is primarily focussed on cost savings and efficiencies through downsizing and restructuring and could be linked to operational turnaround. This is used to create the financial and operational capacity for a longer-term market focus (strategic turnaround). This approach has also been considered in a public sector context by Boyne (2004) and Beeri (2009), and extends the renewal stage into restructuring, which could be both operational and strategic, and repositioning, which would tend to be strategic. Walshe et al (2004) reviewed the available literature in both the public and private sectors. Their review identifies a typically staged process to turnaround consisting of decline and crisis, triggers for change, recovery strategy formulation, retrenchment, stabilisation and return to growth.

Paton and Mordaunt (2004) identified that turnarounds often adopt a twin track approach and operate over different perspectives. For example old blood is mixed with new blood, negatives (e.g. cut backs) run concurrently with positives (e.g. investments), financial control is centralised while decentralising occurs in other areas to foster involvement and the leadership creates capacity to change rather than directing change. They also suggest that organisations in the public sector need to avoid reductionism and instead recognise the complexity of the environment they operate within (Kelly, 2006), which runs counter to the simplification arguments often proposed for the private sector.

The role of the change agent (Khandwalla 1983) appears to be key, whether temporary or permanent, internally or externally appointed. They should be credible, mobilising the organisation in a participative way rather than using terror tactics. This is closely linked to the role of leadership. A change in leader appears to have had a significant impact on both the success and speed of

turnaround. This is a factor found widely in the literature on turnaround in both the public and private sectors (Robbins and Pearce, 1992; Turner et al, 2004; Boyne, 2004; Joyce, 2004; Turner and Whiteman, 2005; Wilson and Moore, 2007). Alternatively, Paton and Mordaunt (2004) found leadership itself to be important, but not necessarily a change in leadership (Paton and Mordaunt 2004). A key role appears to be to build and rebuild links to external stakeholders, maintain a clear but simple focus and direction and create sharing and open cultures within the organisation (Joyce, 2004; Wilson and Moore, 2007). Such changes in leader have tended to emphasise changes in the CEO, rather than the political leadership, and in a sense could underplay the political nature of local government (Kelly, 2006), although this is in part addressed by Wilson and Moore (2007).

Other aspects to turnaround would include situational factors such as luck and timing and the impact of organisational size (Landrum et al, 2000; Wren, 2001; Francis and Desai, 2005). Larger organisations can absorb shocks more easily and can put off the need to turnaround. But rigid structures can constrain turnaround and may miss the triggers of decline (Pfeffer and Salancik, 1978). Environmental factors can also be both causes of decline and constraints to recovery (Dess and Beard, 1984) and can impact on the ability for recovery. Severe and rapid erosion of resources can be significant in causing decline and also make it impossible to recover (Kiesler and Sproull, 1982; Robbins and Pearce, 1992; Pearce and Robins, 1993; Joyce, 2001; Boyne, 2004).

Clearly, since the literature review was undertaken additional literature has been forthcoming. This has been included in the above discussion where it is particularly relevant to the study. Other literature has also been used in the Analysis and Findings section when necessary, to support the discussion of findings.

1.4 APPROACH TO THE ANALYSIS

Analysis of the Corporate Assessments

The analysis of the corporate assessments was undertaken through a two-stage longitudinal content analysis (Fisher, 2004; Gray, 2005; Bryman 2008). The first stage was deductive in nature and involved the filtering of statements made within the corporate assessment reports through two coding schemes. The first coding scheme was based on the conceptual framework developed in the critical literature review in Document Two and the second on findings of the causes of poor performance identified in Document Three. The detailed development of these coding schemes is discussed further below. The second stage was to undertake a thematic inductive analysis (Bryman, 2008) of this filtered information to develop a final set of themes and sub-themes that were then used to code and analyse the corporate assessments and interviews within the main analysis.

The literature review analysis develops a range of possible strategic processes that can be linked to corporate turnaround and seeks to identify the extent to which such processes were adopted by local authorities during the CPA period. This is called the 'process framework'. The analysis using the GLO findings focuses on pre-conditions present within failing authorities at the start of the CPA process and is called the 'pre-condition framework'. This part of the analysis is used for two purposes. Firstly to identify whether these conditions were indeed present in turnaround authorities at the start of CPA as part of the internal triangulation within the study. Secondly, the analysis tracks whether the occurrence of these conditions diminishes throughout the CPA period as might be expected from turnaround organisations. The relationship between these two aspects of the analysis would be that the process changes introduced have been used to overcome the pre-conditions that led to failure in the first place.

The inductive part of the analysis seeks to establish two types of finding. Firstly, it seeks to establish whether there is any common pattern that emerges from the longitudinal analysis during the CPA period. For example, did all/most authorities adopt the same approach and do the same things? Finally, the analysis will highlight any significant aspects that emerge that have not been identified within the deductive analysis. For example, might there be some causes of poor performance and/or improvement processes that have not previously been identified, and may therefore be either distinct or unique to local authority strategic management, and the recovery of local authorities in particular.

Coding Frameworks for Analysing the Corporate Assessments 1: The Process Aspects

The literature review in Document Two developed conceptual framework of the likely impact that approaches to strategic turnaround could have on the successful and sustained turnaround of an organisation. The conceptual framework analysed strategic approaches over three categories, namely the leadership approach, the strategic approach and the turnaround approach. Behind this conceptualisation, is a breakdown of more detailed aspects under each category that could either promote or inhibit successful and sustained strategic turnaround. The detailed discussion for this has already been undertaken in Document Two and both the conceptual framework and the aspects of strategic turnaround are reproduced below in Figure 31 and Figure 32 respectively.

The conceptual framework identifies that while the turnaround approach adopted lies at the heart of any consideration of the likely success or failure of a turnaround, this in turn is impacted upon by both the leadership approach within the organisation and the general approach taken to strategy formulation and

implementation. The three approaches are therefore linked together and cannot be viewed in isolation when considering approaches to strategic turnaround.

Figure 31: Conceptual Framework
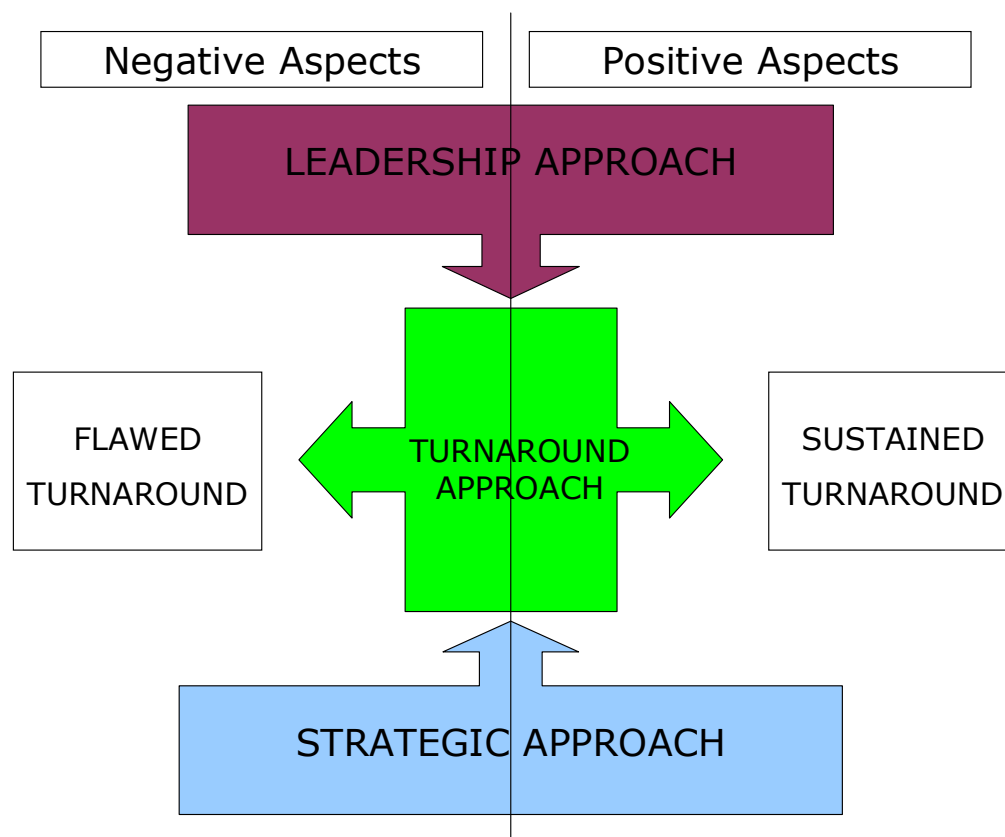
Source: M Jones Document Two (2008)

The more detailed aspects of turnaround given in Figure 32 below, highlight the range of possible approaches that could be undertaken with regard to turnaround. The negative and positive indicators, give an idea as to whether a possible approach will contribute to or inhibit successful turnaround. Clearly there is some link here with the negative approaches to those factors that could have contributed initially to an organisation being in a failing situation. Indeed, this was borne out in part by the findings of Document Three, which examined the causes of poor performance within failing local authorities under the CPA regime. The shaded boxes in

Figure 32, relate the findings regarding the causes of poor performance in Document Three to the conceptual framework. As can be seen, these tend to paint a picture of intransigent, inward looking organisations that are out of touch with the environment they operate within, focus on the needs of a limited range of stakeholders (if at all) and have leadership structures that are exclusive, non-facilitative and rigid. A number of aspects stood out from the analysis in Document Three regarding the main causes of poor performance. That is that it was likely to be due to internal causes (rather than external environmental influences) resulting from poor leadership and a consequent lack of strategic management skills. Indeed, the distinction made by Jas and Skelcher (2005) between permanently failing and self-regulating organisations, linked to a lack of strategic cognition, capability and capacity, referred to here as the 3C's (Turner et al, 2004; Turner and Whiteman, 2005), were considered the overriding general causes of poor performance due to their consequent inter-relationship with the internal causes of decline and poor organisational performance.

The initial content analysis of the corporate assessments uses the conceptual framework and the more positive aspects of turnaround approaches to provide one of the frameworks used in the initial content analysis of the corporate. To do this, the aspects of turnaround have been revisited to refine them into a more succinct analysis tool that is more useful and practical for carrying out the archival analysis (Miles and Huberman, 2004; Saunders et al, 2007). In essence, the aspects have been grouped to provide a coding structure that links back to the literature on turnaround, strategy and leadership.

Figure 32: Aspects of Sustainable Turnaround

LEADERSHIP APPROACH		STRATEGIC APPROACH		TURNAROUND APPROACH	
(-)	(+)	(-)	(+)	(-)	(+)
Exclusive	Inclusive	Planned and Rational	Planned and Emergent	Operational	Strategic
Charismatic	Team	Polarised	Holistic	Retrenchment	Renewal
Strategic Focus	Comprehensive Focus	Specificity (Homogenised Stakeholders)	Ambiguity (Complex Stakeholders)	Replacement	Realignment
Success Fallacy	Enlightened	Strategic Adjustment	Strategic Change	Permanently Failing	Self Correcting
Officer or Member	Officer and Member	Top Down	Bottom Up	External Trigger	Internal Trigger
Personal Vision	Shared Vision	Rigid	Flexible	Singularity of Approach	Duality of Approach
Negative Vision	Positive Vision	Officer or Member	Officer and Member	Box Ticking	Embedded Change
Stress/Threat Rigidity	Enhancing Adaptability	Incremental	Prioritisation	Intervention	Engagement
Dictatorship	Facilitating	Enforced	Owned	Turnaround	Revitalisation
Partial 3cs	Complete 3cs	Existing	Future	Internal Causes	External Causes

Source: M Jones Document Three (2011), adapted from Document Two (2008)

To produce the coding structure for the process based content analysis, the aspects of turnaround were reviewed to establish any inter-relationships that would allow the aspects to be grouped together. The aim of the reclassification was to establish a more succinct analysis tool that would be more useful and practical for carrying out the archival analysis (Miles and Huberman, 2004;

Saunders et al, 2007) and produce a set of general classifications that could be used across all of the local authorities analysed. This rationalisation was necessary as it would be difficult to use the full range of potential aspects, as not all local authorities are likely to display each individual feature. Nine potential process aspects were identified across the three themes of leadership approach, strategic approach and turnaround approach (three from each theme). This recognises the interrelatedness of the three themes referred to above, while at the same time maintaining the focus on turnaround itself.

Figure 33 below, illustrates how the aspects of turnaround have been linked together to establish the summary aspects that were used in the document analysis. The bold and underlined aspects represent the nine summary aspects used in the document analysis. The colour coding shows broadly how the aspects are linked within the groupings. It is evident that some of the aspects are grouped according to theme, whereas others cross themes. It should also be noted that there is scope for some aspects to be related to more than one of the nine groupings and while this is recognised, for the sake of expediency and to reduce the level of complexity within the analysis, the groupings identified are sufficient for the purpose intended. The Findings and Analysis section will reflect on any further inter-relationships where appropriate.

To aid the analysis further, the revised groupings were renamed to provide the final process coding structure. The revised names for the nine summary process aspects used in the coding are given below and examples of the analysis undertaken are given in Appendix B and Appendix C:

- Officer / Member relations – (Officer or member/Officer and member)
- Vision and Purpose – (Personal vision/Shared vision)
- Cognition, Capability and Capacity (3Cs) - (Partial 3cs/Complete 3cs)
- Planned/Emergent – (Planned and rational/Planned and emergent)

- Stakeholder Engagement – (Specificity/Ambiguity)

- Distinct Phase – (Strategic adjustment/Strategic change)

- Operational or Strategic focus – (Operational/Strategic)

- New Faces, New Structures – (replacement/Realignment)

- Self Correction – (Permanently failing/Self correcting)

Figure 33: Development of the Summary Aspects Coding Framework

LEADERSHIP APPROACH		STRATEGIC APPROACH		TURNAROUND APPROACH	
(-)	(+)	(-)	(+)	(-)	(+)
Exclusive	Inclusive	**Planned and Rational**	**Planned and Emergent**	**Operational**	**Strategic**
Charismatic	Team	Polarised	Holistic	Retrenchment	Renewal
Strategic Focus	Comprehensive Focus	**Specificity (Homogenised Stakeholders)**	**Ambiguity (Complex Stakeholders)**	**Replacement**	**Realignment**
Success Fallacy	Enlightened	**Strategic Adjustment**	**Strategic Change**	**Permanently Failing**	**Self Correcting**
Officer or Member	**Officer and Member**	Top Down	Bottom Up	External Trigger	Internal Trigger
Personal Vision	**Shared Vision**	Rigid	Flexible	Singularity of Approach	Duality of Approach
Negative Vision	Positive Vision	Officer or Member	Officer and Member	Box Ticking	Embedded Change
Stress/Threat Rigidity	Enhancing Adaptability	Incremental	Prioritisation	Intervention	Engagement
Dictatorship	Facilitating	Enforced	Owned	Turnaround	Revitalisation
Partial 3cs	**Complete 3cs**	Existing	Future	Internal Causes	External Causes

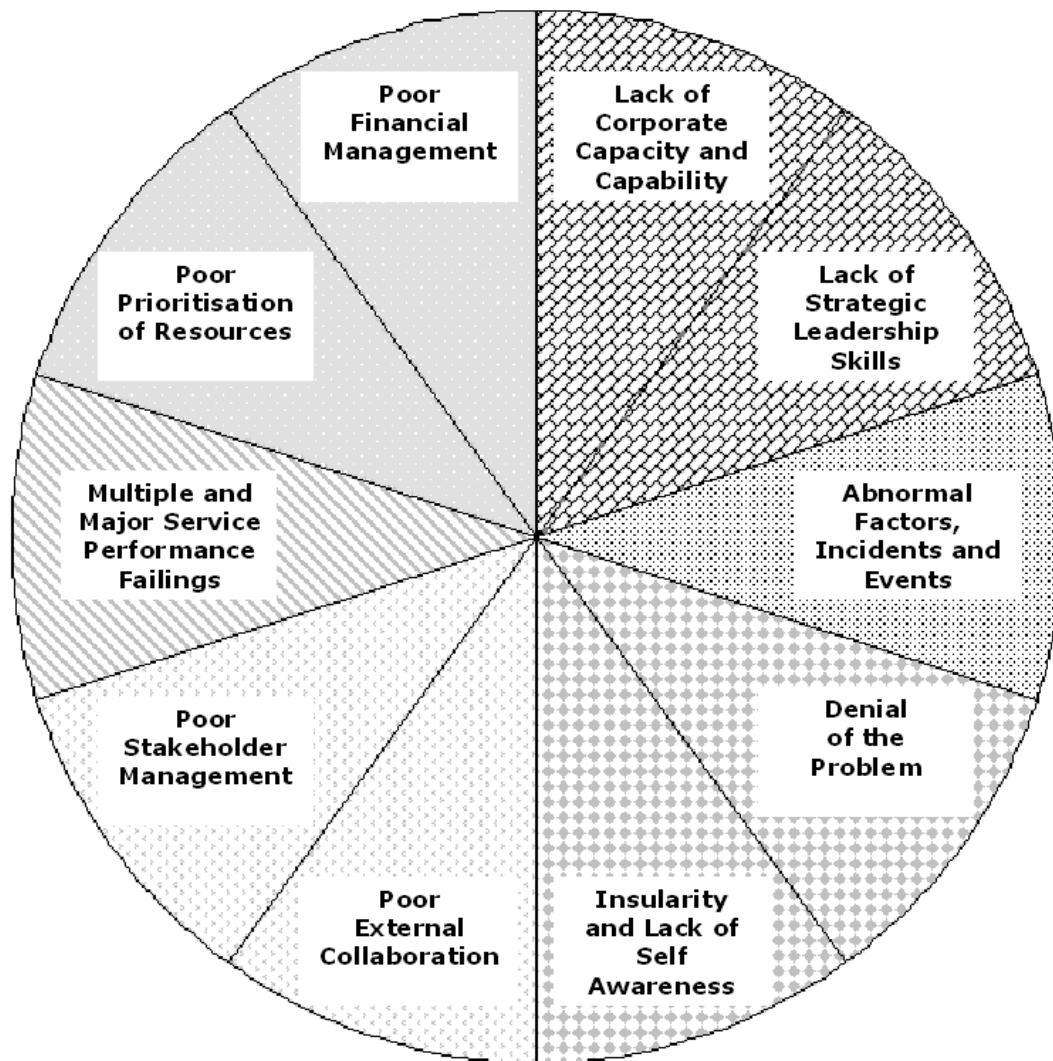*Source: Adapted from M Jones Document Three (2011)*

Coding Frameworks for Analysing the Corporate Assessments 2: The Pre-Condition Aspects

The second deductive coded analysis was undertaken based on the findings of the Government Lead Official (GLO) interview undertaken in Document Three (this aspect is considered deductive in Document Five as it is based on findings already reported in Document Three). This identified ten pre-conditions contributing to poor performance amongst failing local authorities under CPA. The purpose of this part of the analysis was to attempt to track the pre-conditions of poor performance at the start of the CPA process and how these pre-conditions changed during the CPA period. This analysis is different from that described above as it focuses on the pre-conditions present within organisations rather than the processes introduced. The ten pre-conditions contributing to poor performance identified by the GLO are given in Figure 34 and are represented as a wheel. Within the ten pre-conditions, there is a degree of interrelatedness, and the shading of segments within the wheel seeks to illustrate this.

Clearly the process aspects and pre-conditions are interrelated to some extent, but it is useful to consider them separately in order to broaden the scope of the analysis. For example, the pre-conditions lack of corporate capacity and capability and lack of strategic leadership skills are clearly linked to the cognition, capability and capacity process aspects. Equally, poor stakeholder management is related to the stakeholder engagement. This is not considered problematic, as it serves to reinforce the use of both coding frameworks in the analysis.

Nevertheless, as would be expected, there are still a number of pre-conditions not specifically related to the process aspects of turnaround, as the pre-conditions were present prior to the commencement of the turnaround process.

Figure 34: 10 Pre-Conditions Relating to Poor Performance

Source: M Jones Document Three (2011)

Generally, the pre-conditions could be expected to be prevalent at the start of the CPA process, i.e. in the initial corporate assessment reports, but their presence would be expected to diminish and/or disappear as the performance of the organisation improved. Again, to make the coding simpler, the pre-conditions have been renamed slightly and are given below and examples of the analysis undertaken are given in Appendix B and Appendix C:

The pre-conditions:

- Capacity and Capability

- Strategic Leadership Skills

- Abnormal Factors

- Denial

- Insularity

- Collaboration

- Stakeholder Management

- Service Failings

- Prioritisation

- Financial Management

Deductive Analysis Issues

The coding structures given to the deductive analysis of the corporate assessments were useful in providing a framework within which to carry out the analysis. However, despite this there were still parts of the documentation that were difficult to code, either because they could have appeared in more than one coding category, or because they were ambiguous due to the high level of the documentary analysis (i.e. these were not the detailed working papers). This is the nature of qualitative research in some respects (Miles and Huberman, 1994) and the approach taken to coding such information, was to allocate the occurrence to what appeared to be the strongest relationship. Generally however, there was a tendency for issues raised in the corporate assessments to be identifiable to a particular coding requirement within either the process aspects or pre-conditions.

In undertaking the coding, certain similarities/relationships were also identified within the two coding structures. For example, within the process aspects, the

3Cs element overlapped to some extent with the self-correcting element. To deal with this in the analysis, the view was taken that the 3Cs element would relate to specific processes put in place by organisations to increase cognition, capability and capacity to improve such things as strategic decision making, performance management and stakeholder engagement, whereas the self-correcting element would be used to identify examples of where the organisation had gained an outcome and improved its strategic ability. For example, the introduction of processes to help facilitate the prioritisation of needs and resources, such as introducing training across staff groups or bringing in consultation mechanisms, were regarded as increasing the capacity of the organisation whereas, comments that the organisation had actually re-prioritised functions or resources were taken as evidence that the processes were working in practice and an improved outcome had been achieved for the organisation. Within the pre-condition elements, there was a high degree of potential similarity between the Insularity, Collaboration and Stakeholder Management elements, also to some extent with the Capacity and Capability element. In this case, the distinction was made between evidence that concerned specific delivery relationships (collaboration), aspects that dealt with formal stakeholder engagement issues, such as relationships with the NHS (stakeholder management) and those that dealt with organisational ability to understand its own performance in relation to local, national and cross sectoral requirements as well as internal process and culture issues that inhibited a wider view of requirements being taken (Insularity). For example an internal, service based approach to strategy rather than a holistic, corporate approach.

Furthermore, relationships became evident between the introduction of processes and the overcoming of pre-conditions at the start of CPA. For example, improvements in cognitive, capacity and capability processes that lead to improved outcomes in terms of self-correction ability, tended to overcome the insularity and prioritisation problems experienced at the outset of CPA.

The Generation and Analysis of Themes Emerging from the Corporate Assessments

The second stage of content analysis involved a thematic analysis (Bryman 2008) of the filtered CPA information to identify and analyse any emerging themes and sub-themes within it. These themes and sub-themes were then also used in the analysis of the local authority and GLO interviews. The thematic analysis involved the iterative review of the filtered corporate assessment information, focusing on statements that conveyed similar meaning and could therefore be grouped together. By undertaking this approach iteratively through a number of sweeps of the information, and by continually grouping similar sets of statements together, themes started to emerge that appeared to be of importance. These were essentially made up of three levels. The overall themes themselves, sub-themes within the themes and individual statements within sub-themes. Ten themes subsequently emerged namely; Turnaround Processes, Understanding Roles, New People and Structures, Strategic Management Processes and Systems, Prioritisation and Re-Prioritisation, Performance Management, Gathering Intelligence, Working With Others, Communication and finally Support Systems (see also Figure 35 in the next section). Each theme had a varying number of sub-themes within them and these have been used to help structure the Findings and Analysis section of the thesis in Section 2 and the case study analysis in Section 3. An example of the subsequent content analysis produced for each theme is given at Appendix D, in this case for the Prioritisation and Re-Prioritisation theme. The content analysis involved recording the statements used in developing the themes against them so that they could be quantified and analysed (see Appendix D). The analysis captured district council and STCC information separately, in case there were any discernable differences between the two. This was subsequently found not to be the case, something that was corroborated in the GLO interviews.

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Once this had been undertaken, it was then possible to use the ten themes to analyse the three council interviews and this formed the basis of the internally focussed case study analysis in Section 3. This was done by taking statements made during the interviews and assigning them to relevant sub-themes and themes, both from the interview transcripts and by listening to the recorded interviews again. Quotes from the interviews have been used to support the themed analysis where appropriate. The GLO interviews were undertaken using the themes as form of structure. Interviewees were asked to discuss the relevance of the themes to their own experience during the CPA era. Again, quotes from these interviews have been used to support the analysis.

A full analysis of the themes and sub-themes is given in Section 2. This is essentially a narrative account of the combined analyse and findings arising from the thematic analysis. This is followed by an analysis of the three case study councils in Section 3 allowing the ten themes to be considered within specific organisational contexts. Section 4 provides the conclusions of the thesis.

2.1 FINDINGS AND ANALYSIS

<u>Overview</u>

Ten themes have emerged from this thesis as being the important approaches to strategic turnaround adopted by turnaround councils. These findings relate to the first research question and are summarised in Figure 35 below.

Figure 35: The Ten Approaches to Strategic Turnaround

Main Theme	Associated Sub-Themes			
Understanding Roles	Leadership	Politics	Community Leadership	Member v Officer
New People & Structures	Members	Officers	Cultures	Structures
Strategic Processes	Visioning	Formal Plans	Branding	Scrutiny & Governance
Prioritisation & Re-prioritisation	Deciding on Priorities	Scope of Priorities	Taking Difficult Decisions	Links to Other Plans
Gathering Intelligence	Internal Intelligence	External Intelligence		Self Awareness
Performance Management	Managing Performance	Challenging Performance		Taking Action
Working with Others	Setting Priorities	Delivery & Capacity	Monitoring	Governance/ Leadership
Communication	Improvements in Communication		The Role of the CEO	
Support Systems	IT	HR	Financial Management	Other
Turnaround Processes	Learning how to Change	Operational or Strategic	Planned or Emergent	CPA Trigger

Each theme has been discussed separately in this section and sub-divided into a number of sub-themes. It is important to recognise that each theme to some extent also overlaps with, and is related to other themes. The discussion of each theme reflects this.

One of the themes is specifically related to Turnaround Processes, whereas the others are ongoing internal strategic processes that improved during the turnaround phase – introducing and learning how to use these ongoing processes was a distinct part of the turnaround process.

Each theme commences with an overview of the key aspects of the theme, before considering the sub-themes in greater detail through discussion of the corporate assessment and GLO interview findings. A summary of the main findings is given at the end of each theme. The ten themes are presented in an order intended to help the flow of the discussion and an understanding of the linkages between them. The discussion of Turnaround Processes has been left until the end as it draws on aspects from other themes, which therefore require explanation first.

2.2 UNDERSTANDING ROLES

Overview

The need for actors within local authorities to understand their respective roles was a key finding of the corporate assessment analysis. It had an impact on the original causes of poor performance, something that was also evident from the findings of Document Three, and has been seen in this latest analysis to be a key aspect of change within improving councils. This understanding of roles played out across a variety of spectrums including member to member, member to officer and officer to officer, and this is especially true for senior people, whether these be elected members or paid officials. The development of a greater understanding of roles, also impacted upon organisational structures and communication networks as well as decision-making and performance management processes. Training, in part through IDeA training courses and external peer mentoring, played a key part in developing a clearer understanding of respective roles and the way in which these roles are played out. This section looks specifically at the nature of the roles of the various actors. Clearly changes to these could and would be affected by changes in the personnel carrying out those roles. Although this overlap is recognised here, it is discussed further under the New People and Structures theme. There are four sub-themes within this theme, namely Leadership, Politics, Community Leadership and finally Member and Officer Roles.

Leadership

A significant finding from the analysis was the question of where, if at all, leadership of the council was enacted. Importantly, there appeared to be a distinction between ongoing leadership and the specific role of leadership in a turnaround situation, as well as between the Leader of the Council and CEO

leadership roles. This aspect appears to have a continuous presence within the findings and is developed where appropriate throughout the themes of the thesis and in the conclusions section.

Local authority leadership is essentially a symbiotic relationship between the elected Leader of the Council and the Chief Executive Officer (CEO) (Wilson and Moore, 2007; Solace, 2005; IDeA, 2006). Some commentators refer to this as dynamic dependency (Entwistle et al, 2005). The Leader of the Council is a formal role undertaken by the elected member who is the head of the party holding the majority within the council. Leaders are either selected from within their own party, or, in the case of elected mayors (introduced by the Local Government Act 2000), elected by the public. Very few councils under review had an elected mayor, with most adopting a Leader and Cabinet structure. Therefore, for the purposes of this study, the political roles will be dealt with collectively under the term "Leader of the Council", as the impact of the study's findings would be the same whichever was in place.

Overall, leadership is vested with the Leader of the Council for policy direction and performance outcomes, but the CEO is effectively the leader of the paid officers of the council, responsible for advising members on policies and ensuring they are carried out. The two roles are therefore very closely linked and in a leadership sense provide similar functions. To emphasise this, Dereli (2003), identified that a local authority CEO's role was to lead strategy through the inclusion of members, rather than to direct strategy. Members, in turn, act as the bridge between the community and the council, but are ultimately responsible for taking the lead on the direction a council takes.

A review of best practice examples provided on the Local Government Improvement and Development (LGID) (2012) website, shows that the role of the Leader of the Council is multi-faceted, but focussed on being the fulcrum of

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decision making and leadership within a council. Common phrases to describe

the role include; providing political leadership; to be a figurehead; to appoint,

manage and lead the executive of the council; to represent the council externally

and act as an ambassador; to give leadership to partnerships and partnership

working; to uphold ethical and governance standards and to work with officers to

lead the organisation. It is apparent from the analyses of the corporate

assessments, that these facets of leadership were often missing or inadequate at

the start of the CPA regime in 2002 and much improved at the end in 2008. The

evidence from the GLO interviews also supports that there was an improvement

of understanding within the councils of this leadership role.

These are useful observations and tend to follow a managerialist discourse of

leadership, including the separation of political and administrative leadership

(Joyce 2012). Alternatively, Pye (2005 p33) refers to the challenge of

conceptualising leadership as "akin to capturing the ethereal qualities of the

'moon on the water'" and challenges such normative approaches to defining and

articulating leadership, preferring instead to reframe leadership as a form of

sensemaking (sic). Similarly, Spicker (2012, p34) refers to leadership as a

"perniciously vague concept" and suggests alternative discourses that could be

used to consider the "cult of leadership" (Spicker, 2012 p35) within a public

sector context, such as economic and humanist stances. Such approaches are

helpful in identifying that alternative views of leadership and its importance exist.

Pye's view, however challenging, does not compromise the managerialist

discourse on leadership, or that seemingly adopted within the CPA regime.

Rather it compliments it to the extent that one of the roles of leadership, whether

it be political or administrative, is to make sense of what is happening within the

organisation and the environment within which it operates (Joyce, 2012; Lawton

and Rose, 1994). To this extent, as with other themes identified, the discussion

of the analysis of the corporate assessments and the interviews is framed within

the ongoing managerialist discourse emerging from the literature and the CPA regime.

The analysis of the corporate assessments revealed a progressive improvement in leadership attributes during the CPA era. Comments within the corporate assessments tended to relate to the Leader of the Council role rather than the CEO. For example, at the start of CPA, 15 councils were specifically identified as having negative statements regarding the Leader of the Council role. These included reference to weak leadership of the council, inconsistent internal leadership and political leadership that was not strategic or lacked a clear strategic vision. Other cases refer to an over reliance on the CEO, borne out by the council interviews, and gaps in leadership competencies. While others still refer to differences between the leader's manifesto and the corporate plan, or that political stalemate was proving to be a barrier to organisational improvement. Such statements identify that in many councils, the Leader of the Council role was not being played out effectively, and certainly not in accordance with the best practice examples referred to above.

This can also be considered to have had a consequential negative impact throughout organisations in terms of councils lacking an appropriate vision and strategy, the ability to implement difficult decisions, and decisions in general, together with a sense that the council suffered from inertia and insularity without the drive or ambition to improve and meet the needs of both national and local priorities. These issues are considered in more detail under the forthcoming themes, but are clearly linked to a lack of effective leadership. Essentially, councils were left in a state of flux, unable to move forward due to a lack of engagement from the ultimate leadership role. What is not clear from the document analysis are the reasons for such Leader of the Council inertia (Shaw 1981), nor how long it had been allowed to fester (possibly through stagnant political control over a number of years for example). It was not apparent that

there was any form of success fallacy (Jas and Skelcher 2004) from either the corporate assessments or the interviews, rather the council interviews tended to highlight that there had been a sense of arrogance that the leadership just thought they knew what was best for the council.

In many cases, one of the main criticisms of poorly performing councils at the start of the CPA regime was either a lack of political leadership within the council or poor political leadership. In some cases, this is linked to issues concerning the Leader of the Council's relationship with the Chief Executive Officer (CEO), whereby the Leader had essentially abdicated responsibility for decision making to the senior paid official. With regards to possible reasons for this detachment by the political leadership, the GLO interviews help to shed some light. GLO1 referred to the need for the CEO to "plug the gap" of any vacuum left by the political leadership. In extreme cases, there is the scope therefore for the CEO to take on decision-making responsibilities to ensure that decisions are actually made. This would be a failing of both the Leader of the Council and the CEO in fulfilling their respective functions, with the locus of leadership having moved to the wrong place.

GLO2 offered a different interpretation however.

"Councillors believe that the CEO is their intellectual superior and are overly respectful, and don't question what they say". In such situations, there is "no strategic challenge, to go beyond what the officers told them they could do". (GLO2 interview)

Here, the elected members are showing a professional deferment to the CEO, in other words displaying a 'he/she knows best' attitude.

Surprisingly, very rarely were references made to poor leadership on the officer side, and poor CEO leadership was never referred to. This is an interesting observation, as the interviews suggested that CEOs were not immune from being poor leaders, and as will be seen later, part of the turnaround process was to recruit new CEOs to replace their ineffective predecessors. To emphasise the point of how ineffective the CEO could be, GLO1 gave the following example from a meeting with the CEO of a council who had just received its poor CPA rating.

"his answer to one of the questions I asked was *well if we had guessed at different figures for our PIs (*referring here to national performance indicators*), would we have we avoided the intervention?*"! It is quite difficult for anyone who comes from a halfway decent authority, to realise just how poor some of these authorities had got to".... "there was downright incompetence..." (GLO1 interview)

Therefore, despite the member-centric problems painted by the corporate assessments, there was also an underlying problem with the CEO leadership role as well. This underpins the findings of Document Three and of others (Turner et al, 2004; Turner and Whiteman, 2005; Jas and Skelcher, 2005; Wilson and Moore, 2007), that problems in poorly performing councils were often self-generated and resulted from poor internal leadership, whether this be from members or officers.

The interviews with GLO1 and GLO2 suggested that part of the CEO role is to ensure that political leadership within a council is maintained. This would require, the coaching of senior elected members, not in policy per se, but in the need for them to develop policy and ensure that appropriate capacity and capability for this existed within the council. This could go as far as identifying new political talent within the council that could be nurtured for future senior roles. Clearly the CEO needs to play a non-partisan (non-political) role in such activities. In

addition, the symbiotic relationship between the Leader of the Council and the CEO was also emphasised by GLO1.

"if political leadership creates a vacuum, then the CEO should fill it" (GLO1 interview).

This is not to say that the CEO should take on a political role, or be instrumental in shaping the policies of the council. Rather, GLO1 went on to say that if the Leader of the Council preferred to be external facing and collaborative, then the CEO should focus on the internal management of the council. If the Leader of the Council had a more internal focus, then the CEO would need to spend more time managing the external relationships.

The emphasis here is on the CEO using their more permanent executive and professional capacity, rather than the more fluid nature of the Leader of the Council appointment through the electoral process, to compliment and support the political leader. It also emphasises the need for there to be a consistent focus on all aspects of leadership within the council, and as the senior paid official, the CEO needs to ensure this happens. Similar findings exist elsewhere within the literature (see Douglas et al, 2012).

When it comes to identifying improvements in leadership by the end of CPA, both elected leaders and CEOs (often jointly) are specifically referred to in a positive sense within the corporate assessments. There are 21 separate statements referring to strong leadership or effective leadership or good leadership. Under this type of comment, there are also references to the Leader of the Council being active and visible or setting a strong example. Often, such comments refer to the Leader of the Council and CEO roles jointly, with specific reference being made on three occasions to the Leader and CEO having an effective working relationship. Where this is not specifically mentioned, it would appear to be implied through

statements that staff and stakeholders have confidence in the leadership of the council or in the joint statements made on visibility and the strength of leadership. The relationship between Leader and CEO would appear to be a key one for the successful transformation of a local authority and one which overlaps with the more general understanding of officer and member roles which is discussed later in this theme. The positive aspects of leadership displayed in both the corporate assessments and the interviews, echo the increased cognition, capability and capacity of leaders found by Turner et al (2004) and Turner and Whiteman (2005). They are also suggestive of the complexity of leadership requirements in local authorities, balancing the needs of multiple stakeholder groups and having to tackle change on a number of fronts (Joyce 2004; Mordaunt and Cornforth 2004; Paton and Mordaunt 2004; McAdam, 2005), especially balancing the needs of administrative and political visions of success (Entwistle et al 2005).

The key role that the CEO has to play in the turnaround of local authorities was identified in the literature. However, changes to and/or developments in, the role of the Leader of the Council also appear to be an important aspect of recovery, as does the existence of a positive and supportive relationship between the Leader of the Council and the CEO. As will be discussed under New People and Structures, responsibility for overseeing turnaround appears to have been more closely associated with new CEOs, both interim and permanent. It would appear however that the CEO does not operate in a vacuum and for them to be able to do this successfully there also needs to be appropriate political leadership from the Leader of the Council.

It is important to recognise that there were also other factors running parallel to and in support of the CPA however. Both the LGA (for members) and the IDeA (for officers) provided support, mentoring and training in leadership during the CPA period. Indeed, many members from poorly performing councils had mentors

from better performing peer councils. This support network developed over time as the LGA in particular, learning from early CPA experiences, recognised the need for effective leadership within councils and became more willing to engage with the CPA process.

Politics

In a minority of cases, there was evidence within the corporate assessments of problems caused by poor political relations within the council. Although not specifically identified, such poor relations could be taken to be in-party or between parties, and/or relate to a lack of cross party working. This to some extent reflects the paucity of political leadership from the Leader of the Council role referred to above (Turner et al, 2004). While improvements in this aspect are not generally mentioned in the corporate assessments at the end of CPA, the lack of specific comment would suggest that it has been overcome as a barrier to effective working. More light is shed on this aspect from the GLO interviews. Poor cross party working was raised as a problem by both GLOs. If a council had a tendency for consistent political control over a long period of time (referred to as "long term fiefdoms" by GLO1), or stagnation (Turner and Whiteman, 2005), then there was more likelihood that the council would receive a poor CPA rating. This would be irrespective of which party was in control. The reason given for this was that the opposition was largely ineffectual, having no critical mass, in providing any form of challenge to policy decisions being taken by the council. In such cases, there was a danger that policies were being politically driven rather than strategically driven. The inference here being that decisions were taken to support the manifesto and get re-elected, rather than tackling the strategic issues that faced the council and its population. GLO1 referred to this as "ideology based strategies, rather than evidence based strategies". To some extent this overlaps with the introduction of scrutiny functions within councils in the early 2000s, which is discussed further below. Nevertheless, there is a requirement to

recognise the politicised nature of the local authority environment, both at a local and national level (Worrell et all, 1998). The view that policy decisions should be evidence based rather than ideologically driven could be challenged in that local government's mandate is to provide local political accountability through the ballot box and as such the success or failure of a political regime should be measured by the re-election, or not, of the party in power. Nevertheless, even ideological approaches to choice and decision making would need evidence to back them up, for example providing free or subsidised care in the home for elderly residents would need evidence of demographic trends, costs and quality for it to managed and resourced effectively, especially in relation to other priorities of the council. As such, the use of evidence does not preclude the scope for ideological policy making but rather could be seen to help support the policy making process (Joyce, 2012). In this respect, GLO2 stressed the need for elected members to not just have training in leadership, but also in political leadership.

"Members don't want to train to be officers" (GLO2 interview)

Neither do they see themselves as working for a particular sector.

"Members work for their council" (GLO2 interview).

As such the training and development of members in terms of leadership, needs to also encompass political dimensions as well. This is something that resulted in the development of mentoring and training programmes for members on political lines, i.e. elected members would prefer to be trained by and with people from their own party, rather than an opposing party.

<u>Community Leadership</u>

Another finding was that positive comments regarding the general leadership of councils could also be related to improvements in the effectiveness of community leadership. This is mentioned on ten separate occasions and is reinforced by statements that the Leader of the Council, and often also the CEO, play an effective wider role in the leadership of external bodies and partnerships. This aspect of improvement is closely related to the development of other mechanisms at around this time such as LAAs and LSPs, which were referred to in the introduction (see Figure 27).

A key aspect of community leadership has been the involvement in Local Strategic Partnerships (LSPs) (Diamond and Liddle, 2005). LSPs were brought in by the Government in 2000 and were intended to bring together local authorities, other public bodies, the business community and the voluntary sector within a given geographic area. They link closely with the development of LAAs, which were introduced in 2004/05 following a series of pilots. Initially, there was no remit for local authorities to take the lead role, even though they were responsible for helping them to form. In essence, local authorities were discouraged from exerting too much influence over the business of the LSP. However, by 2008, Government guidance had changed with councils becoming the democratically elected leaders and convenors of LSPs. This did not mean however that the LSP should be chaired by an elected member, and research undertaken by the LGID in 2009, showed that the percentage of 152 LSPs surveyed that were chaired by an elected member varied by region from between 50% to 89%. Nevertheless, there are a number of occasions where the corporate assessments make reference to a council being associated with chairing the LSP, and often it is the Leader of the Council or CEO identified with this role. This could be for a variety of reasons. At the start of CPA, there was no requirement to take an active role in leading the LSP. Those councils that were insular and with a low propensity to engage with collaborative processes, may have been disinclined to engage with the LSP and subsequently the LAA, something borne

out by the lack of community vision and engagement often referred to in the initial corporate assessments for these councils. The change experienced by the end of CPA may have been the result of a more outward looking leadership, a need to comply with changing government guidance or a desire to be in control of local agendas. It is possible that an extremely critical corporate governance inspection at Lincolnshire County Council in 2005, which focussed a significant amount of criticism on the council's approach to community focus, acted as a catalyst for other councils to realise that they would need to up their game if they were not to be treated in a similar fashion. Whatever the underlying reason, the outcome is a positive engagement by the leadership with the wider community, rather than just an improvement of the leadership of the council. The two outcomes are clearly linked, but are not necessarily mutually dependent, either one could feasibly being achieved without the other, or at the neglect of the other. That the observations show improvements in both the internal leadership role and the external leadership role, highlights that Leaders of Councils, and CEOs, had become a lot more sophisticated in their leadership approach (Corrigan and Joyce, 1997; Wilson and Game, 2006).

Member and Officer Roles

A further finding in this section is the extent to which the respective understanding of the roles and responsibilities more generally of elected members and paid officers impacted on poor performance and subsequently on recovery. Similar to the way in which the CEO and Leader of the Council roles are supportive and complimentary, elected members and officers need to exhibit the same kind of relationship. Entwistle et al (2005) refer to the presence of a dynamic dependency between the duel elites of members and officers and the importance of a shared agenda on the harmony or otherwise of this relationship. Usually, local authorities have a cabinet structure of elected members, appointed by the Leader of the Council with cabinet members having responsibility for a

service or policy portfolio. Through this structure, and under the challenge of scrutiny committees (see later), elected members are responsible for setting the policy and strategic direction of the council, taking due regard of local and national priorities (Wilson and Game, 2006). Under this structure, officers are responsible for advising on in the first instance, and carrying out in the second, the cabinet's policy and decisions. A degree of importance can therefore be attached to the respective roles of both officers and members and their interrelationship as found by Dereli (2003) and Joyce (2001). However, the potential for dysfunction could arise in a variety of forms; within the elected member group, within the officer group and between members and officers. Such dysfunction could be due to a number of factors such as; adversarial behaviour, apathy, compliance and intransigence.

According to GLO1, the problems inherent within poorly performing councils were initially exacerbated by, but subsequently assisted by, the near simultaneous introduction of the cabinet and scrutiny governance structures at about the same time as the first CPA inspections, which were generally taking time to bed down nationally (Morphet 2008).

A general finding of the corporate assessment analysis was that officer and member roles were not clearly understood and enacted in poorly performing councils, resulting in dysfunctional management and leadership. Often criticisms were levelled at the member group, but to some extent officer roles were also specifically criticised. The analysis of criticisms can be grouped under a number of common themes. In six cases, reference was made specifically to a lack of clarity and understanding of the roles and responsibilities of members and officers.

The behaviour of members in particular is also identified as a theme from the corporate assessments, often being cited as inappropriate and in one case leading

to a blame culture that was "getting in the way". In other cases this was linked to a lack of trust between officers and members and tension between the two groups. A further theme concerned policy and strategy setting with ten references to either weak strategic leadership or management, which were also linked to comments regarding inappropriate (or in some cases lack of) member involvement. There was criticism of members becoming easily distracted and not driving change, resulting in a lack of future direction. There was evidence of weak political engagement with partnerships, which was discussed above under leadership roles.

These positions can to some extent be criticised as being a normative representation of the managerialist discourse coming from the government and Audit Commission at the time. Fisher (1998) for example, identifies a muddying of the water between respective officer and member roles in resource allocation policy decisions and administration, as well as the increasing tendency for elected officials to expect ideological support from paid officials. Despite this, an improved understanding of these delineations of responsibilities did appear to be important to the turnaround phase of local authorities.

By the end of CPA, a number of improvements are evident in the corporate assessments for those councils in the study. In 18 cases, there were positive references made to officers and members being aware of their respective roles, one identified that the council had moved from being officer led to member led. Largely, this improvement in understanding appears to have been developed through training and development programmes. In nine cases, specific reference is made to members attending training courses or being engaged on member development programmes, which in a few instances were mandatory. Often this training was described as being effective. Member and Officer training was also identified in the interviews as being a key contributor to improved understanding of roles. Examples of training courses given included leadership training for

officers and members and financial management and audit committee training for members. There was also the use of peer mentoring of elected members referred to in the GLO interviews, which was used to develop elected members' understanding of their roles from other organisations. GLO2 made the following observation regarding the difficulties experienced in getting councillors in particular to look at their roles differently.

"Essentially, councillors only work for one council, how do you get them to see things differently?…How do you get them to 'taste the coffee' in another council?" (GLO2 interview)

In particular, according to GLO2, it is easier for paid officials to see things differently because as professionals, they are more likely to move around different organisations and be exposed to new and alternative approaches. They are more able to recognise that things can be done differently. It was more difficult to get elected members to address this and often the members had to be coerced initially to attend training courses, or be involved in peer development. However, once they had "got it", then they very quickly adopted a more outward looking approach.

There was also evidence from the corporate assessments that in a minority of cases personal development plans were being implemented for members, in a similar way to those that existed for officers. This is an interesting finding, as despite the importance of the role of elected members, there are no national formal or legal requirements for members to have any training, not just in their roles vis-à-vis officers, but also in key management skills and competencies such as financial management, policy making and governance and accountability. Neither is there a requirement for any form of appraisal to be undertaken within the organisation. Appraising tends to be done at the ballot box.

With regards to behaviour, there are 12 positive references to the relationship between the elected Cabinet and the officer's Strategic Management Team (SMT), with specific instances referring to this being positive, or there being appropriate and constructive working relationships, or respect and an open culture. There were also five references made to improved, or good, cross-party working within the member group, with political concerns not being paramount. This could be in part due to the improved member training.

Theme Summary

There was clearly a lack of understanding of roles in poorly performing councils at the start of the CPA period. Improvements in understanding the need for effective leadership within councils, both from the elected members and from officers, as well as internally and externally with the local community and key stakeholders, represented a significant impetus for improvement and turnaround. Two aspects seem to have been important in this, the separation of political and executive roles and the nature of the relationship between the Leader of the Council and the CEO. These aspects were dysfunctional at the start of CPA and improvement led not only to a focus on the need for improvement but also better ongoing functionality within councils in terms of decision making and performance management. Whether this paucity in role understanding was a throw back to the era of NPM was not a focus of this study, but it can be speculated at. Clearly the traditional public administration demarcation between elected officials and officers had broken down at some point prior to the first CPA assessments, and in the case of poorly performing councils had likely been dysfunctional for some time for things to have been so bad. The improvements appear to have been guided partly by the corporate assessment reviews, but also significantly by the range of support available during the CPA period such as GLOs, LGA and IDeA mentoring and training. They can be linked to the ongoing debate on how to improve these relationships post NPM, which was clearly a concern of the local

government modernisation programme and continued into the public value and other discourses which followed it (Bennington and Moore, 2011 Greener 2009).

2.3 NEW PEOPLE AND STRUCTURES

Overview

Similar to the Understanding Roles theme, the New People and Structures theme, relates to both elected members and officers. In particular, changes identified related to the Leader of the Council and the CEO, as well as other senior officers. Due to the summarised nature of the corporate assessments, they do not always reveal the extent to which changes in personnel, and the governance structures of a council, took place, but where these could be identified, they have been discussed here. The interviews with the GLOs revealed themes that are pertinent to this section of the thesis and consider changes in key personnel (including elected members), as well as changes to structures, both internally, and those that enabled greater liaison with external stakeholders, agencies and organisations. Changes in senior personnel was a theme identified in the literature review and conceptual framework of Document Two with the appointment of new CEOs a particular point of interest. Interestingly, a change of the senior political leadership was not something that was within the literature. This was not thought surprising at the time given that such roles are democratically chosen, either through the ballot box, or through the leadership election process within political parties. Such roles cannot be changed simply through the normal hiring and firing procedures of an organisation and as such could be expected to be more difficult to change. Nevertheless, there was evidence of changes in political leadership outside of the normal electoral processes.

This theme is broken down into four sub-themes, namely, new members, new officers, new cultures and new structures (which includes boards and other such arrangements both internally and externally).

New Members

As mentioned above, changing members of a local authority is a process that it is usually undertaken democratically. This can occur at different times and in different sequences depending on the local authority concerned. For example, some local authorities operate under a system whereby all members are elected at the same time, usually every four years. Other local authorities have a proportion of the elected members standing for election each year on a four-year rolling cycle. The main change that could be invoked through the electoral process would be a change in political composition of the council, i.e. a change from Labour to Conservative control or vice versa. This would automatically bring about a change in the leadership of the council, effectively with cabinet and scrutiny roles reversed.

There was no direct evidence within the corporate assessments of this occurring during the CPA period as a fundamental part of the turnaround process. Indeed, it would be difficult to ascertain whether any such change was a direct result of electoral concern or protest against a poorly performing council, or whether it was due to other local or national factors that could affect the way the electorate decided to vote. Also, in other studies into council performance during the CPA period, no evidence has been found that either the poor performance of a council, or its ability to improve is related to political control (Murphy et al, 2011), nor that a poor assessment affected political performance at the ballot box (Turner and Whiteman, 2005). What was more evident was that changes in the Leader of the Council had occurred, whether or not this was the result of the electoral process. The evidence from the corporate assessments is relatively weak, with

only a very few councils specifically mentioned as having had a change of Leader. However, where this was evident, there was usually some attribution for the improvement of the council given to the new Leader.

The evidence for change of elected Leader was much stronger in the GLO interviews (and in the council interviews discussed later). For example, there was a striking reference given in one of the GLO interviews regarding changes to both Leader of Councils and CEOs (the CEO aspect is dealt with in more detail later in this section). Following a poor or weak CPA assessment;

"no leader or CEO that was part of the problem, were still in post after 6 months of the [first CPA] announcement" (GLO 1 interview)

This is an interesting and powerful assertion, and one that was followed up in the interview. One thing to note from the quotation, is that the implied change of Leader was not necessarily universally applied, but only if they were regarded as "part of the problem". The first issue to ascertain was therefore how the GLO and/or intervention team assessed this. Determining whether or not a Leader should be possibly removed, depended on an assessment of whether the Leader had the "will and the wherewithal" (GLO1 interview) to facilitate change and improvement within the council. Such an assessment was undertaken following meetings with other officials within the council and with partner organisations.

Having established that a Leader of the Council was "part of the problem", the next step would be to facilitate the removal of that Leader. This was not necessarily a straightforward aspect of the GLO role; as to directly remove elected officials was outside the scope of their powers and jurisdiction (ODPM 2003). There was scope for the removal of an elected official at a senior political level, although this would require a separate legal process referred to the Secretary of State and was never undertaken (ODPM 2003). However, within the

remit of the GLO was the ability to remove or undercut the powers of the local authority as a statutory body, thereby circumventing the powers of the Leader of the Council and the executive. Such an approach was regarded as the "nuclear option" (GLO 1 interview) and as such was seldom used. However, when it was used, other councils quickly became aware of these powers. What was more effective was being able to use this option as a threat to the majority party group to try and invoke a voluntary response. Another quote from the GLOs as to how this was actually facilitated was through the "holding up of a mirror" (GLO1 and GLO2 interviews) to the majority party group, showing them the weaknesses and, with the nuclear option threat in the background, invoking a voluntary change of leadership within the ruling group. Interestingly the term "holding up a mirror" was used by both GLOs and was also referred to in one of the local authority interviews, this time in relation to the CPA process as a whole, suggesting that the term is strongly associated with this period in local government performance inspection. The second GLO used another term of "tanks on the lawn" (GLO2 interview) to figuratively illustrate one option discussed during a debate regarding the potential removal of the political leadership of one difficult council. In fact this approach was not adopted, but goes to show the strength (figuratively at least) that could have been brought to bear on a failing council if necessary.

As was discussed in the previous section, improvements in the role of the Leader of the Council were an important aspect of the turnaround in council performance. What is evident from these findings is that the improvement appears to have often gone hand in hand with the replacement of the person filling the role, either through internal processes or through elections (see also Wilson and Moore, 2007).

Another, less contentious, aspect of changes in elected member roles during the CPA time period was the introduction of new specific member roles within a council. Often, this was to tackle recognised areas of underperformance either at a service level, or within the corporate strategic systems. For example, in some

cases from the corporate assessments, elected members of the majority party were given the role of 'champions' for specific areas e.g. Customer and Performance Champions and Councillor Development. The use of such champions as symbolic artefacts (Pye and Pettigrew, 2006) is seen as a way of elevating the importance of a particular policy area to give it higher visibility within the council, and is therefore related to the branding issue discussed later. Also, it gives the opportunity for someone in authority to monitor and report on progress made, in other words assigning accountability through the governance structure.

Finally with regard to elected members, changes were experienced during the CPA period in terms of greater member involvement on various external boards and representative bodies. This ran in parallel with the greater involvement of the Leader of the Council in such areas and was discussed in more detail in the Understanding Roles theme above. This aspect appears to demonstrate a greater willingness by members to engage with, and in some cases manage, the external environment, which was not present in failing organisations at the start of CPA.

New Officers

On the officer side of the equation, the most notable change was the replacement of CEOs (Turner et al, 2004; Boyne et al, 2008; Beeri, 2009). This is specifically mentioned in five of the corporate assessments, although given the comment of GLO1 above, it potentially happened in many others. Changes to CEOs could occur in different ways and be either voluntary by the council concerned, or applied as part of the intervention process. On a voluntary basis, a CEO would be removed and replaced by another permanent CEO. Under the intervention option, the outgoing CEO tended to be replaced with a temporary interim CEO, usually seconded in as part of the intervention phase, whose job it was to get the council on an improvement trajectory, before they in turn were replaced with a permanent CEO. It is unclear from the corporate assessments whether the

changes in CEOs identified were voluntary or part of the intervention process. From the intervention perspective, the same conditions that were applied to Leaders of the Council would be considered regarding the possible removal of a CEO – do they have the will and the wherewithal to recognise there was a problem and to make the necessary improvements?

According to both GLOs, new CEOs in such circumstances needed to be a certain type of leader. Initially, both permanent and interim CEOs tended to be external rather internal appointments and would also need to be transformational in outlook. The changes required to improve poorly performing councils often needed to be significant, deep and quickly applied. Steady state and incremental leadership was not what was required under these circumstances. The two GLO interviews, and also two of the local authority interviews, referred to this requirement for the CEO to be transformational in approach (and it was implied in the third council interview).

On a related point, there was little evidence that new CEOs were appointed from the private sector. There is only one example of this in the corporate assessments, and the GLO interviews did not offer any support for this either. It is assumed therefore that new CEOs, whether permanent or interim, tended to be recruited from within the local authority leadership pool (or at the very least public sector), certainly this was the case in the three councils interviewed. In some cases, there was more than one CEO recruited during the turnaround phase. This was sometimes mentioned within the corporate assessments and also referred to by the GLO and council interviews.

The replacement of the CEO, though not an essential requirement for turnaround (Paton and Mordaunt, 2004), does appear to have been significant in the case of local authority turnaround, supporting the findings of other studies (Boyne, 2004; Boyne et al, 2008; Robins and Pearce, 1992; Turner et al, 2004, Beeri, 2009).

This is evidenced from a number of the cases in the corporate assessment analysis and reinforced by comments from both of the GLOs.

The CEO, and specifically the appointment of an appropriate new CEO, seems to have been very important in these turnaround organisations. One aspect that has been identified as important in the complexity of local government turnaround situations is that there is no one size fits all approach to recovery (Turner et al, 2004). This variability in approach to turnaround appears to have been facilitated by appointing the right type of CEO, who is able to put the right processes and structures in place to allow the organisation to develop its own path to recovery (see also ODPM, 2003). The CEOs are highly visible and engaged in opening up the organisation and empowering hierarchical levels to explore and develop the organisations strategy while at the same time building new external relationships (Harker, 1996). This sense of contingent leadership (Fielder, 1967) being important was reinforced by both the GLOs but GLO1 went further, explaining that not only was responsiveness to the situation important, but also that CEOs should exhibit "heroic behaviour" in order to take the organisation with them. Leaders "had to work harder and longer….visibly be the crutch by which you'd get out of the process" and "leaders needed to live the talk as well as talk the talk".

Other changes to the officer side of the organisation included new management appointments, the creation of new roles and the restructuring of management teams. Restructuring of senior management teams was usually accompanied by a reduction in their size (see also Beeri, 2009). This was not necessarily through people exiting the organisation, but rather that they were no longer included in the management team.

From the corporate assessments, there is evidence in a number of cases that new blood was brought into the organisation. In some cases, this followed a concerted effort to recruit into difficult-to-fill senior management roles, which had previously been unfilled or temporarily filled. Where such changes did occur, this

appears to be linked to increasing the management and strategic capacity of organisations, recognising that there is a need to fill such posts if departments or policy areas are to be managed effectively. In some cases, these externally appointed managers brought with them new skills and experiences, which were shared with senior officers to increase strategic capacity.

In terms of new roles, there is limited evidence from the corporate assessments, but nevertheless certain positions appear to have been created in response to specific areas of criticism levelled at a council, for example a Corporate Risk Manager and a Director of Partnerships. In the same way that elected members were given champion roles, creating such officer roles gives a visible sense of importance to the issues being addressed and also provides management capacity to ensuring work is undertaken to overcoming them. In one council there was a focus on developing internal talent, presumably as a way of both improving and retaining managers within the organisation. Specific programmes were created within the organisation named as "Phoenix" and "Breakthrough" programmes, which again could be considered as artefacts.

New Cultures

It was not the purpose of this thesis to examine organisational culture in detail. However, it was noticeable from both the corporate assessments and the GLO interviews that phrases regarding changing the organisational culture were perceived as being linked to improving the performance of poorly performing councils. In the corporate assessments, 12 statements are made that related to improvements in culture. Such statements included references to their being an inclusive culture, a positive attitude to improvement throughout the organisation, an empowerment culture as well as good staff morale and positive staff feedback. All are indicative of a strong leadership focus on changing the mindset of staff

and members within the organisation, so that they are all working towards improvement within the organisation (Paton and Mordaunt, 2004).

New Structures

Finally in this theme the issue of structures is returned to, this time in terms of specific boards etc that were put in place as opposed to new staff or member roles. One criticism raised in the corporate assessments at the start of CPA was that there was a tendency towards silo working within organisations with a lack of corporate focus. The creation of new boards and governance arrangements appears in some cases to be designed to overcome this. In other cases, changes have been brought into address specific weaknesses within the organisation identified in the initial CPA inspections. Sometimes, such changes had an external focus such as the creation or restructuring of Partnership Boards and Regeneration Boards. In other cases the focus was on internal matters and there are a number of references made to the creation of performance co-ordination groups, or performance centres, and audit committees. This reflects general improvements in performance management and governance arrangements referred to elsewhere in this thesis.

Theme Summary

Internal change within the councils studied applied to both structural and cultural change. This is to be expected in turnaround situations and can be linked to both the repositioning and reorganising identified by Boyne (2004). A more significant finding was the replacement of senior officials, and in particular the Leader of the Council and the CEO as a pre cursor to the turnaround period starting. It would appear that despite parts of the literature asserting that such replacement is not necessarily a requirement of turnaround (Paton and Mordaunt, 2004), it was prevalent during the CPA period. Critics of CPA may point to this as being the

legitimisation of central government intervention (Grubnic and Woods, 2009), in a similar way that NPM was used as a smokescreen for the marketisation of public services (Pollitt, 1993). However, if the GLOs are to be believed, it wasn't an automatic assumption that such replacement was necessary, but rather it only occurred after an assessment of "will and wherewithal", essentially cognition, capacity and capability. The replacement of political leadership occurred outside of the local election processes, something that critics may point to as undermining local democracy. Nevertheless, the changes in Leader and CEO (whether interim or permanent) did precede the improvements in performance referred to in the previous and subsequent themes and as such can be thought to have had a significant impact on the turnaround of these councils. This aspect is explored in more detail in Section 3, where the analysis of the case study councils confirms the key role that the change in leadership had.

2.4 STRATEGIC MANAGEMENT PROCESSES AND SYSTEMS

<u>Overview</u>

This section reviews the changes that took place during the CPA era in the strategic management processes and systems of the councils under review. It does not focus on those processes that might be considered specific "turnaround processes", these are dealt with in the final part of this section. The focus here is on identifying changes in the underlying approach to ongoing strategic management within councils. There was a significant degree of commonality of findings across a wide range of councils, whether they were district councils or STCCs.

Apart from the relationship to turnaround processes referred to above, there is also a degree of overlap with other themes identified within the thesis, specifically the Working With Others theme, the Intelligence Gathering theme, the Prioritisation and Re-prioritisation theme and Performance Management theme. The detailed findings associated with these themes will be considered in their own sections, but reference to them will be made here where appropriate.

The findings in this section cover a range of strategic processes and systems including what has been referred to here as visioning, formal plans, branding, challenge and scrutiny and finally governance, ethics and decision making. They are clearly managerialist in nature. By comparing the presence and performance of such processes at the start and end of CPA, the extent of learning, improvement and development during turnaround can be established. Indeed, from the interviews it was evident that from a turnaround perspective it was the matter of introducing, evaluating and learning how to use such processes that had the greatest impact on understanding the organisation during the turnaround phase.

Visioning

Visioning is the process by which those within the organisation determine the vision for that organisation at some point in the future. It is aspirational and establishes what the desired future state of the organisation will look like (Balogun and Hope Hailey, 2008). An organisation's vision is sometimes termed its strategic intent (Johnson and Scholes, 2002) and is closely associated in the literature with developing mission statements and the strategic position of an organisation. The strategic nature of an organisation's vision would imply that it should be long-term, cover the full scope of the organisation's activities and be informed by the needs of stakeholders and any challenges facing the organisation in the future. In this way the vision can provide a degree of co-ordination across the organisation when dealing with complex strategic challenges that can by nature be both unknowable and unpredictable (Quinn, 1978).

Poorly performing councils at the start of CPA were criticised within the corporate assessments regarding their organisational vision in a number of ways. A few of the councils simply had no vision at all and were too focussed on short term planning. Although these were in the minority, this was nevertheless a surprising finding given the previous history relating to NPM and managerialism, and the transference of private sector practices, especially strategic practices, into public sector organisations (Cochran, 1993; Dereli, 2003; Diamond and Liddle, 2005; Flynn and Talbot, 1996; Pollitt, 2003; Worrall et al, 1998) as well as more latterly, the drive to develop local strategic partnerships (LSPs) and local area agreements (LAAs). The main concern emerging from the corporate assessments was that where visions existed, they were often vague or lacked clarity, were too general or were underdeveloped or weak. Linked to this, were concerns that visions were neither ambitious nor stretching, or, at the other end of the spectrum, that they were unrealistic and not deliverable. In a minority of cases,

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reference was made to there being confusion between the vision and mission of the council, or that it was not shared with partner organisations (in LSPs for example). As such, at the start of CPA, poorly performing councils were struggling with the concept of visioning, and the important role that an organisational vision can have in the development of strategic and operational planning. Lacking the sense of focus that commentators claim the vision provides, it is not surprising that in later sections of this thesis, problems are identified with the prioritisation of resources and performance management, as there is no basis on which to refer these processes back to.

By the end of CPA, a number of statements were identified within the corporate assessments that related to improved visioning processes. In 12 cases, the vision is specifically referred to as being challenging or ambitious, and often this is linked to it being realistic. Councils had now managed to grasp the concept of the purpose of a vision and were able to set a challenging desired future state that would move the organisation forward. This is especially poignant given the legal need for councils to delivery continuous improvement as laid down in the Local Government Act 1999 and initially encapsulated in the Best Value regime that preceded CPA. While the criticisms regarding visioning at the start of CPA did not specifically refer to the need to use stakeholder requirements to inform the vision, by the end of CPA there are a great number of positive statements made in this regard to suggest that it was possibly a significant failing of poorly performing councils. There are 16 cases where reference is made to the vision being informed, either by local or national needs, and in some instances that councils displayed a sound understanding of these needs, which is in part linked to the improvements in intelligence gathering and consultation that are referred to in later sections of this thesis. As such, these councils were now better aware of the range of local and national priorities that shape the modern local authority and had been able to convert these into a sense of purpose for the council to take it forward. This is supported by a number of statements making reference to

staff and councillors understanding the vision and the role that their work played in delivering it. Finally, positive aspects relating to visioning include six specific statements referring to the vision being used to drive organisational strategic plans, showing an alignment of plans within the organisation which will be dealt with in more detail below. This joining-up also extends to partnership and collaborative working, with 17 positive statements made regarding the alignment and ownership of partnership plans, and backed up by clear targets.

Visioning is often associated with being a leadership function (Joyce, 2004; Senge, 1990b), but in the corporate assessments and the interviews, the vision is informed by both internal and external stakeholders, and indeed developed from these sources. Leaders played a facilitating role (Hamel and Prahalad, 1989) and the conclusion here is that visioning operated across two dimensions; the internal dimension and the external. Whereas the external vision is concerned with traditional approaches of what councils can deliver for the local community, the internal dimension appears to capture a vision of organisational confidence, which in turn seems to be based on improvement, listening and empowerment as well as capturing and promoting an internal sense of enthusiasm and purpose. Leaders play a key role in ensuring there is ownership of this internal vision across the officers and members. Internal visioning appears to have been a key aspect of the turnaround process in poorly performing councils, representing a step change in outlook for those within the organisation.

Formal Plans

The production of a variety of formal plans was also a major aspect of this theme. In particular this relates to a hierarchy of interlinked plans, at the heart of which lies the organisation's corporate plan (referred to as strategic plan in some corporate assessments), which in turn is informed by the organisational vision. The corporate plan represents the long-term, consolidated strategic ambitions for

the whole organisation. Little is said about the detailed content of corporate plans in the corporate assessments, but they would likely cover a period of up to ten years (occasional references are made to 20 year plans, but these are very few), be focussed on delivering (and possibly setting) the vision of the council and be cascaded down into departmental service plans (sometimes referred to as business plans) and ultimately team and individual objectives. A council's corporate plan could also be expected to form links to any partnership or collaborative working such as the LSP and specific partnerships such as crime and disorder partnerships. This approach comes across very strongly from the corporate assessments and could represent a view within the Audit Commission and the Government that prescriptive approaches to strategic planning (Mintzberg, 1990, 1991) advocated by MBA programmes (Ansoff, 1988, 1991; Porter, 1996, 1998) were a necessity.

At the start of CPA, it is clear from the corporate assessments that poorly performing councils did not have appropriate strategic planning systems in place. In a few extreme cases, there appears to be a lack of reliance on strategic planning and rather the emphasis is on reaction (rather than being proactive), crisis management and fire fighting (something which was borne out in all three of the councils interviewed). In three councils, corporate plans were referred to as being out of date or incomplete, which suggests both a lack of value was placed on developing plans as well as a lack of emphasis in using them. Where corporate plans did exist, criticisms were of two broad types. Firstly, in seven cases, plans were neither informed by stakeholders (e.g. users, central government and partners) nor by changes in the external environment (for example one plan was criticized for not taking account of demographic changes). Secondly, in 14 cases plans were specifically criticized for not focussing on improvement. In particular this can be linked to the legislative requirement to continually improve referred to earlier, but specifically, this criticism also included references to plans not being outcome focussed, or not focussed on the delivery

of change. There was also concern in some cases that plans were too incremental, suggesting that the council was potentially unaware that it was performing as badly as it was (Jas and Skelcher, 2005). It would be an expectation that poorly performing councils would need to undertake step-change (Hofer, 1980; Pandit, 2000; Khandwalla, 1983; Hambrick and Schecter, 1983; Harker, 1996; Wren, 2001; Francis and Desai, 2005; Filatotchev and Toms, 2006), or transformational change, rather than incremental change if they were to significantly improve, a point backed up by the interviews with both GLOs. This is linked also to corporate plans being too service based and not strategic in nature, a specific criticism levelled at two councils, but implied in others.

By the end of CPA, the picture was transformed, with many councils receiving positive statements about the quality of their corporate plans and the processes used to develop and communicate them. Corporate plans were now informed by a wide variety of stakeholder groups, through a range of engagement methods (see later sections). In some cases, councils were using external stakeholder feedback to specifically set or amend future action plans. Corporate plans were now set in conjunction with partners, with the focus shifting away from organisational parochialism, to wider concerns at a regional and sub-regional level, including other public bodies as well as the private and voluntary and community sectors. Specifically, corporate plans are linked in with LSP and other community based plans. Corporate plans now included action plans for improvement as well as focussing on long term, medium term and short-term objectives. In some cases plans were praised for identifying focussed priorities and in others for being simpler and easier to understand due to there being a limited number of key themes; a subject that will be returned to under the prioritisation theme.

With regard to the production of the plans, or the planning process, this appears to have undergone a transformation in many of the councils studied. Not only was

there the inclusion of stakeholder input to inform the plans referred to above, but also there was a move towards a more fully integrated planning framework. Corporate plans were not only linked externally to community based plans, but also internally throughout the organisation, informing service plans (business plans), the medium term financial plan, the human resource plan and information technology strategies. These in turn informed organisational wide procurement, risk and project management approaches as well as team and individual plans through performance appraisal processes. What becomes evident is a cascading of planning throughout the organisation, starting with the vision for the organisation, which is then translated into priorities through the corporate plan. In some cases, plans were praised for being aligned, giving a sense that the organisation was moving in the same direction. Other comments referred to staff and partners being empowered by the planning process. It is evident from many of the authorities in the corporate assessments, that planning was taking place within a cycle rather than it being a one off event. This suggests strong links to the planned strategic approaches favoured by much of the strategy literature in both the private and public sectors.

There is a tension here that the adoption of such a rigid and universal approach perhaps places too much emphasis on traditional managerialist perspectives, especially the more prescriptive approaches to strategy development. This tension also came through in the GLO interviews.

"There was huge emphasis placed on plans by the Government and the Audit Commission. But this emphasis was misplaced" (GLO1 interview)

GLO1 went onto emphasise that with hindsight, getting bogged down in too much planning detail was not what was important. What mattered more was that councils were able to articulate the nature of relationships between key

stakeholders. Could they work together and collaborate in a multi-agency way in the community interest?

"Initial plans were like war plans. They didn't survive first contact with the enemy" (GLO1 interview)

This is suggestive of the need for councils to understand the nature of the environment and challenges faced and to be able to see what needed to be done and take action on it, rather than being able to produce a document. It is about having the capacity to be self-aware and adaptive, features of a self-regulating organisation, which lead to longer-term improvement, a view, that according to GLO1, the Audit Commission also came to over time.

Another observation made by both GLOs, was that the emphasis on planning could be used by councils to make it look as if they were improving, even though longer-term problems still persisted. From GLO2's perspective, there was scope for some councils to make incremental changes around the edges rather than focussing on the corporate issues. This was described as "box ticking and wriggling" in an attempt to move up a CPA category. GLO1 highlighted the danger of councils that went for short-term compliance, in that they might get the figures right for a year, but couldn't get out of the intervention process in the longer term. Here councils were producing plans but not producing improvement in organisational capacity.

Despite these criticisms of focussing too much on the planning frameworks, there was recognition from the GLOs that given the poor state of the councils at the start of CPA, the emphasis on planning processes at least provided a vehicle through which councils could be encouraged to improve. There is a temptation to view such plans as artefacts of the strategic process, rather than having any real tangible benefit. However, the planning systems appeared to lay down on the one

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hand a set of guiding principles for councils to follow and the other provided the catalyst for the organisation to start to understand itself and its environment better. It was more about seeing plans as a means to an end rather than an end in themselves (Pye and Pettigrew, 2006), and for those councils that improved during the CPA period, their greater ability for self-awareness and self-correction appears to have to a large extent developed out of the benefits derived from seeing planning in this way.

This theme of the study is related to the more general aspects of ongoing strategy formulation within organisations. To an extent it is what councils should have been doing anyway under a managerialist paradigm. However, it also represents the culmination of a period of learning for councils throughout the turnaround period, which can be considered a distinct phase of improvement for poorly performing councils. Clearly if organisations were good at strategy in the first place, they would not have found themselves in a poorly performing situation. Also, this ongoing strategic approach would be closely related to self-correcting rather than permanently failing organisations (Jas and Skelcher, 2005). Issues regarding specific turnaround approaches are referred to in a later section of this thesis, however it is clear that developing this strategic capability and capacity (Turner et al, 2004; Turner and Whiteman, 2005) during the turnaround phase was a necessary and fundamental aspect of organisational learning, if councils were to sustain their improved position over the longer term. This learning is therefore identified as being related to the sustainability of improved performance after the turnaround period has ended.

This emphasis placed on visioning and strategic planning generally appears to advocate the more structured approach to strategy apparent in the literature of Porter and Ansoff, rather than the more creative and emergent approaches suggested by Senge and Mintzberg and Quinn. However aspects of creativity were identified by the study, suggesting that although formal strategic planning

frameworks appear necessary to co-ordinate complex public sector organisations there is still scope for a combined approach to be taken (as per Mintzberg's later conclusions) once the turnaround process has been accomplished.

Branding

An interesting facet of the adoption and improvement of strategic planning processes arising from the corporate assessments was that a number of councils had used branding to help in championing and communicating the corporate plan and vision. The branding often took the form of a named document that used positive phrases to give the corporate plan an apparent sense of purpose, enhancing the internal narrative of turnaround within the organisation (Jas and Skelcher, 2005). The use of branding is not explained within the corporate assessments, but by giving the plan a unique identity could be seen in some way to elevate its importance both within the organisation and also to external stakeholders such as service users and partners. The brand, could have provided a rallying point behind which employees could come together, with the focus on improving organisational performance and enhancing destiny development (Harker, 1996). Alternatively, to name the plan gives it a sense of identity, raising its importance, over and above previous attempts at planning.

Scrutiny and Governance

The role of scrutiny and governance was another key improvement identified under the strategic planning theme. Figure 36 below gives an overview of the external and internal scrutiny arrangements faced by councils during the CPA period. These can be seen to include a combination of both vertical and horizontal arrangements as well as formal/informal and statutory/non-statutory. The greater willingness to accept external scrutiny is discussed further in the

gathering intelligence theme. This sub-theme focuses on internal scrutiny arrangements.

Figure 36: Scrutiny Processes Acting on Local Government
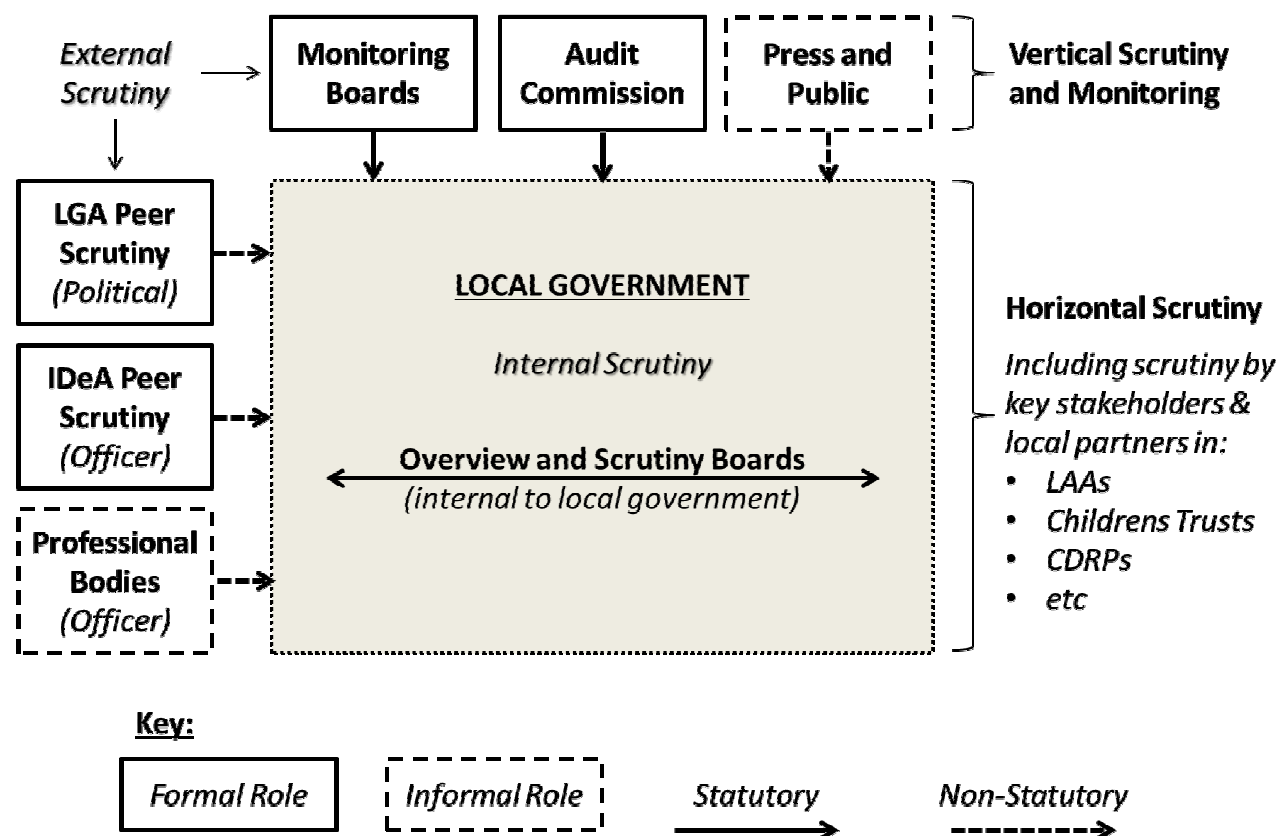
The inclusion of formal and effective challenge and scrutiny processes within a local authority's governance arrangements, had become a fundamental requirement by the early 2000s (see also Figure 27). The role of such scrutiny arrangements is to hold the elected cabinet to account and provide a means of challenge to decision making within the organisation. Different models of scrutiny can be adopted, for example establishing a scrutiny committee that is chaired by a member of the opposition party, and to some extent the model chosen will depend on the leadership model adopted by a council, which was discussed earlier in this thesis. Which model is chosen is not as important as how effective the scrutiny function is, and at the start of CPA for those councils under

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consideration, scrutiny was almost exclusively problematic. It was often described as being ineffective, underdeveloped or providing a lack of effective challenge. In some cases, it was specifically referred to as not focussing on the impact of policies, nor on monitoring progress. The reasons for such a lack of effective scrutiny are unclear from the corporate assessments, but are most probably symptomatic of the lack of understanding of effective leadership and governance approaches that have become evident throughout the study.

By the end of CPA, the position is once again reversed, with the majority of councils now being described as having effective scrutiny arrangements in place. In many cases, scrutiny has been specifically attributed with contributing to policy development and service improvement, suggesting that the function is not merely a structural change, but an embedded change in the approach to decision making and recognised as such by both the majority and opposition political parties. A number of references are made to a wider opportunity for councillors to challenge decision making through the scrutiny process. In a minority of cases, specific reference is made to there being good officer support for the scrutiny function as well as the cabinet function, although it can be assumed that such conditions must have been present in other organisations given the significant improvement in scrutiny that was experienced.

Other findings associated with this theme include improvements in governance and ethical arrangements as well as decision-making within local authorities. Although less is said about these in the corporate assessments, there is a definite sense that they improved during the CPA period. A number of statements are made at the end of CPA that governance and ethical frameworks are either working well or developing and improving, whereas at the start there are some references to there being a lack of delegation or that accountabilities were not clear. With regards to decision making, the emphasis at the end of CPA is that decision making is timely and transparent and that it supports the priorities of the

council, whereas at the start of CPA references are made to there being inconsistent evaluation in decision making and there being a lack of focus on action. While the evidence for these aspects is not as strong as the other elements discussed in this section, their impact could possibly have been wider than implied, given the developments referred to in the rest of the section. For example, the more embedded nature of scrutiny within councils, would imply that governance arrangements had improved; the greater emphasis on strategic planning and visioning, aligned with more comprehensive information, could have helped to improve the nature of decisions made, at least in terms of them being focussed on the organisations aims.

Theme Summary

Consideration of underlying strategic processes clearly has roots back to the NPM era and it was therefore a surprise to find the paucity of such processes at the start of CPA. It is unclear why strategic processes were so poor but it may indicate that while NPM was successful in implementing the harder structural changes such as privatisation and competition, the regimes associated with NPM were less successful at embedding underlying strategic processes. The changes that took place are clearly managerialist in nature, but they transcend the NPM discourse and are also referred to as important within other discourses, for example public value (Bennington and Moore, 2011). As such they are seen as continuing to be important in helping councils understand the nature of the environment within which they operated and how to respond to it. It seems clear that their introduction represented a period of learning by councils and that this learning took place on two levels. One was learning how to develop and implement strategic planning processes, which seems to have been through iteration and refinement. The second is that by doing this councils were able to understand themselves better, clearly contributing to the greater self-awareness and confidence identified in other themes. It was not necessarily the production

of a plan that was important, but it was the greater organisational understanding that this brought, something borne out by the GLO interviews and the literature (Hughes, 2003). The improvements in these processes enabled better co-ordination of resources and decision-making, which in turn contributed to improved service scores under CPA, as well as improvements in the corporate assessment score. The learning and embedding of effective planning and the organisational learning that went with it is also seen as a key aspect of sustainability. If councils were good at this, they would not have been poorly performing in the first place. It follows that in order to maintain improved performance, the embedding and reinforcement of these strategic processes was also important.

2.5 PRIORITISATION AND RE-PRIORITISATION

Theme Overview

The prioritisation theme is one of two themes that were also used as categories by the Audit Commission (2006) to evaluate local authorities in the corporate assessment reports. It was also one of the ten themes identified by the GLO interview in Document Three. Prioritisation is essentially about putting things in order of importance. This is particularly challenging for public sector organisations, dealing as they do with extensive multi-stakeholder complexity (McAdam et al, 2005). From the strategic point of view, prioritisation could be undertaken across a variety of spectrums. In one sense it relates to establishing the relative importance of stakeholder groups whose views impact upon the organisation. In another, it entails decisions about what functions and services should be provided by the council and at what level of activity; and which services are more important than others over time. At another level still, it concerns the distribution of financial and other resources across these organisational objectives (Worrall et al, 1998; Fisher, 1998). Linked to prioritisation is the concept of re-prioritisation. This would entail shifting the relative importance of objectives from time to time, and, importantly, making decisions about how to shift resources from one part of the organisation to another. For local authorities, priorities could be expected to be informed by a range of factors, including; government policy, local political influences and local need within the communities served (demographics and economics for example). To an extent therefore, armed with the appropriate information, establishing what the priorities of a local authority could be relatively straightforward. If there is a shift in government policy, this should be reflected in the priorities of the council. If there is a change in local political control, this will most likely change the priorities of the council. If there were a change in the age, gender or ethnicity of the local population then this would inform priorities on education and social care.

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However, local authorities are not starting from a blank sheet of paper when establishing priorities. Rather, there will already be a set of espoused and/or underlying priorities that will have shaped the activities and distribution of resources of the council in the past. The more difficult process therefore for local authorities, would be the re-prioritisation of objectives and resources in response to changing circumstances, and the reason for this would be that it entails change. This is different from re-prioritising in the private sector, where all such decisions would link back to the common denominator of increased financial return (and could therefore be viewed as sub-priorities). In a local authority, the relationships between variables and choices are complex and concerned with maximising public value (Wilson and Game, 2006; Moore, 1995). This is best summed up by a quotation from one of the interviews undertaken.

"We are very good at taking on additional demands on our services in response to, say, changes in government policy, whether or not these are backed up by additional resources. What we are not so good at is deciding what we no longer need to do". (Council B interview)

In essence, this encapsulates the dilemma faced by local authorities when determining what is important and what is not important. The quote illustrates a tendency to take on more responsibility, or more workload, in one area of service, but that this doesn't necessarily mean that workloads and resources elsewhere within the organisation are reduced to compensate for it. There is a danger that everything that is currently done by an organisation is seen to be important, if not unquestionable, and that where additional demands are placed on the organisation, these are simply absorbed within existing resources. The implication here for organisations is that they become on the one hand overstretched, placing increasing stresses on organisational systems and the people who deliver them, and on the other hand the organisation ends up with a large and unwieldy set of objectives, the result of which is that it lacks focus and

is unable to take effective decisions regarding direction and scope. It is argued in this thesis, based on the findings of the corporate assessment analysis and interviews, that prioritisation, or more specifically the ability to re-prioritise, is one of the fundamental capabilities required by an effective local authority, and that it was the absence of this capability that contributed significantly to initial poor performance. The ability to learn how to improve prioritisation and re-prioritisation capability during the turnaround phase was one of the key findings of the study. Being able to retain this capability is considered to be critical to sustained organisational performance.

The findings on prioritisation are considered across four sub-themes; deciding on priorities, scope of priorities, taking difficult decisions and finally links to other plans.

Deciding on Priorities

With regard to deciding what is important and what is not important, at the start of CPA the ability of the poorly performing councils in the study is heavily criticized. There are 15 specific references to organisations being unable to distinguish between priorities and non-priorities, or that organisations were unclear as to what was not important. In one case a specific reference is made that priorities were not identified, at all. These references are linked to comments that there was a weak basis for the setting of priorities (implying a lack of understanding of the external environment), that priorities were not informed by any form of intelligence or that the impact of priorities was not clearly understood. As will be seen later, what emerges from the Gathering Intelligence, Communication and Performance Management themes, is that priorities were not at this stage understood by staff, nor were they reflected in their individual performance assessments. This paints a picture of local authority leaders and mangers that are unfocussed in their direction, or focussed on the

wrong issues, perhaps bogged down in historical perceptions of what services should be undertaken either through ignorance, apathy or direct opposition to central government policy and/or local need. There is also the issue that for some organisations, deciding on priorities was not always an easy or comfortable task. Where responsibility lies for determining priorities is also important. GLO1 made the observation that "members thought this was what officers did", reinforcing the sense that at the start of CPA members were disengaged from the process of organisational leadership and decision making.

By the end of CPA, what can be seen is a range of positive statements about the way in which prioritisation is undertaken within local authorities. There are 12 references to local authorities being clear about priority and non-priority areas and in some cases, reference was made to there being a structured approach to the development of priorities. It is not always clear what such structured approaches looked like, and to an extent such references reinforce the ongoing managerialist approach adopted under CPA, but they would most likely have been linked to some of the other positive statements made about the prioritisation processes. For example, there were 13 references to the effect that priorities were based on a sound understanding of national and local requirements.

As will be seen later under the Gathering Intelligence theme, this improved understanding has been informed by an increase in the range and quality of intelligence gathering processes from internal, local and national stakeholders. There is evidence that increasingly councils were using consultation and feedback processes to both inform and revise priorities. Such consultation and intelligence gathering included the use of councillor surgeries, detailed demographic information, impact assessments and neighbourhood engagement to name but a few (these were recorded under the Intelligence Gathering theme but are linked here). In two cases, priority matrices were mentioned as being used to help decide on prioritisation. There is one reference that prioritisation had been used

effectively to turn around performance. The main message here is that councils have become better and more sophisticated at recognising and acting on the key drivers for prioritisation and that this greater understanding has been used to shape the direction of the organisation. Significantly, GLO1 identified that members were better able to understand the term "priorities" rather than "strategies" and this was their path to greater engagement with the strategic processes. They had learnt that they had discretion over organisational priorities and it was this learning that helped them develop their strategic role more effectively.

Scope of Priorities

There is also criticism raised at the start of CPA that some councils were unable to effectively determine a range of workable priorities. In some cases, references are made to councils having too many priorities to be effective, leading to confusion within the organisation as to where action and resources should be targeted. On other occasions, priorities are described as being too broad and not able to direct action effectively. This is again symptomatic of dysfunctional decision making within the organisations, in a similar way that a lack of an effective vision makes it difficult for leaders and managers to decide what is important, potentially leading to conflicting or dysfunctional decisions being taken, or possibly no decisions at all. This aspect is referenced within the corporate assessments at the start of CPA, but not referred to specifically at the end. However, it is presumed that the situation improved, given the apparent increased ability of councils to determine what is, and what is not, important.

Interestingly, this appears to have been somewhat of a learning curve for councils as negative statements on an increasing numbers of priorities, or there being an unworkable number of priorities, occur not just at the start of CPA but

also in the second corporate assessments for STCCs in, or around, 2004. It was also evident in the GLO interviews, for example;

"Members had no ability to focus on the five things they needed to do. They were trying to focus on too many priorities…and not being good at anything" (GLO2 interview)

More recently in the literature, Andrews et al (2009), reviewed local authority strategic processes against the Miles and Snow (1978) model of strategic management. In one aspect of this research, the ability to prioritise was considered a significant component of strategy closely associated with the prospecting and defender organisational types. A lack of ability to prioritise was more closely related to the reactor type of organisation.

Taking Difficult Decisions

Linked to the improvement of prioritisation, is an improvement in the ability of the elected members to take difficult decisions. This phrase, "taking difficult decisions" (or sometimes tough decisions), appears frequently in the corporate assessments and seems to carry a certain level of significance.

Specific reference to it is made on 13 separate occasions within the corporate assessments and it is often linked to statements such as "despite opposition", or "despite challenge", either internally or externally. On at least five occasions, members are praised for also following through on the decisions, in other words making things happen despite opposition. Examples of such difficult decisions include the outsourcing of services, the closure of uneconomic front line facilities and changes to procurement processes. This aspect highlights the importance of the taking of action, once the problems of determining priorities have been overcome. This is regarded as being very important. What is the point of

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spending time and resources identifying a clear set of focussed priorities, if they are then not subsequently followed through? The fact that members were prepared to take such difficult decisions, and follow them through, signifies a change of attitude and outlook, a desire to make things happen, to bring about change for the better, which didn't seem to exist in these organisations at the start of the CPA process. It also suggests a degree of increasing ownership of decision making, presumably backed up by a better understanding of roles, as well as greater confidence in being able to take decisions, supported by improved decision making information, but also by the clearer focus having a set of priorities enables.

By contrast, at the start of CPA councils were criticised for having no track record of making and sticking to difficult decisions. In one case this was referred to as a tendency to "play it safe". With regards to the depth of prioritisation at the start of CPA, reference is made to councils being unclear as to how excellent services translate into outcomes, or what success looks like, or what a good council looks like. Such statements as these are suggestive of councils espousing a vision that aims to position the council as being excellent, but at the same time being unclear as to how to translate that vision into action, thereby limiting members' confidence and ability to take decisions. The impression derived from the corporate assessments is that during the turnaround phase, the use of effective prioritisation and re-prioritisation has allowed the organisational vision to be translated into a concise set of workable, meaningful and targeted priorities against which decisions for action can be reviewed and taken.

Links to other Plans

Finally in this theme consideration is given to the way that corporate priorities were associated with the other plans within the organisation. Primarily, the evidence for this relates to the improved ability that councils had developed to

move resources around the organisation from non, or low, priority areas to those that were considered more important. In some cases this was simply utilising efficiency savings, often due to changes in support services, and redirecting them to priority activities. At the start of CPA, criticism was levelled at councils for not matching resources to priorities. This would suggest that even though corporate plans, and possibly service plans, were identifying new and/or changed classifications of priority areas, the underlying budget of the council (and most likely the human resources that it paid for) continued to reflect historical positions of service delivery. This aspect again returns to the need to be able to re-prioritise, and hence take difficult decisions. To put revised priorities into action requires a realignment of resources, financial and human, taking them from low priority areas and switching them to areas of higher importance.

By the end of CPA, specific reference is made in the corporate assessments to resources following priorities, or resources being aligned with priorities. As will be seen later, this is also related to improvements in medium term financial planning, whereby the financial plans of the organisation are looked at over the longer term in direct association with the way in which priorities are due to change over that period. There are also links here to improved human resource planning, information technology planning and procurement practices, which will also be returned to later.

Theme Summary

The ability to effectively prioritise resources and decisions was clearly a problem for decision makers at the start of CPA. These problems are linked to the lack of strategic planning processes and the dysfunctional nature of leadership. Once these two aspects had been targeted within councils, the opportunity was created to focus on the development of priorities, whether these were political or operational. It can be argued that prioritisation is to public sector organisations

what traditional strategy development is to the private sector (Joyce, 2012), something that was confirmed in the GLO interviews. The ability of members to prioritise and, significantly re-prioritise, is therefore seen as a key strategic competence that was missing at the start of CPA, but had become embedded by the end. This is not to say that prioritisation was easy or risk free, but that members in particular had become more engaged and comfortable with the prioritisation process. This engagement was also learnt iteratively during the turnaround phase.

It is also apparent that prioritisation (and re-prioritisation) provided the link between the strategic processes discussed previously and the remaining themes that follow. It was the aspect of turnaround that allowed members to engage with strategy and linked them to external stakeholders. It became the driver for gathering intelligence to inform decision-making and performance management systems to assess progress, both of which impacted upon the development of support systems.

2.6 GATHERING INTELLIGENCE

Theme Overview

Many of the other themes considered in this thesis, such as Strategic Management Processes and Systems, Prioritisation and Re-Prioritisation and Performance Management, are to a large extent reliant on an organisation having a good understanding of the environmental conditions under which it operates. This does not just apply to the current conditions, nor should it be a recounting of what has happened in the past. Rather, it should be forward looking and seeking to establish the challenges and changes that the organisation is likely to face in the future. Although this follows the prescriptive approaches to strategic planning and positioning advocated by much of the literature (Ansoff, 1988; Mintzberg, 1998) and is sometimes referred to environmental scanning, it would be equally relevant to emergent strategic processes (Mintzberg and Waters, 1985). A key aspect of this strategic process is the gathering and assimilation of appropriate intelligence from both internal and external sources. Organisational leadership that does not in some way undertake intelligence gathering activities, would very quickly find that the organisation is out of touch with the scope and direction that should be taken, given the multi-stakeholder complexity of the sector (McAdam 2005). Making effective choices about the vision of the organisation, corporate planning, prioritisation, and service planning and performance management are all heavily reliant on the gathering of intelligence from appropriate sources. Permanently failing organisations (Jas and Skelcher, 2005; Meyer and Zucker, 1989), fail to understand that there is anything wrong them and, whether this be through denial, ignorance or arrogance, at its heart lies a lack of knowledge and understanding that there is a problem in the first place. Key sources of intelligence will come from both internal and external sources (Turner and Whiteman, 2005). It is these three themes then, of internal

intelligence, external intelligence and self-awareness that are considered under this theme.

Internal Intelligence

With regards to effective internal intelligence gathering, very little is said within the corporate assessments at both the start and end of CPA. Certainly there are very few criticisms of this aspect at the start, suggesting that potentially it was not on the Audit Commission's radar at this time, or that there were no associated problems. However, given the general poor level of internal communication evident within the Communication theme in a later section, it is likely that gathering intelligence from staff was not likely to have been that effective.

At the end of CPA there is a little more information on the use of internal intelligence gathering from the corporate assessments, although this is also quite sparse. Favourable comments are made regarding the use of staff suggestion schemes and that in some cases there is effective staff engagement. There is also evidence that the motivation and morale of staff generally improved by the end of CPA. In a minority of cases there is evidence that staff welcome a more open culture and the ability for two-way dialogue. There was also more extensive and effective use of performance appraisal and staff satisfaction surveys, suggesting a greater level of internal engagement and more opportunities for staff to feed ideas into the planning and delivery of services.

The introduction of internal intelligence gathering, links back to some of the roles of effective leadership mentioned previously and from the council interviews it was seen that new leadership within the Council (either the CEO or Leader of the Council) was instrumental in bringing about this change, which was both cultural and empowering (Joyce, 2004).

External Intelligence

External intelligence gathering, on the other hand, gets far more coverage both at the start and at the end of CPA, and this is in part due to the government's localism agenda at this time (See also Figure 1). A number of cases refer to there being poor or no community engagement or that this is underdeveloped or not co-ordinated across the council. Specific reference is made to there being little consultation at a local level to inform priorities. Furthermore, criticism is levelled at some councils for not gathering intelligence at the national level and there being no link between the council's plans and national priorities. This is backed up from the interviews with both GLOs. One example of this is that "councils just didn't know what they didn't know" and another is "you would be amazed that some were so internally focussed". Perhaps the most telling quote from the GLO interviews was as follows:

"some councils had never heard of the IDeA, didn't go to the LGA conference and didn't allow members to cross the boundary [*into other councils*]" (GLO1 interview)

The IDeA was set up as an arms length independent body from the LGA to provide support to local authorities. For councils not to be aware that it existed shows how insular such organisations were. To not allow members to visit other councils is telling in its own right, and clearly contributed to a lack of understanding of what councils should and could be achieving. Getting members to "look over the boundary" and "taste the coffee" as referred to earlier, was regarded by both GLOs as a fundamental change in outlook that could be used as a catalyst to changes in the approach of the council.

"if they knew what a good authority was, you could have a debate, and they got themselves sorted out" (GLO1 interview)

By the end of CPA, councils were being described as having effective community engagement practices resulting in good local knowledge and in some cases resulting in imaginative ambitions for the council. This change has resulted from the use of extensive consultation at the local level both of communities, service users and partners. Examples given of such engagement approaches include community surveys, neighbourhood and area forums, citizens' panels, community partnerships and youth forums. One council was praised for having up to 60 separate engagement initiatives in place by the end of CPA. Other forms of external intelligence gathering included census data and information from partner bodies. In some cases, joint policy groups with public sector, private sector and voluntary and community groups were also used. This aspect was also tied into having a shared vision for the area and developing joint and shared priorities. To some extent, this external intelligence gathering overlaps with general means of communication, which is dealt with in a later theme. Under this context however, the emphasis is on gathering intelligence to inform policy and priority decisions, so the communication stance is very much about communication into the organisation, rather than the dissemination of information about the council to stakeholders.

Self-Awareness

The final aspect associated with this theme is that of self-awareness, which was also a key finding of Document Three. To an extent, the previous aspects of this theme, and also improvements identified within other themes are a pre-cursor to the development of self-awareness. For example the assimilation of internal and external challenge would be important to becoming self-aware. It can also be

considered to be cultural in nature, rather than being process driven and represents perhaps the most significant evidence that the councils under review had moved away from an unresponsive, insular and denial based culture to one that was outward looking, self-challenging and self-regulating (Jas and Skelcher, 2005) in the development of organisational awareness. At the start of CPA, a number of councils were specifically criticised for having a lack of self-awareness, or for it being inconsistent across the organisation. This supports the findings of Document Three. In addition, this lack of self-awareness tended to be referenced to a lack of systematic and shared learning within the council. In part, this was a failure to learn from the successes and failures of the organisation, but significantly it was also about not having the capability to share learning from one part of the organisation with other parts. There were also comments made reinforcing this sense of insularity and denial, in that "bad news was not welcomed" and there was a tendency to see problems as being caused by the external environment rather than through any fault of the leadership and management within the organisation. This was in some cases also linked to there being a lack of benchmarking. Overall, this gives a sense that councils were inward looking and not understanding the depth of problems they faced.

By the end of CPA, it is evident from both the corporate assessments and the interviews that there was a much greater level of self-awareness within those councils studied. Specific statements are made that councils are aware of the extent of improvements needed and that self-assessment exercises now recognised that problems still existed. What emerges from the analysis is that councils were now learning from themselves and from others. There was much more willingness to learn from mistakes and to share this information around the organisation. In one case within the corporate assessments, specific reference is made to an initiative whereby a successful senior manager from the education department was used to develop a management improvement programme for use across the council. There is also evidence of a cultural shift with managers and

staff recognising that learning from others was considered important. Reference is also made to staff being encouraged to continuously improve and learn, and in some cases this was referred to as a "continuous process of improvement".

There is also the use of councillors visiting other organisations and also engaging in mentoring programmes (see also Whiteman, 2004). This was usually at the cabinet level, but also included, on at least one occasion, opposition members as well. The use of benchmarking and best practice comparisons were also in evidence at the end of CPA with 11 councils identified as undertaking such activities. Often this was mentioned as being proactively sought out by the councils, rather than it being seen as an imposition.

This theme is significant in that it cuts across many of the other themes. It is considered to be a fundamental step change in approach and culture, which was been developed through the turnaround period and enhanced the ongoing strategic capacity and capability of councils (Turner and Whiteman, 2005). To be self-aware, impacts upon leadership approaches, strategy setting and prioritisation. The cultural shift to a greater acceptance of criticism in a proactive and directed way, enables councils to break free from a permanently failing situation to one where it is better able to be self-correcting. Achieving and reinforcing self-awareness is therefore also considered to be an essential element for sustained turnaround.

Theme Summary

Gathering external intelligence was in part driven by the Government's localism agenda and as such it is not surprising that this aspect improved during the CPA era. Being informed about community and stakeholder needs was an important aspect of this. The greater willingness to look internally, and to look to other councils was a key improvement and one that would have contributed to greater

self-awareness. This to an extent demonstrates a move away from the more competitive and inward looking environments encouraged by the marketisation rhetoric of NPM, to one that is more inclusive and collaborative in terms of identifying organisational improvement. These three aspects, and self-awareness in particular, all contribute to self-regulation (Jas and Skelcher, 2005) and as such their maintenance and reinforcement after the turnaround phase is complete are seen as important to sustained improvement.

2.7 PERFORMANCE MANAGEMENT

Theme Overview

Performance management is the second of the two themes that was also part of the Audit Commission corporate assessments. Performance management is the process by which actors in an organisation set targets for the organisation, assess the achievement of those targets and take appropriate corrective action where necessary (Radnor and McGuire, 2004; Lebas, 1995). Performance management in local government has grown in significance from the early 1980's and grew in prominence under NPM and especially through the value for money (VFM) approaches to managing the sector (Flynn, 2007; Wilson and Game, 2006; Longo, 2007; Fryer et al, 2009). It is therefore part of the ongoing managerialist discourse that permeates the sector. It was part of the Best Value regime introduced New Labour government and was seen in the use of national, service based key performance indicators (KPIs) which ultimately formed part of CPA, as well as league tables and external assessments from bodies such as Ofsted and the Care Quality Commission (CQQ). It would also include financial and budget management, although this is dealt with in a later section of this thesis. All of these approaches to performance management have been external impositions on the sector, and while they are loosely connected to this section, they are not the fundamental part of it. They are included here to give context to the continuing and growing emphasis on the need for performance management of the sector at a national level during the Blair and Brown governments, which, as will be seen, has permeated to an expectation that local authorities should also be able to manage themselves effectively on an ongoing basis. This section focuses on this internalisation of performance management, as distinct from performance measurement (Fryer et al, 2009; Radnor and McGuire, 2004; Lebas, 1995), and the improvements and value added (Radnor and McGuire, 2004; Radnor and Lovell, 2003) experienced during the course of the CPA era.

A key process of assimilating levels of performance is that of challenge, whether this be internal or external challenge. The acceptance of challenge as a fundamental aspect of strategic development will lead to self-awareness and ultimately self-regulation (Jas and Skelcher, 2005). Cleary there are links from this theme to other themes discussed previously and subsequently, and this section will focus on the sub-themes of managing performance, challenging performance as well as monitoring and taking action. To be effective, performance management should be exercised at all levels of the organisation, from the strategic to the operational, for front line services and for support services (Fryer et al, 2009). The corporate assessments tend to talk generically about performance management, rather than targeting specific levels or systems and as such this analysis will also be generic in nature, but drawing on specific examples where they were highlighted in the corporate assessments and the interviews.

Managing Performance

At the start of the CPA regime, the number of references made in the corporate assessments would indicate that approaches to performance management were inadequate for the councils studied. In eight cases, statements were made indicating that there was no performance management framework in place. This was also reflected in the council interviews where none of the three councils had a performance management system in place at the start of CPA. This was surprising given the focus placed throughout the NPM era on performance management over the decades leading up to CPA (Pollitt, 2003). Where internal performance management frameworks did exist, these were often described as being inconsistently applied across the organisation, with some services or functions using performance management processes relatively effectively, but others not applying them appropriately, or at all (Harris, 2005). There is a sense

that departments had been left to their own devices to voluntarily adopt and devise performance management frameworks. Also, there was no sense that the corporate centre was driving performance management within the organisation, or even being aware that it was necessary. This is perhaps not surprising given the discussion on leadership and roles and relationships early in the thesis. In a number of cases there was reference to there being a lack of a performance management culture and a lack of delegation of responsibility and accountability. These are important aspects of an effective performance management framework (Fryer et al, 2009). Not just that members and officers know what they are responsible for in a process and governance sense, but also that there is a cultural desire within the organisation to improve and monitor those improvements.

Similarly, a number of references were made to there being no performance management culture within councils. This included references to there being a tolerance of poor and weak performance, and inertia among managers to take action. There was also seen to be a lack of focus on outcome-based targets that could be used by the performance management framework to drive improvement. Consequently, this made it difficult for managers to assess the impact of decisions and monitor progress. In some cases, organisations were not even achieving their own internally set targets.

By the end of CPA, there was an overwhelming sense that performance management cultures had become embedded within the councils. In 19 cases, reference was made to there being an effective performance management culture (Fryer et al, 2009), or that a comprehensive and effective framework was in place. Specific references were made that culture was strong or embedded with clear accountabilities identified. Within this, specific quotes from the corporate assessments include "it drives everything the council does" and "it supports performance improvement" and "staff are committed to improvement". Also

there was evidence that councillors, and in some cases staff, had become actively involved in challenging performance. This again is linked to there being a better understanding of respective roles, especially on the part of elected members. In terms of understanding what is needed, councillors and staff were found to be very aware of the priorities of the council and understood how their work contributed to the achievement of those priorities. With regards to monitoring, eight specific references are made to there being good quality monitoring information available. This included reference to the regularity of information and the use of alternative forms of presentation (for example traffic light systems). The performance management frameworks have by this time developed the use of action plans underpinned by outcome-based targets that in turn were linked to the council's priorities. In one council performance management is referred to as being integral to the business planning framework. Interestingly, in three cases, service users were involved in contributing to the performance management of services. This represents a significant step change during the turnaround phase from the woeful conditions described at the start of the CPA process.

<u>Challenging Performance</u>

A further aspect evident from the corporate assessments is the extent to which the use of challenge had improved during the CPA period. This is different from the internal scrutiny challenge referred to earlier in that it is concerned with the use of external processes and recognises the need to address multiple stakeholder complexity within the sector (McAdam et al, 2005). This external challenge comes from a variety of sources and often represents formalised approaches to accepting challenge within the council. These were summarised previously in Figure 36. At the start of CPA, numerous statements are made regarding the lack of willingness to accept any form of external challenge. In some cases this is to do with being unresponsive to customer complaints and in other cases not being accepting of external criticism, for example from IDeA peer

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review assessments and even the first round of CPA inspections. This to a large extent reflects the presence of insularity and denial discovered in Document Three among those local authorities that were regarded as poorly performing. It also helps to explain the criticisms levelled at the visioning and prioritisation processes referred to earlier. In one case, poor intelligence was specifically blamed for hindering prioritisation. There was also reference in some cases to councils not making effective use of benchmarking, a process by which organisations can challenge their own performance and processes by directly comparing themselves to good organisations.

By the end of CPA there is a much wider use of challenge, and external challenge in particular, across the councils studied. The findings fall into three main categories. Firstly, there is much greater use being made of external peer review. Under peer review, external actors are brought into the organisation to assess and comment on the ability of the organisation. This could be over a range of management practices as well as in terms of service delivery. On ten occasions specific reference is made to the effective use of such peer reviews as contributing to the development of a council and there is evidence of councils being active in seeking out successful councils to facilitate it. Such a phenomena would not be too surprising at the start of CPA as it was one of the activities made available and facilitated by the IDeA. In some cases such peer reviews were a mandatory part of the recovery process at the start of CPA. The fact that it is still being carried out, and now on a voluntary basis at the end of CPA shows a greater willingness to engage with others and an acceptance of the importance of external challenge as part of the strategic process. Relating back to the performance management theme, there were three examples given where councils had invited an external assessment of their performance management frameworks to help facilitate improvement and development of these systems.

The second aspect of challenge relate to the more formal processes that exist, for example the CPA assessments themselves, or Ofsted and QCC inspections. By the end of the CPA period, again a further ten favourable comments are made regarding the use and acceptance of such external challenges, demonstrating an overcoming of the denial phenomena and showing a greater willingness to accept external views, rather than being insular in approach. Related to this, is evidence that some councils were using consultants to advise on and review processes and services within the council. This occurred in two of the interview councils where consultants were used to review approaches to such things as partnership working and transformation processes including business process re-engineering.

Finally, a further significant aspect is in regard to the acceptance of criticisms from service users. In particular, this entails the use of user complaints and feedback in a constructive and proactive way. In 18 cases, reference is made to councils acting on user complaints and feedback. The phrase "acting on" is important here as it suggests that the improvement is not just about collecting user complaints and feedback, but rather taking action in response. Reference is also made to councils setting up systems to monitor and track complaints and feedback, suggesting that it had become part of the performance management systems. Two examples were also found of formal and branded approaches to getting customer feedback. In one there was a councillors "call for action" and in another the initiative was called "you said, we did". Both of these were attempts to capture citizen and user feedback in a highly publicised way, culminating in the communication of how the council had subsequently taken responsive action.

Monitoring and Taking Action

Finally, there is a sense from the final CPA corporate assessments that councillors have fully engaged with the concept of performance management. This is typified by 13 separate references made regarding councils targeting areas of

poor performance, with remedial actions being taken, a far cry from the position outlined at the start of CPA. In some cases performance review panels, or similar, were set up to focus poorly performing services. Often these involved cabinet and scrutiny members and portfolio holders, although the frequency of such meetings varied by organisation between weekly, monthly and quarterly.

Once again the development of performance management systems represented a process of learning during the turnaround phase, which included the development of performance measures and indicators, as well as accountability and reporting arrangements. From an overview perspective, GLO1 in a similar way to GLO2, stressed the importance of being able to focus in on the 20 or so key performance indicators that you needed to run a council. There was a process of reducing the amount of performance management information used at the strategic level, with more detailed information being used within departments.

Theme Summary

This theme has considered the development of a performance culture within the councils studied. External performance monitoring had been in place for a number many decades, and was a key tenet of the NPM changes introduced in the 1980s. Despite this, the corporate and service performance of these councils, and others in the sector, were variable and in some cases quite poor. As such, the NPM approach to performance management appears to have failed not only to bring about service improvement, but also to embed the need for effective performance management within some councils. While the CPA approach did not necessarily exclude councils from playing the performance management game, in the case of these poorly performing councils the improvements seen seem to have gone beyond mere box ticking exercises. The scrutiny and support that CPA offered appears to have helped councils to engage with performance management in a less superficial way. The incoming CEOs, certainly in the case

study councils considered in the next section, appear to have taken a strong lead in implementing performance management systems that encouraged councils to take account of the views and criticisms of internal and external stakeholders, and to include them within decision-making and resource allocation processes. This can be considered to be an internalisation of the need to monitor performance and is closely linked to self-awareness and self-regulation and therefore sustainability.

2.8 WORKING WITH OTHERS

<u>Theme Overview</u>

The remit of a local authority cannot be seen in isolation. Many services provide a natural linkage to the roles of other public bodies such as the National Health Service (NHS) (and the current Primary Care Trusts (PCTs) in particular), the Police and the Fire and Rescue services (Morphet, 2008). Indeed, over time, different local government structures have formally included services such as Police, Fire and Rescue and Further and Higher Education as part of the statutory local authority remit, until more recently being unincorporated from local authority control. Parts of the health services were at one point also within a local authority's remit, until being transferred over to the NHS. Even services such as highways and environmental services are closely related to central government departments and regional bodies, as well as at times over lapping more directly with the objectives of other public bodies. Street lighting contributes to both public safety and road safety and the police and fire and rescue services work closely with the highways function at road traffic accidents. Local authorities also have an overarching responsibility for local neighbourhoods that goes beyond the statutory reach of direct accountabilities for services and implies the need for multi-agency working. The local authority convening role of Local Strategic Partnerships (LSPs) referred to earlier (see also Figure 1) is one example of this (Diamond and Liddle, 2005). More recently, Local Enterprise Partnerships (LEPs) have been introduced that again give local authorities a prime role in facilitating local improvements. Such relationships require a wider role for collaboration and partnership than just the obvious ones where services overlap, and also bring in a bigger range of potential partners and collaborators. Increasingly, this wide range of partnering activity is being required to be played out at local, regional and sub-regional levels. In such circumstances, the full range of potential collaborators would include those from the public, private and voluntary and

community sectors, for example; other local authorities (of all types), parish councils, community and faith associations, NHS organisations, Higher and Further Education institutions, Police, Fire and Rescue, Government Departments and Agencies, local businesses, chambers of commerce, voluntary and community sector organisations and representative bodies as well as registered social landlords (Jones and Liddle, 2011; Wilson and Game, 2006; Morphet, 2008). Each of these organisations are not only impacted upon by the performance of a local authority, but they can also contribute to the direction, resources and delivery capacity of the council in a variety of ways and in a variety of circumstances (Jones and Liddle, 2011).

The importance of effective working with others, can therefore be seen to be a potentially fundamental aspect of local authority strategic management. Indeed, poor collaboration was identified as key reason for failure in Document Three and the conceptual framework developed in Document Two also highlighted stakeholder engagement as being important. While it was not a separate analysis theme within the Audit Commission corporate assessments, it was a topic that was referenced frequently across the range of themes included in those reports. From the point of view of this thesis, some of the elements of stakeholder engagement and collaboration are referred to under other themes. However, it is important to examine certain aspects of working with others separately, and as such the four sub-themes considered under this theme are setting priorities, delivery and capacity, monitoring and finally governance and leadership. All of these sub-themes are considered elsewhere within this thesis, sometimes as a theme in their own right and sometimes as a sub-theme. The purpose of this theme is to focus on these aspects in terms of how they specifically relate to working with others rather than within individual councils.

Setting Priorities

Setting shared priorities with partners for the local area is identified as a key aspect of both delivering effective services through a range of public, private and independent bodies, as well being key to ensuring that partnership relations are maintained effectively. At the start of CPA some criticisms were made regarding a legacy of mistrust among partners, with local authorities showing ineffective and inconsistent levels of engagement and collaboration. This was also reflected in the understanding roles theme, where ineffective community leadership was identified as resulting in part due to the reluctance by leaders within councils to effectively engage with partnership arrangements. This consequently resulted in poor, or weak, strategies for the community that were often not shared by all partners.

By the end of CPA, there was a much more positive relationship between partners, with councils seemingly increasing their role within partnerships. Positive comments include references to working well to deliver shared priorities and the effective sharing of information to inform priorities, something which also relates to the intelligence gathering theme, the positive aspects of which can be seen repeated here. In one case specific reference is made the joint production of a Local Area Agreement (LAA) acting as vehicle to improve relationships across the partnership network. In one sense, focussing multi agency organisations on developing joint strategies and priorities for an area could be seen as a natural vehicle to promote closer working relationships, in a similar way that the emphasis on formal strategic planning processes perhaps helped to steer councils towards a more structured approach to corporate management and strategic direction. However, partnership and collaborative working is not easy in practice to put into action. Parochialism, self interest, apathy, arrogance, misunderstanding and mistrust could all stand in the way of effective collaborative working. That references are made to improvements in this area

suggests that councils must have worked hard and taken seriously the need to make such relationships work. This is in part evidenced by the increasing role played by senior council representatives on partnership boards mentioned previously. It is also borne out by the council interviews undertaken where each council was working more effectively with other organisations in the local area and region.

Delivery and Capacity

In the discussion above, collaborative working entails the lining up of shared priorities across multi-agency and multi-sector functions, with each separate organisation having its own role to play in the delivery of the priorities of the partnership. Another aspect to working with others is through the use by a council of external bodies to improve its own delivery capacity (Jones and Liddle, 2011; Diamond and Liddle, 2005; Wilson and Game, 2006; Flynn 2007). This is not outsourcing per se, which is dealt with later under procurement, but forms part of the commissioning agenda to establish those functions and services that exist outside of the council, which could be harnessed to either supplement or replace existing direct council provision. At the start of CPA, there appears to have been little use of partnership working to enhance the delivery capacity of councils. Although at the start this is only referred to on four occasions within the corporate assessments, by the end of CPA up to 16 references are made that demonstrate that there has been an improvement in this aspect of local authority service delivery. On a number of occasions improved partnership working has been used to augment delivery capacity, whether this be with other local authorities or the voluntary and community sector. In one case there is evidence that a council has stopped duplicating services provided by other bodies in the area, allowing savings to be transferred to other priority areas. The use of shared services also starts to appear at the end of CPA, usually for support service functions such as procurement and audit, with resulting efficiency savings being

ploughed back into other council services. This focus on increasing delivery capacity through partnerships and shared services demonstrates a mind-shift in the leadership of councils away from insularity, as well as an increase in the level of sophistication applied in determining council commissioning arrangements.

Monitoring

Monitoring is linked to the performance management theme discussed elsewhere, but in this part is focussed on those comments specifically related to the monitoring of partnership type arrangements. Little is said at the start of CPA regarding such arrangements although on some occasions specific reference is made to partnerships not being evaluated. However by the end of CPA, there is much stronger evidence that this is something that was improved by councils with a number of references made that performance management of partnerships is now effective or that it works well. In one case, a council is described as having "led the way" in developing effective partnership monitoring arrangements and another had evaluated "over 100 partnerships and put in place a partnering tool kit". This development and improvement in monitoring arrangements most probably links together the raised awareness of the importance of both partnering and performance management.

Governance and Leadership

Finally in this theme, the topics of governance and leadership are returned to. While there is not an overwhelming body of evidence to suggest that such arrangements were improved during the CPA period, there is nevertheless an implied improvement, especially regarding the related evidence presented under other themes (for example the strengthening of community leadership discussed earlier). Some comments were made at the start of CPA regarding weak joint-working arrangements and political engagement. Sometimes this was referred to

as a limited commitment to the LSP or weak engagement with regional partners. As has been discussed earlier there was also little active engagement from council leadership in such collaborative arrangements. By the end of CPA, references were made regarding the effective management of other entities, there being compact arrangements with the voluntary and community sector and senior officials (e.g. Leader and/or CEO) being present on partnering boards, and in some cases chairing them. Furthermore, scrutiny had become a more embedded process by the end of CPA (see Figure 1 and Figure 10) and the pending implementation of CAA meant that councils were already considering how to monitor the work of partners. This applied to STCCs in particular. While the documentary evidence is not particularly strong for this aspect of working with others, governance arrangements are clearly a key aspect of the effective running of partnership and collaborative arrangements, and as such the fact that there is a hint that things have improved bears mentioning.

Theme Summary

Partnering and collaboration became an important aspect of the New Labour agenda for local government, especially with regard to STCCs. It is no surprise therefore that it appears as a theme in this study as it was certainly on the Audit Commission's radar when undertaking the corporate assessments. The working with others theme in one sense encapsulates many of the other themes of this thesis, but at an extra-council level, rather than just internally. It is unlikely that CPA alone drove the improvement in this theme, but rather a combination of the various initiatives summarised in Figure 1. It is an interesting finding that the improvements were not just limited to the planning and monitoring functions of local authorities, which might be expected due to the focus on LAAs and LSPs during this time. There was also an improvement in the delivery and capacity of services using external partners. In some cases this may have included private firms, but there was also an increased use of voluntary sector organisations, and

a rationalisation of functions provided by other public bodies. This can be seen to represent a change in the mindset of local authorities, which up to that time, based on the other evidence within the corporate assessments, had displayed inward looking and protectionist tendencies.

2.9 COMMUNICATION

Theme Overview

The communication theme is closely related to the Gathering Intelligence theme. However, it has been treated separately as the focus here is slightly different. When gathering intelligence, the focus is on bringing information into the organisation to inform decision-making. Communication in this theme relates to the imparting of information by the leadership to internal and external stakeholders. By communicating effectively, the leadership of an organisation are better able to inform stakeholders regarding the intentions and purpose, priorities and actions of the organisation. By communicating effectively, the internal and external stakeholders are better able to understand the role they play in delivering organisational objectives and what they can expect from the organisation. The communication theme is discussed under the two sub-themes of improvements in communication and the role of the CEO.

Improvements in Communication

At the start of CPA, the main finding was that councils' communication with both internal and external stakeholders was ineffective, with numerous statements regarding the poor quality of communication of the vision and priorities of councils' to internal and external groups. Internally, this would include staff and elected members and externally citizens, service users, partners (public, private and voluntary and community) as well as government agencies. Specifically, the priorities of councils were not understood by staff and partners, a contributory factor to poor staff satisfaction surveys and failures to manage public expectations. There was also reference to staff being unclear about the direction that the organisation was taking, something which is closely aligned to the

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understanding of priorities by staff and how they contribute to them, referred to earlier.

The corporate assessments appear to show that by the end of CPA there was a broad range of communication taking place; from members to senior officers, from members and senior officers to staff and between members and the public and that the quality of communications had been transformed. Often councils were praised for clearly stating and presenting priorities to a variety of audiences, resulting in them being understood by staff and external stakeholders. Methods of communication varied between internal and external stakeholders with a range of methods being used. In some cases reference was made to the vision and priorities of councils being prominently displayed on council buildings and in council publications. For internal stakeholders, regular (not specified) staff/manager/councillor briefings had started to emerge as a form of communication, as had business review communications (taking to be a form of staff briefing paper either in paper or email form). There are also monthly meetings between councillors and what are referred to as "top" manager groups in some councils. The number of managers involved in these varies between councils, such as "Top 40" and "Top 130". This improvement in internal communication is linked in the corporate assessments to improved relationships within the councils such as staff valuing effective two-way communication, the organisational culture being supportive and empowering as well as there being effective engagement of staff by politicians and senior officers. Such improvements in internal communication are also linked to other themes such as greater self-awareness and a better understanding of respective roles within councils. They also feed into effective personnel development programmes. Externally, a range of media are used to communicate with stakeholders. The vehicles mentioned earlier under gathering intelligence such as neighbourhood and civic forums, citizen's panels and youth forums are used as a two-way communication device, both gathering intelligence and imparting information

about the council. In addition to this there are examples of council newspapers and "State of the District" reports being used to disseminate information to external stakeholders. Various partner groups that have been established by councils were also used to good effect for two-way communication.

The Role of the CEO

As has been discussed elsewhere, improvements in the approach to communication by the CEO seem to have been an important aspect of both improvement generally and turnaround in particular. Improved communication with internal stakeholders seems to have been significant from the perspective of the CEO, something reinforced by the GLO interviews as well as within the case study councils. These internal communication channels were used by CEOs to promote the changes required, assist in refocusing of the culture of the council and opening up a dialogue with both staff and members. Externally the increased visibility of the CEO to external stakeholders and partners would have contributed to improved perceptions of these councils.

Theme Summary

This theme focussed on the ability to communicate the vision, priorities and achievements of the councils to internal and external stakeholders. Despite not having the underpinning importance attached to say visioning and performance management, the improvements demonstrate a greater willingness on the part of councils to engage with and become a part of the local community. The significance of this is that such improvements are a very visual representation of a movement away from the insularity displayed by poorly performing councils at the start of the CPA era.

2.10 SUPPORT SYSTEMS

Theme Overview

Support systems play an important role in underpinning the strategic infrastructure of an organisation. While the prime function of such systems could be said to be operational in nature on a day-to-day basis, they do nonetheless provide the information and infrastructure that is so important to effective strategic leadership, direction setting and monitoring identified under other themes. The support systems that lie at the heart of an organisation in supporting these functions, can, if performing poorly, take on strategic significance if they are having a consequential adverse impact on decision-making, intelligence gathering, monitoring and communication. This can be seen to good effect in the value chain of Michael Porter (1998), whereby the firm infrastructure plays an important part in delivering value across the organisation. The worth of such support mechanisms can be seen in terms of the added-value they create for the organisation in terms of tangible and intangible benefits through increased capacity, capability and cognition (Turner et al, 2004; Turner and Whiteman, 2005). From a pragmatic accounting point of view, such systems are often regarded as overheads to the organisation in that they do not contribute directly to the delivery of front line services. As such, the financial burden they represent needs to be justified against the benefits provided in delivering improved strategic capability. Support systems are often delivered through professional departmental delineations; accountants, lawyers as well as information technology and human resource professionals. As such there is a risk that they become professional fiefdoms, operating in silos, and becoming out of touch with the organisations they are set up to serve, despite the cost invested in them. Conversely, they are also a potential easy target for criticism within organisations, as they are not delivering services directly to the front line; they are not at the coalface. Potentially this could be associated with low financial

priority when set against the sexier front line services. Politically therefore, it is easier to be seen to be cutting the cost of bureaucracy, than closing say a front line service such as a school. There is a tension therefore between the professionalisation of support services and their ability to grow themselves disproportionately if left unchecked, and the possible under investment they face if viewed too much as an unnecessary overhead. In either case, such services may not effectively support the organisation in terms of its strategic capacity and capability. The findings of this thesis identified a wide range of potential support functions that had taken on a strategic significance and can be seen as having improved during the CPA period. Such functions could be split into three major sub-themes with a further sub-theme covering a range of other secondary, though no less important, functions. The sub-themes are information technology, human Resources and finance, with the other secondary functions identified as being project management, risk management and procurement.

Information Technology

Information technology (IT) is increasingly becoming a fundamental part of local authority infrastructure. IT systems have been used for many years by local authorities to provide the necessary support for financial and accounting systems as well as human resources functions. More recently their use has extended to client records databases, geo-mapping and engineering support systems and the like, in other words they have become more client facing. Advances in new technology have impacted significantly on the use of IT within councils, the most notable being the use of the Internet and intranets as well as email systems (internal and external) as a form of communication. Indeed, government policy has been to encourage the use of such technologies within local authorities and other public bodies, the most recent of which being the 'digital by default' agenda of the current Coalition government.

The discussion in this section centres on the use of IT as a strategic tool rather than the operational aspects of IT. Although it should be recognised that if IT is not effective at an operational level, it can take on strategic significance if as a consequence front line services are starved of information or are inefficient. At the start of CPA, the main criticism of IT within councils was that there was a lack of IT strategy in place and that the IT systems did not support the council. The lack of an IT strategy could be suggestive of a lack of importance associated with IT and could also have resulted in a lack of investment in IT infrastructure (Beeri, 2009). Alternatively, where investment had occurred the lack of strategy could mean that funding was misplaced or misguided. In at least one council there was evidence that there was a lack of common IT systems, suggesting a piecemeal approach to IT development making it difficult for systems to share information and take a holistic view. By the end of CPA, there was evidence of increasing investment in IT infrastructure. In some cases this was to do with increasing frontline capability and capacity, for example by increasing access to services by service users such as self-service functionality for housing and council tax benefit, a general improvement in services and in one case the introduction of a customer contact centre, supported by telephone and web based communications networks.

Other IT investments were in support systems such as performance management information and financial management systems. At least two organisations had also introduced what were described as customer relationship management systems, thereby using the capacity offered by IT to improve both their customer engagement and intelligence gathering simultaneously. In some cases, IT investment was linked to the generation of efficiency savings, which could then be transferred to other priority areas within the council. Tying this together, there was an explicit, although sometimes implicit, improved use and development of IT strategies to underpin such investments. In two cases this was specifically referenced as there being an IT strategy linked to the priorities of the council.

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Human Resources

The focus for improvements in human resources tended to be on those changes that were made to the human resource function at a strategic level. There has been much debate on the role of human resources and the devolution of some of the traditional accountability for human resource managing to line managers within organisations. What is meant here by the human resource function, are those core elements of human resource management that are retained within a human resource department, usually at the centre of an organisation and undertaken by human resources professionals. This would include such roles as strategic human resource planning, the development and administration (although not necessarily delivery) of appraisal processes and, similarly, training, development and skills programmes, as well as recruitment and disciplinary advice and monitoring.

At the start of CPA there was criticism that such human resource functions were weak, outdated and not used effectively to support the organisation. Essentially human resource functions were not operating strategically in poorly performing councils. This was typified by a lack of workforce development planning and an inconsistent, or unsystematic, approach to the training and development of staff. There was also evidence that there was either a lack of staff, and member, appraisal undertaken, or that such appraisal systems that did exist were applied inconsistently across organisations. Perhaps as a consequence of some of these failings, poorly performing councils were also experiencing high levels of sickness, as well as high turnover of staff and difficulty recruiting into some positions (especially middle management positions), therefore carrying high levels of vacancies. This was having an impact on the capacity and capability of some councils to deliver services effectively.

By the end of CPA, human resource functions were now being described as modernised and effective and this was further reinforced by evidence that a more strategic approach was being taken including the use of systematic and effective workforce development planning, something specifically referred to in ten cases. Furthermore, reference is made to the use of skills development and training programmes, which, in a minority of cases, included shared, or joint, officer and member training. Appraisal and performance development review processes were also being used more effectively at the end of CPA both for staff and, in some cases, elected members. There was also evidence that appraisals were now being more effectively related to corporate priorities and objectives, which supports the finding expressed earlier that staff and members had a greater awareness of organisational priorities and how their work contributed to them. At least six councils had achieved, or were seeking, Investors in People awards (IIP), demonstrating a need to recognise the importance of such improved approaches to human resource management.

Financial Management

Financial management also covers both strategic and operational elements. Medium term financial planning (MTFP) would be considered strategic, as would the appraisal of significant financial investments. Budget monitoring (and to some extent budget setting), as well as the closure of the final accounts would be considered operational. It is the more strategic elements of financial management that are considered here, unless changes in the operational aspects have themselves taken on a strategic significance, usually because they are directly related to one or other of the other themes identified in this thesis.

At the start of CPA, there was much criticism levelled at poorly performing councils regarding the paucity of their MTFP systems. In some cases they were none existent and in others they were poorly conceived, with financial plans and

investment plans not linked to ambitions and priorities or specified outcomes. In some extreme cases this had led to a decline in financial capacity and was impacting on other areas of performance within the council. Generally this was attributable to poor financial management at the corporate level, although in a few cases, poor service level financial management was also identified. There was also a sense that financial plans were not being developed in line with corporate priorities and just as service plans were not initially joined upwards and across organisations, so the financial plans lacked these vertical and horizontal linkages. As such councils' ability to move and reprioritise resources around the organisation was severely limited. On a number of occasions, a poor focus on value for money (VFM) was identified as being a contributory factor to poor performance. This is surprising given the strength and longevity of the VFM agenda within local government and the emphasis it had had both within the Best Value regime and the CPA regime under the use of resources assessment.

By the end of CPA, financial management appeared to have improved dramatically. In the vast majority of cases references are made to finance being managed effectively, there being robust financial systems in place (supported by good financial information) and councils having sound finances. Significantly, positive references are made to the existence, and effective use, of a medium term financial strategy (MTFS) linked to MTFP throughout the organisation. MTFS included plans for day-to-day expenditure as well as capital investments and in some cases were clearly demonstrating how resources had been moved between and across organisational priorities. There was evidence that resources were now following priorities and being removed from low to high priority areas. In other words action was being taken to make priorities happen. There is also evidence at the end of CPA that councils were more focussed on VFM in financial decision making, in part this would have been in response to the Gershon efficiency agenda that was still ongoing at that time, but the favourable references within the corporate assessments would suggest that VFM was not merely being applied

as a result of external imposition, but had taken on a fundamental aspect of the challenge role referred to in an earlier theme. From a self-awareness point of view, reference is made to a limited number of councils understanding the financial pressure they face and making plans to address them, rather than ignoring them and hoping they will go away.

Across these three major sub-themes within the support services theme, there is an overriding sense that councils had started to see the importance of IT, HR and Finance not just in an isolated way, but in ensuring that from a strategic perspective they were dealt with in a joined up fashion. In public sector organisations human resources have always tended to account for around 80% of costs. Their effective and efficient use is therefore inextricably tied into the effective use of financial resources across the organisation. IT systems are increasingly starting to support and in some cases replace some of these human based roles, and as such need to be viewed in the same context.

Other

The final sub-theme under support services considers a number of secondary support roles; project management, risk management and procurement. Little detail is given in the corporate assessments about these areas, but enough is said for them to have stood out as areas that improved during the turnaround process. It could also be argued that they are not necessarily strategic in nature, but more operationally based except in the extreme (e.g. disaster recovery for risk management). However, the fact that they stood out when reading across all the corporate assessments, makes them to an extent strategic as they were clearly contributing to the poor assessment, and therefore failure, of some of the councils reviewed. Needless to say, the negative aspects attached to each of the three areas at the start of CPA tended to focus on them being poor or weak, totally lacking in some councils and lacking a strategic focus in others. All were

subsequently improved by the end of CPA with project management processes often adopting the public sector standard PRINCE2 methodology. Risk management approaches were becoming embedded in all aspects of decision making at the end of CPA with approaches being described as robust and in one case even informing new strategy development (although how is not mentioned). Procurement processes were often described as being improved or sound and in one case delivering savings, which were then diverted elsewhere, and in another contributing to developing capacity within the council.

<u>Theme Summary</u>

This theme has considered what might be though of as the more operational aspects of organisational infrastructure. It is perhaps unusual therefore to consider them in terms of strategic turnaround. However, such was the paucity of these support systems, that they had taken on strategic significance to the councils concerned through the impact they were having on the ability to plan, resource and monitor strategic activity. What is more surprising is these systems were so poor at the start of CPA. Financial management, HR, procurement and, to some extent, IT were all systems that represented the underpinning foundations of NPM. There is not enough information within the corporate assessments to speculate why this was the case, but it is clear that weaknesses were present in many of the councils. The need for such systems did not reduce after NPM, and the emphasis placed on them in the corporate assessments clearly makes the case that they were still regarded as important in post-NPM managerialist discourses. This of course is not peculiar to the public sector, or local government in particular. Councils appear to have improved these support systems as part of a structured approach to improving the infrastructure of decision-making and control, but also as part of the development and empowerment of officers and members during the turnaround phase.

2.11 TURNAROUND PROCESSES

Theme Overview

This theme focuses on the specific approaches to turnaround adopted by the councils studied. It first looks at the way in which the previous themes were related to turnaround, each having been learnt and embedded during the turnaround phase. For example, the development of leadership capacity, whether at the member or officer level, developing and maintaining strategic processes and generating self-awareness and the ability to prioritise, are things that from a managerialist perspective councils should have been doing anyway. The findings of this thesis have shown that in turnaround councils, all of these were absent or deficient at the start of CPA and have involved a period of learning during the turnaround phase.

This theme also examines the more specific turnaround approaches that were identified in the literature in Document Two. These elements are discussed under the sub-themes of learning how to change, operational or strategic turnaround? and planned or emergent turnaround? before focussing on CPA as the potential trigger for change. Finally, this theme draws together all the themes in a discussion of the timing of a number of key phases that appeared to be present within these turnaround situations.

Learning How to Change

It is surprising that many of the ten themes identified in this thesis relate to the improvement of what can be considered some of the fundamental underpinnings of the ongoing managerialist discourse. The previous decades of NPM should have meant that these elements were already embedded, especially with regard to strategic management, performance management, financial management etc.

Even as theoretical debates moved on to consider public value and collaboration, continuous improvement still required a focus on a cycle of direction setting, planning, implementation and delivery followed by review (Norman, 2011). The main difference from NPM was that this continuous improvement cycle was a self-assessment tool rather than an accountability mechanism. Even under a post NPM discourse, the ten themes identified here are still considered to be important, more so as self-awareness is required if self-assessment is to be honestly undertaken, if at all.

It is unclear why these corporate processes were in such a poor state of repair at the start of CPA, but it suggests that NPM was unsuccessful in embedding the softer managerialist agenda within some local authorities. The GLO interviews identified that this may have been due to the disjointed and service specific basis of the previous inspection and intervention regimes (eg Ofsted, QCC and Audit), meaning that intervention in problem areas drew strategic resources away to "fight fires", promoted an internal focus and reduced capacity for taking a more strategic view. Furthermore, being under the scrutiny of external regulators may have prompted responses of denial and defensiveness, exacerbating insularity as a dominant culture. The lack of focus on corporate processes within previous inspection regimes allowed them to fall into or remain in disrepair, and, if not encouraging insularity, at least allowed it to fester. A key feature of the CPA, especially after the introduction of the "Harder Test" in 2005, was the focus on corporate processes as well as the traditional service and resource based inspections. This ultimately forced the consideration of how these underlying strategic mechanisms operated, in order to develop and improve them. This had an impact, certainly in the case study councils, on overall improvement under CPA. It appears that this was not just due to the improved scores for the corporate processes themselves, but also that service scores improved across the board as planning, prioritisation and performance management became more informed and co-ordinated. The closest evidence for this from the case study

councils was in Council B during the early years of CPA, which was unable to improve its overall CPA score until it had improved its core strategic processes and was better able to co-ordinate across a range of service improvements, rather than dealing with them in a piecemeal fashion.

It is not the role of local councils to ignore or reject central government policy, no matter how ideologically opposed local politicians may be, or how disadvantaged a council may become because of them, although this does not obviate the potential for lobbying and engagement with central government and for interpretation when it comes to policy implementation. The agency relationship of local government not only includes the local political accountability of politicians to residents and council tax payers, but also, through partial autonomy (Wilson and Game, 2006), the relationship with central government, backed by funding, agreements and statute. The role of local government in these circumstances is to make sense of these potentially competing pressures and to prioritise resources and services in such a way that benefits the locality served.

Local councils face many pressures for change that will vary over time. These include external influences such as central government policy, as well as national and local economic and demographic conditions. A similar case can be made for internal influences, such as a change in political control within the council. Collectively or individually, these internal and external influences could potentially destabilise a council's equilibrium and performance. It is inescapable that the factors impinging on local councils will change over time, however the need to respond to these in an effective way remains constant. It is also true that the impact such changes will have on councils will vary considerably depending on both the nature of the change itself, and the incumbent state of the council. Nevertheless, the need to respond appropriately again remains a constant. It is clear from the analysis so far that improvements in the underlying corporate processes were needed in poorly performing councils to meet these needs.

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The nine themes considered so far therefore represent a period of learning for turnaround councils. This learning extended to realising the need to improve each of the themes, implementing and modifying the various changes required and, in order to maintain sustainability, embedding this learning within a council's infrastructure.

Operational or Strategic Turnaround?

Whether an organisation adopts an operational or strategic approach to turnaround was found to be a key aspect of the literature review. Hofer (1980) identified that organisations may adopt either an operating approach to turnaround or a strategic approach (see also Schendel et al, 1976 and Ansoff, 1988). In the private sector, where the Hofer study was based, strategic turnaround relates to the development of new business models and operational turnaround focuses on reduced costs/increased revenues in the short term. Hofer found that turnarounds were likely to fail if operational approaches are used when a strategic approach is required, although if the problems faced were operational, a strategic approach could still enable turnaround. Translating this into a local authority context would require consideration of whether the approach adopted focussed on service recovery (operational), or whether it was focussed on changes at the corporate level (strategic). In the context of this study, many of the themes identified previously would fit into the strategic category. Even the support systems theme, which to some extent feels operational, has been discussed in a strategic context due to the scope of the impact improvements in such systems was able to achieve. The analysis of the corporate assessments and the interviews, therefore pursued the specific line of enquiry as to whether the turnaround was operationally based or strategically based. This also relates to whether the approach to improvement had a short-term or a long-term focus, which is important when considering sustainability. In the short-term,

operational weaknesses could be addressed by councils in order to cover up the cracks in performance and bring about some improvement. However, if fundamental weaknesses were not addressed, performance in the longer term may well slip back and improvement would not be sustainable. This can be displayed on the following model in Figure 37.

Figure 37: Possible outcomes for turnaround sustainability over time

	Short Term	Long Term
Operational	Failure	Sustained Operational Turnaround
Strategic	Unsustained /Failure	Sustained Strategic Turnaround

Time Horizon

Turnaround Focus

There was evidence from the corporate assessments that some councils had focused first on short-term and operational improvements, with more strategic aspects being tackled only once these had been addressed. This mirrors Hofer's (1980) findings in the private sector that management seldom selected a strategic position, preferring instead to adopt an operating position. For example, in some councils there was a focus in the short-term on improvements to poorly performing services. In other councils reference was made to concentrating on the improvement programme first followed by the development of wider corporate priorities, in others reference was made to a focus on service

improvements first followed by broader strategic approaches. In two corporate assessment cases at the end of CPA, reference was made to the council now being focussed on strategic and not operational issues, indicating that there had been a shift in emphasis. This suggests that the main focus of turnaround councils, at least initially, was on achieving short term, service based success rather than looking at the underlying strategic issues. These may also be regarded as quick wins.

This was backed up from the GLO interviews, for example:

"one of the things councils could do very quickly, was to get better at some of the service scores….revs and bens [*revenues and benefits*] was an example where changes could be made quickly and the service score improved….it was a quick win for them" (GLO1 interview)

There appears to have been a need to show improvement quickly to reinforce that something was being achieved. However, despite this, councils did not necessarily receive an improved CPA score. Rather, if the strategic processes underpinning the council were neglected, councils could be held back and a poor rating could still be given (Council B was an example of this). This holding back is reflected in some of the mid-term corporate assessments, as well as comments given in the council and GLO interviews.

Despite there being the need to recognise that bespoke approaches are required for individual turnarounds (Turner et al, 2004; Turner and Whiteman, 2005), this may be more applicable to the operational aspects of turnaround, which will necessarily focus on poorly performing services particular to a council and may be linked to retrenchment (Boyne, 2004; Robbins and Pearce, 1992) and strategic adjustment rather than strategic change (Snow and Hambrick, 1980). If improvement is to be sustained however, the focus would need to be on

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revitalising the organisation over the longer term (Mintzberg and Westley, 1992). It would therefore seem to have been important for poorly performing councils to have focussed on both strategic and operational turnaround, with the strategic aspects tending to be more generic.

Various authors have considered common processes that can occur in turnaround situations; conveniently they all begin with the letter R. Robins and Pearce (1992) identified a period of retrenchment preceding recovery. Filatotchev and Toms (2006) recognise this but suggest that realignment precedes it in the process. Finally, Boyne (2004 pp98) suggests that the "3Rs" of retrenchment, repositioning and reorganisation could feasibly be used by local authorities faced with turnaround situations. He also hints at a fourth R of management succession (which can be called replacement). Beeri (2009) found further evidence for the existence of the "3Rs" in turnaround local authorities and incorporated aspects of realignment into Boyne's repositioning aspect. What emerges from the analysis of the corporate assessments and the interviews is that in fact all of these Rs could be present during a local authority turnaround. Replacement has been identified in terms of either or both the elected Leader of the Council and the CEO. This change in personnel has helped facilitate (possibly with assistance from the intervention process) a realignment of organisational values and priorities and approaches to leadership and management. In the short-term operational changes have been made to improve service based performance, akin to retrenchment, whereas in the longer term, repositioning occurs to ensure improvement is sustainable. Reorganisation appears to be both a short-term and long-term phenomenon, being part of the replacement, retrenchment and the repositioning phases.

Planned or Emergent?

With regard to whether improvement was part of a planned or emergent strategy (Ansoff 1988, 1991; Mintzberg 1975, 1978, 1979, 1987, 1990, 1991; Mintzberg and Waters, 1985; Mintzberg et al 2003; Mintzberg and Lampel, 1999; Mintzberg and McHugh 1985; Mintzberg and Westley 1992; Porter 1981, 1996, 1998) the evidence from the corporate assessments and the interviews would suggest that it was very much planned. Many of the themes identified in this thesis have focussed on what can be called planning frameworks; knowing who does what, deciding what the organisation stands for, introducing and enhancing strategic processes, gathering intelligence and prioritisation are examples of this. Becoming self-aware seems to have taken place within a planned framework, although there were some examples starting to appear at the end of CPA that would enable emergent elements to occur within the planned framework, i.e. both could possibly occur but due to accountability and governance requirements, planning is likely to be the dominant factor both in the turnaround phase and in the longer term (Worrall et al, 1998).

Also there was evidence that turnaround was a distinct phase or episode of the organisations life (Mintzberg and Walters, 1992). The branding of the turnaround approach by some councils definitely suggests it was seen as a distinct phase. Some councils underwent corporate governance inspections that pre-dated and were the precursor to the corporate assessments of CPA. In any event, all councils underwent a period of improvement during the CPA lifecycle suggesting that it was a distinct phase, moving the organisation from poor performance to good performance, significantly through changes in strategic processes. References to the use of Lean Thinking and Business Process Re-engineering and transformational approaches to change also back this up.

CPA as the Trigger for Change

Finally, there was evidence to suggest that CPA acted as a strong external trigger (Jas and Skelcher, 2005) for change and improvement within poorly performing local authorities that had become entrenched in a permanently failing situation (Meyer and Zucker, 1989). CPA appeared to act in a similar way to other crisis triggers that can act on public services in creating the necessary leverage for major paradigm shifts (Rochet, 2007).

Even though there were cases where awareness of the need for change had started to build up internally prior to the initial CPA inspections (see also Paton and Mordaunt, 2004 and Wilson and Moore, 2007), it was the threat of impending CPA inspection that created the opportunity for change to occur. It is not uncommon for actors without power within organisations to recognise that things could be done differently. However to change independently would require revolution (or perhaps mutiny) from within the organisation, something which would be difficult to carry out within the bureaucratic and power laden fiefdoms (political or not) of local government. The CPA regime, and the availability of the peer assessment and support mechanisms that went with it, created the strategic window (Hofer, 1980) that allowed the incumbent leadership to be usurped, and the latent talent within the organisation to surface as a precursor to the change in outlook and approach usually implemented by the incoming CEOs. In a sense, this threat posed by CPA acted as a contestability trigger (Prowle, 2008) to change the mindset of internal actors and pave the way for the change that was to come.

The intervention process itself, including the creation of improvement boards (Yapp and Skelcher, 2007) and mentoring support (Whiteman, 2004; Atterton et al 2009), although providing a backdrop to this study rather than being its focus, clearly targeted change within councils whether this be in leadership, structures

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or processes. However, while intervention played an important role in monitoring and facilitating improvement, it was not responsible for delivering improvement, this was squarely on the shoulders of the leadership of the council and improvement had to come from within the council (ODPM, 2003). The intervention teams could put pressure on elected members to bring about a change in Leader of the Council, or to advise on the removal of the CEO and bring in an interim CEO as change agent. However, once leadership was established within the council, the intervention team role was to monitor and help facilitate improvement and to exit once this had started. As such, the improvements witnessed by this study, are held to represent internal organisational improvements, rather than impositions. All the improvement themes identified in this study can be related to the turnaround phase of council development as they represent a period of learning, or evolution (Worrell et al, 1998), during this period. It is this growth in organisational capacity and capability, and significantly the realisation that it is required, that has been one of the most significant findings of this doctoral study, and the one that has the potential to ensure that the improvements in performance experienced can be sustained and reinforced.

The CPA for the first time took a holistic view of the performance of local councils. It brought together not only the pre-existing service based assessments of overseers such as Ofsted, and other judgements such as the audit of council funds, but extended this to include a review of the ways in which councils were managed corporately. This examined not only the strategic and administrative processes, but also the role of political leadership and local community leadership. By bringing all these components together for the first time, and some were only examined for the first time under CPA, there was an opportunity created for councils to reflect on how they ran themselves and whether this was good enough. The external light of inspection, and the very public reporting that went with this, appears to have created the trigger for improvement, self-reflection and change. In some cases this change in corporate processes was

initially enforced through the intervention and engagement process, in other cases change came voluntarily once the trigger had been pulled or, in the case of at least one council studied, in anticipation of it. It is concluded that for the councils studied, the CPA era encouraged a move away from ad hoc service based fire fighting, to a more holistic approach of cross service prioritisation and co-ordination. This also extended to extra-council activities by the end of CPA and into the brief and defunct CAA era. The ability of councils to provide this corporate wide and sustained improvement was not dependent on individual service expertise or improvement, but rather the corporate capacity and capability of members and the executive to pull together the collective demands placed on the council and to convert these into a coherent, meaningful and achievable strategy that was then monitored, managed and delivered over the medium to long term, supported by a range of robust corporate support systems.

It is inconclusive whether the CPA alone was responsible for improvement in council performance during the period 2002 to 2008. Other government initiatives in service areas (such as housing benefits and council tax, waste and housing) and at the sub-regional level (LAAs and LSPs for example) clearly would have had an impact by focussing attention and activity into those areas and as a result, de facto, bringing about service based improvement. Similarly, the criticism that improvement was only being measured against a set of centrally determined targets may be partly justified and the way in which CPA took service performance into account does present the opportunity for it to be self-fulfilling in the way it measured improvements. Nevertheless, a case can be made that CPA strengthened the corporate capacity of councils in a way that no other assessment regime had done in the past and that the legacy of this is that councils are now better prepared for, and able to recognise and respond to, the strategic challenges they face, whether this be from local demographic and economic pressures, or from new and revised central government initiatives and ideologies.

Whether a need remains for a similar centralist and compulsory regime is unclear, however the main benefit of CPA appears to have been the focus on, and improvement in, those core corporate skills associated with managerialism (as opposed to NPM), the need for which it is argued remains.

Approaches to Turnaround

A key finding from the literature was the "3Rs" of retrenchment (Robbins and Pearce, 1992), repositioning and reorganisation (Boyne 2004), in addition to realignment (Filatotchev and Toms, 2006) and possibly replacement (Boyne, 2004). These have been considered and developed further, building on the findings of the analysis. The "5Rs" described above, have been combined with two further "Rs" seen as being important within the analysis, those of Realisation (in response to the CPA trigger and linked to the overcoming of denial through increased cognition and self-awareness) and Reinforcement (in that if turnaround was to be sustained, the improvements to the underlying processes within organisations needed to be constantly promoted and monitored from senior levels within the organisation). An approach to turnaround has therefore been put forward based around the "7Rs" of Realisation, Realignment, Replacement, Retrenchment, Repositioning, Reorganising and Reinforcement. These "7Rs" are represented in Figure 38 below and have been linked to the ten themes developed in the thesis (shown in bold italics).

Given the longitudinal nature of this study, it has been possible to assign the 7Rs to key phases in the turnaround cycle; from the initial trigger point, referred to as "Ground Zero", through the turnaround phase and on to the sustainability of performance improvement. It is argued that realisation, realignment and replacement occur prior to the actual turnaround phase, but are necessary precursors for the turnaround phase to start. The turnaround phase itself consists of Boyne's "3Rs". The final R, reinforcement, appears to be concerned

with maintaining the core strategic systems and processes that were introduced during the turnaround phase.

Figure 38: The "7Rs" of Sustained Strategic Turnaround in Local Government

"Ground Zero"	REALISATION	REALIGNEMENT	REPLACEMENT
			New People:
	Self/Peer Review	Intervention Team	*Leader of the Council*
	CPA Trigger	*Understanding Roles*	*CEO (interim)*
	Cognition (overcoming denial)	*Initial Prioritisation*	*CEO (permanent)*

Turnaround Phase	RETRENCHMENT	REPOSITIONING	REORGANISATION
		Strategic Turnaround	
		Strategic Management Processes	*New Structures*
	Operational Turnaround	*Internal/External Vision*	*Strategic Management Processes*
	Prioritisation (short-term)	*Gathering Intelligence*	*Communication*
	Taking Difficult Decisions	*Prioritisation (long-term)*	*Support Systems*
	Performance Management Introduced	*Taking Difficult Decisions*	*Developing Self-Awareness*
		Working with Others	Developing Cognition, Capacity and Capability
		Communication	

Sustainability	REINFORCEMENT
	Maintaining Self-Awareness
	Re-Prioritisation (self correction)
	Refining Strategic Management Systems
	Refining Performance Management
	Community Leadership
	Maintaining Cognition, Capacity and Capability

It can be seen that the ten themes identified in the primary analysis, and in some cases aspects of these themes, can be associated with each of the 7Rs. Some themes, for example prioritisation, appear to be so crucial, that it is argued that they appear in a number of places and critically in more than one of the three phases. An initial prioritisation would appear to occur during realignment, when the organisation is seeking to align itself to the needs of external stakeholders, in this case the intervention team acting on behalf of the ODPM/DLGC. Short-term and long-term prioritisation (and re-prioritisation) of policies and the resources attached to them will also occur during retrenchment and repositioning. During reinforcement, if improved performance is to be sustained, it will be necessary for

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the organisation to continually re-prioritise in order to maintain self-correction (Jas and Skelcher, 2005). Similarly, the introduction and subsequent maintenance of strategic management systems and processes, as well as self-awareness (through intelligence gathering) and performance management, will occur in both the turnaround and sustainability phases.

Consideration can also be given as to whether the elements within each phase occur sequentially or concurrently, some of the basis for which is drawn from the findings of the case study councils that appear in the next section. At ground zero, realisation of some form is likely to be the start point of the process. Realisation may come from voluntary peer review or self-assessment (as in the case of Council B), from a change of leadership (possibly through the democratic process or the appointment of a new CEO as in the case of Council C) or, as appears to have been more often the case, from some externally imposed influence, in this case the CPA (as happened in Council A). After realisation has occurred, realignment and replacement appear to need to happen quickly if turnaround is to start. Council C displayed an awareness of a need to change after the initial inspection, but turnaround did not start effectively until there had been a change in both political leadership and the CEO. Under CPA and the intervention programme, there was a possibility that realignment could occur without replacement if leaders showed the "will and the wherewithal" to improve. However, the GLO interviews appear to indicate that in the case of poorly performing councils this was rarely the case and some form of replacement had to occur whether this was interim or permanent. In such cases, it is likely that realignment and replacement happened at roughly the same time. This is also a key finding of the council interviews where both the Leader of the Council and the CEO were replaced before turnaround commenced.

The turnaround phase offers up a paradox in that the reorganising element could also be present during retrenchment and possibly during repositioning.

Furthermore, even though retrenchment implies a short-term immediacy of action and repositioning a longer-term outlook, this does not mean that both activities cannot be carried out and developed at the same time. Retrenchment activity appears to have included a more operational turnaround focus, whereas repositioning a strategic focus (Hofer, 1980), in this sense, although it is not always evident that it was a planned approach, local authorities appear to have in some cases adopted a twin track approach to turnaround (Paton and Mordaunt, 2004). Council A is closest to this approach in that it addressed operational service based weaknesses (partly because they had become strategically significant) while at the same time starting to develop its strategic processes of visioning and corporate planning. Council B on the other hand made significant improvements at the service level, and even had an early change in culture under the guidance of the new permanent CEO. However, despite this it had still not implemented some of the longer-term strategic processes, which the interviewee recognised, probably held the organisation back.

Finally, there appears to be a more ethereal element within the findings. If sustained improvement is to be maintained, then turnaround is not just about coming up with a set of artefacts such as strategic plans, consultation exercises, or performance management systems. To do so may have given the ability to pull the wool over the Audit Commission's and lead official's eyes in the first instance by creating an impression that change was occurring when in fact it wasn't. However, the organisations studied, especially the STCCs, not only achieved sustained levels of performance improvement, but also did this within an assessment regime that in itself went through a process of refinement (The Harder Test). Something deeper appears to have been happening that changed the outlook of the organisations at all levels and for both officers and members. This is not something that was evident from the corporate assessments, nor from the GLO interviews (their role was over once performance was heading in the right direction not when it was sustained (ODPM 2003)). It was something that

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came from the interviews with the council officials. In part, it was the

enthusiasm that they all still showed for their involvement in the improvement

period, as well as their accounts of improved staff satisfaction surveys and

positive staff reactions to being involved, informed and engaged in the

improvement. There appeared to have been a sense of conviction that had

developed within the organisations, and Council A and B in particular, to not want

to be seen as a poor organisation and this contributed to driving the

improvement.

SECTION 3

3.1 ANALYSIS OF THE CASE STUDY COUNCILS

This section reviews the experiences of the three case study councils, using the ten themes identified in the previous section as an analysis framework. The ten themes, or approaches to turnaround, are considered in the same order, with the extent of each council's experience considered as appropriate. Inevitably, some themes are longer than others and the extent to which the interviews allowed a discussion of each theme varies. Finally there is an additional sub-section based on the leadership and sustainability experiences of the councils. This to some extent cuts across the thematic analysis, although is separate to it, and allows for the consideration of both the second and third research questions of the thesis that relate to leadership and sustainability.

Due to the managerialist nature of the study and the use of the ten themes as the analysis framework, the focus of this analysis is on the internal rather than external factors that impacted on turnaround. The findings focus on changes that took place within the councils, rather than considering specific external environment factors that may also have had an impact, for example changes in government policy, or the needs of specific stakeholder groups. Where external issues are considered, they are dealt with in terms of a councils' own processes for capturing, interpreting and using information about the external environment.

The three case study councils were selected from the turnaround councils identified in Document Four, with two STCC and one district council matching the balance of types of council represented within the 23 turnaround councils. The analysis of the case study councils follows the ten themes identified in the Findings and Analysis section that are summarised on page 44. This thematic analysis is used to consider the findings in relation to the first research question

given on page 3 of the thesis. A consideration of the findings relating to leadership and sustainability is given at the end of the section in response to the second and third research questions (also on page 3).

A summary of the case study councils is given below and pen pictures of the interviewees within the councils were given within the Methodology and Methods section. Also within the Methodology and Methods section, Figure 28 and Figure 29 show the relationship of the case study interviews to the other sources of data collected in terms of both triangulation and research design.

Council A

Council A is a rural district council, operating under a Leader and Cabinet model system of governance. The council has had a history of strong Labour political control, and was under Labour control throughout the CPA period. Council A undertook a self-assessment exercise prior to the first CPA inspection, to assess itself against the CPA criteria. The council scored itself as fair whereas the result of the first actual CPA inspection was weak. The Council went into intervention and subsequently had two interim CEOs before a permanent external CEO was appointed. This CEO stayed only a short time, leaving to join a larger council, following which a permanent CEO was appointed from within the organisation. The internally appointed CEO was still in post at the time of the interviews for this study.

The corporate assessment report for 2005 mentions that investigations were taking place into both the Leader of the Council and the CEO in place at the time of the first CPA inspection, both of whom subsequently left the council. It was recognised within the report that these investigations had hampered somewhat the performance of the council during this time. The investigations into the senior

officials resulted in a change to both the CEO and the elected Leader of the council.

The initial CPA inspection of weak was based largely on the lack of long-term vision and cohesive strategic management within the council. Despite some services such as planning and leisure offering good services, other services such as housing and benefits were either not improving or were getting worse.

In addition to the problems created by the investigations into to the leadership of the council, the elected members were regarded as too hands on at an operational level and there was a lack of prioritisation taking place at the strategic level. As such, everything was regarded as important and there was a mismatch between the stated aims of the council and what was actually happening on the ground.

From this weak position the council was able to improve against the CPA framework and received an excellent rating in 2008, the first council to do so. It is for this reason that the council was selected for the study.

Council B

Council B is a metropolitan council, providing the full range of local authority services under the Leader and Cabinet model. Like a number of councils, it had been involved in an IDeA a peer review exercise prior to the initial CPA inspection in 2002. The results of this exercise were not favourable and resulted in the removal of the incumbent CEO one year prior to the CPA inspection and the subsequent appointment of a long serving, permanent CEO. This CEO was still in place at the time of the interviews for this thesis. At the start of CPA, the council was Labour controlled, although with a small majority. This political structure changed during the CPA period, with a reduced Labour majority in 2004 and then

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a swing to minority Conservative control by 2008. The CEO's continued tenure after a change of political control during the CPA period offered some continuity.

Despite the pre-emptive change of CEO and the introduction of a number of new initiatives aimed at improving both the services of the council and the corporate management processes, Council B was judged to be weak under the first round of CPA. In its first assessment, reasonable performance scores in some service areas were offset by weak scores in others. Typical of many councils at the time therefore, performance was inconsistent across the main areas of service delivery used by the CPA assessment framework. This was mirrored within the corporate assessment judgement, which was scored at 2 in the first assessment (1 being low and 4 being high). Here, low scores in achievement (which received a double weighting), prioritisation, capacity and performance management offset better scores in ambition, focus, learning and investment. At the time of the first inspection, the Audit Commission recognised that the council was ambitious and had accepted the need to change, primarily illustrated by the change in CEO and the new initiatives this brought. However, the judgement at the time was that it was too early to be sure whether such changes had had an impact on the performance of the council and whether this would be maintained.

Subsequent CPA assessments showed a year on year improvement in the main service scores under the first CPA methodology, something that was generally carried over into the "Harder Test" methodology from 2005 onwards. The improvement in service scores resulted in an overall progression from weak to fair to good under the original CPA methodology. The first score under the Harder Test methodology in 2005 was only 2 star, with higher service scores being offset by poorer scores for use of resources and the corporate assessment. Despite some minor fluctuations in some of the service scores, a gradual improvement in the use of resources and corporate assessment scores enabled Council B to improve its overall rating in 2008.

Council C

Council C is similar to Council B in that it is also a metropolitan council and operated under the Leader and Cabinet model. It was also initially Labour controlled, but subsequently went through a period of "No Overall Control" before becoming Conservative controlled in 2004 following boundary changes. The potential effect on political control of these boundary changes was known by the political parties, which potentially led to a lack of focus in political leadership.

The first CPA inspection for Council C in 2002 was weak, mainly as a result of also due to poorer service scores and a poor corporate assessment score offsetting some better service scores. During the CPA period, the council had a temporary internal acting up CEO and two permanent external CEO appointments. It did not go into corporate intervention, but there was a formal intervention into one of the services.

Interestingly, neither of the new CEOs was appointed as a direct result of the initial weak CPA inspection. The first acting up appointment was made some time after the initial inspection in 2004, with the original CEO being left in post to try and turn things around, although this was unsuccessful. The acting up CEO appointment was made after the removal of the incumbent CEO following the change in political control and a permanent CEO was appointed further into the CPA period in 2005.

In a similar vein to Council B, the initial CPA and corporate assessment for Council C in 2002 refer to it being ambitious and in the process of implementing a change programme aimed at improving internal business processes as well as community engagement and partnership working. It was reported that there had been some improvements to some of the services provided, but that there had

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also been deterioration in others. This again reflects the somewhat variable performance of councils across the range of services delivered at this time. However, unlike Council B, there was not the improvement in service scores during the early CPA years. Council C is regarded as a late improver, with the many of the service scores remaining static for and some even falling back in the early years of CPA. Similarly, the corporate assessment stayed at 2 out of 4 during this early period. Despite this, improvements in some service scores did enable the council to improve its overall CPA score in 2004.

It is after the introduction of the "Harder Test" in 2005 that Council C started to show improvement across the board with service scores showing either improved performance, or maintaining a high level of performance. These beginnings of improvement to the assessment scores coincided with the change in political control and the appointment of the permanent CEO.

3.2 UNDERSTANDING ROLES

Leadership

For a variety of reasons, the case study councils were being poorly led at the time of their first CPA inspection. Each council suffered significant weaknesses in both the incumbent Leader of the Council and the CEO, as well as the relationship between these two roles.   Throughout the turnaround phase, all three councils witnessed an improvement in both the political leadership of the Leader and members, as well as the professional leadership of the CEO. It was found that though the improvements in political leadership were significant and clearly favourable to the improvement in the overall CPA ranking, they represented the bringing up to standard, in part due to LGA support, of the political leadership to what should already have been in place within the council. It was not therefore just improvements in political leadership that brought about the transformation of council performance. Instead, this aspect was clearly attributed in the interviews (and to a lesser extent the corporate assessments) to the leadership of the new CEOs, who, in all three councils, were regarded as personally instrumental in driving through the structural, cultural and performance based improvements that resulted in turnaround. Improved political leadership therefore, though no less important, ran parallel and complimentary to the improved professional leadership of the councils under the new CEOs and senior managers.

It is worth noting here, that in all three councils, the improvement in CPA ranking preceded the appointment of both a new Leader of the Council and a new CEO, and this aspect is considered in more depth under the next theme. What is considered further here is the greater understanding of leadership roles that occurred, and the changes to leadership approach that this brought with it.

The poor leadership at the start of CPA spilled over into both political and professional managerial leadership failings (Behn 2001, in Pollitt 2003), which were present to some extent in all three organisations. From the council interviews, there is an overriding sense that at the start of CPA leadership was inappropriately and disproportionately focussed in the CEO, albeit in one case through a close relationship with the elected leader. The elected members were disengaged from the strategic leadership process, leaving this to the officers, resulting in a lack of appropriate political leadership and therefore corporate governance (Pollitt 2003, Grace 2006). The fire fighting and disjointed nature of the CEO leadership in at least two of the organisations also exposed weaknesses in the leadership capability and capacity of the CEO and the senior management teams. Once these officer failings had been identified and accepted by the members however, this led directly to the removal of all three incumbent CEOs.

In all three councils, the lack of understanding and effective acting out of the political and managerial leadership roles at the start of CPA, was identified as the overriding reason behind the poor organisational performance at the start of CPA and the major contributing factor to the failings identified in the other themes in this thesis. Following on from this, it is the improvement in leadership capacity and capability, and the roles that leaders played, especially the CEOs, in transforming their organisations, which is most significant to the turnaround of the councils concerned.

The initial inadequacy of political leadership referred to in the findings of the analysis in Section 2 was evident in all three of the council interviews. In Council A, the organisation was described as dysfunctional and "officer led" as opposed to being member led. This was despite the presence of what was considered a strong political leader of long standing and had resulted from the remaining elected members being disengaged from the strategic leadership of the council. Relational problems also existed, with strong allegiances having been formed

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within the senior management team; some of the senior managers supporting the political leader, and others the CEO. The "relationship problems" as they were described, between the political and managerial leadership were so bad that one of the senior management team members left prior to the first CPA inspection, knowing that the CPA was likely to be weak, and not wanting to be associated with it. "He was only xx (age withheld) and he wasn't taking his pension or anything. He'd had enough".

For both Council B and Council C, the elected members deferred to the CEO for decision-making purposes. In Council B, when a problem arose the "fire fighting" CEO, given the pseudonym of "Red Adair", was told to get on with things and sort them out. This suited the members who preferred a "hands off" style of decision making. The problems experienced by Council B were considered by the interviewee to come from there being too cosy a relationship between the officers and members generally, and also there being a very close and longstanding relationship between the leader and the CEO. This resulted in the organisation being jointly led, but not in a positive way, with the relationship being described as a "cabal, to keep the organisation where it was". In Council C, the CEO called the shots, with the members being "not particularly strong because they knew they only had a limited time in power", due to forthcoming boundary changes.

Throughout the interviews, leadership was consistently referred to as dysfunctional at the time of the first CPA inspection, and the problems the councils' faced were identified by the interviewees as being internally created.

"It wasn't government funding or anything of that nature...(or)...issues that were coming from the public. It wasn't that. Internally we needed to improve. We'd got poor corporate management. We'd got a lack of strategic direction". (Council A Interview)

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Awareness of respective roles, and the enactment of these roles, improved in each council during the turnaround phase. Some of the emphasis for the improvement was associated with elected members and resulted from improved political leadership, a better working relationship with the CEO, greater ownership of and involvement in the strategic direction of the council and also the effective challenging of the CEO, while at the same time taking on board the professional advice they offered. This in turn led to improvements in CEO performance. Initially through the appointment of new and appropriately experienced CEOs, followed by allowing the CEO to commence and undertake the changes required within the council to bring about improvement.

In Councils A and B, the first part of this process was the recognition that there was a problem, prompted by the first CPA inspection and a pre-CPA peer assessment respectively. In both cases an internal review of the underlying causes prompted the removal of the incumbent CEO. This demonstrates much greater political leadership than had previously been the case. Following on from this the political leadership in both councils worked with the new CEOs, as well as external actors (including GLOs, the LGA, the IDeA and other councils), to develop their political leadership capacity. In Council A this was backed up by the introduction of member training and the achievement of a members charter which are discussed further under the next theme. In Council C, the improvement in political leadership came about later in the CPA timetable, following the change in political control in 2004 due to boundary changes. Up to this point in time, political leadership had been weak, as the incumbent councillors knew there would be a change in political control once the boundary changes had occurred. Following this, the new cabinet took a much tighter grip on the council, removing the incumbent CEO and appointing a new one in 2005. It also had a clear policy agenda that informed the strategic direction of the council.

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Political leadership therefore improved in all three councils, albeit in different ways and at different times, and had a complimentary knock on effect of improving the politics, community leadership and member and officer roles discussed below. However, it was also the case that it was not the political leadership that necessarily took control of the turnaround process. In all three councils this was quite clearly the remit of the CEO, albeit supported and challenged by a more effective set of members as well as the external support networks provided by the engagement process and the IDeA.

With regard to the finding that the CEO plays a key role in ensuring that political leadership is undertaken and enacted within councils, this is to an extent rienforced by the interview with Council A with the following comment showing how a subtle change in the role of the CEO, helped to give the members back their role as policy makers, while at the same time emphasising the importance of the CEO role:

"every organisation, that's going to be a good organisation, and I don't care who it is (sic), has to have leadership from its chief executive, if it's going to achieve. But that doesn't mean that it is an officer led organisation, it means that that chief executive has got the drive and ambition to carry out the policies and the strategies that the members have set" (Council A interview)

The interviewee is referring here to a change in role focus by both the Leader of the Council and the CEO, and was a result of the replacement of both the Leader of the Council and CEO. In Council A, the change in the political leader resulting from an investigation into the incumbent leader at the time of the first CPA inspection was referred to as being significant in that the new leader was much more open to the need for both political leadership to occur within the council and that the relationship with the CEO, albeit interim CEOs initially, needed to change.

Changes to the CEO leadership approach were linked in the interviews to the new incoming CEOs, and as such some aspects of this are considered in the New Officers theme under the next theme. They are also discussed more fully within the final section of the case study analysis.

Key changes in CEO approach focussed around a number of common elements. These included improved working relationships with the Leader of the Council, leading from the front in a visible way, being transformational, devolving accountability and responsibility to mangers within the council while still supporting them, implementing performance management systems, improved internal communication with staff (two way), restructuring and taking control of the management team, usually through down sizing, being prepared to "ease people out", as well as engaging with managers and staff to develop a culture of improvement and confidence.

It was the CEOs, that were given most credit within the interviews for making the turnarounds happen, and this was irrespective of whether there had been one or more CEOs or whether they were temporary or permanent. Despite the commonalities expressed above, there were some differences in approach identified varying from being hands off but supportive, to limited examples where tighter control was exercised over the management team at certain times, although not all the time. This aspect was not really developed in the interviews, but it may be an example of the CEO keeping tight control of certain aspects of the turnaround, for example in terms of making sure key changes happened, while at the same time gradually releasing control to the managers. This allowed the managers themselves to become assimilated into the changed working environment and improve their individual and collective performance, as well as the services for which they were responsible.

Politics

The issue of political fiefdoms stemming from long term political control was identified in both GLO interviews as a potential cause of stagnation for councils. Such stagnation could be the cause of insularity, arrogance and denial from the leadership as well as policy based on ideology rather than evidence based appropriate to the local and national environment. This aspect was strongly evident in Council A, which, apart from a brief period in the 1970s, had been Labour controlled since its creation in 1973, and is still Labour controlled today. At the time of the first CPA inspection, Council A was described as being traditionally "iron fist old Labour", and the strength of political control meant that there was little need for the controlling party to engage in evidence based policy making. Indeed the political focus at this time was described as being ideologically focussed on defending jobs and services. In the past, this approach had led to direct confrontation with the national government and, even under the years of the New Labour government, there was still a degree of antipathy, which was attributed as one of the reasons why the council could not change. The strength of political control effectively allowed the political leadership to abdicate responsibility for policy making to the officers of the council, albeit within the confines of an "iron fist". The issue of politics here then was not one of cross party political fighting and blocking, but rather of a lack of engagement with, and understanding of, local and national issues, derived from a lack of need to engage politically and resulting in the council being out of touch with the demands that were being placed on it.

The trigger of the CPA assessment had the impact of capturing the members' interest, and they now wanted to know where the problems lay and commissioned an internal report into what had gone wrong. The change inleadership created the opportunity for the deputy leader to step into the role of Leader, adopting a significantly different approach. This change saw the Leader

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and the Cabinet take a much more active role in the leadership of the council, developing policy using evidence provided by the officers in a much more locally focussed way, and changing the emphasis from "protecting jobs and services", to "making a difference" and putting local citizens needs at the heart of decision making. Decisions are still made from the political perspective of the majority party, but informed by national and local requirements. The importance of this change in political leadership approach was summed up in the interview:

"If you've got somebody [the new Leader of the Council] who's prepared to sit down and be reasonable and listen and hasn't got that political dogma, you can take the organisation forward." (Council A interview)

The Leader of the Council has received an MBE for services to local government.

For councils B and C, there had not been the same length of political tenure in the lead up to CPA so this sub-theme is not relevant.

Community Leadership

Improvements in community leadership were most evident in Councils A and B. For these councils, there was simply no desire from the top leadership on both the member and officer side to engage with wider community roles at the start of the CPA process. This stemmed partly from a general lack of willingness to look outside the confines of the organisational boundary, and partly from the dysfunctional leadership coming from the respective CEOs and Leaders of the Councils. During the period following the first CPA inspection however, both councils became a lot more active in regional and external activities and by the end were actively fostering and managing relationships with other public service agencies such as Police, Fire and the Primary Care Trusts (PCTs). For Council B, a significant aspect of this was the development of local area agreements (LAAs)

and local strategic partnerships (LSPs), which it "threw itself into" at an early stage. This was subsequently extended into joint service developments and public private partnerships, which would have been an anathema to the leadership at the start of CPA. It also developed a scrutiny process that included an External Scrutiny Panel, specifically tasked with monitoring the performance of partner organisations and the council's relationship with them. Senior members and officers were also actively engaged in participating in or chairing regional and national boards and committees relevant to the work of the council.

For council A it was about working with other agencies such as the County Council, Police and the PCT to tackle some of the more deprived areas of the district on issues such as crime, employment and health.

"The real issues are around how do you raise aspirations of failing communities, how do you change the culture, how do you increase life expectancy of people living there, ……….and for me that's the really exiting challenge. How do you convince people that they don't have to accept what they've got and what role can you play in it. Because you can't do it on your own. The PCT can't do it on their own. Police can't do it on their own. But everybody has a role to play and the challenge is how do you bring everybody together to actually improve that. " (Council A Interview)

It was evident from the interviews of Council A and B that the change in political and professional leadership approaches had led to a greater acceptance of and involvement in the community leadership role of the councils.

Member and Officer Roles

Improvements in the understanding and enacting of member and officer roles were mentioned in only two of the interviews. Firstly, there was improved

recognition of the need for members taking responsibility for making decisions on policy using advice provided by officers.   In Council A this was summed up in that there was "a lack of strategic direction from members" at the time of the initial inspection but by the end, "members now make decisions after being advised by officers". This process took time to get fully up to speed, and was helped by the training and development initiatives discussed elsewhere.

Secondly, officers became much more accepting of their role of implementing policy decisions, and to be accountable for this implementation. For Council A in particular there was significant emphasis placed on the improvement in member officer relationships.

"The Leader talks about "Team [name of council]", which is the relationship between members and its corporate management team, which have never been better. In fact, we've just been awarded the member development charter …. which you have to go through an inspection to see how your actually supporting your members to have the corporate and strategic capacity to deliver. So again it's a change, a complete turnaround from where we were about members being disengaged, and an officer led organisation." (Council A Interview)

For Council B, relations between officers and members were described as historically always having been generally good. However, the leadership approach at the time of CPA had inhibited the ability of both parties to exercise their respective roles.   The change in leadership approach post CPA overcame this.

There was also supporting evidence from the interviews on the complementary role that the introduction scrutiny arrangements had on improving the understanding of member and officer roles.

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Member and Officer training was also identified in the interviews as being a key contributor to improved understanding of roles, for example.

"A big one of those was around member development. Members' attitudes changed dramatically because they hated being perceived as a weak authority and they wanted to change so we were pushing at an open door there. So members were sent on training courses, some of them went on the leadership course, 6 of them managed to get their diplomas in leadership, which was brilliant from that point of view and gradually you could see the organisation beginning to turn round." (Council A Interview)

Examples of training courses given in the interviews included leadership training for officers and members and financial management and audit committee training for members. There was also the use of peer mentoring of elected members, which was used to develop elected members' understanding of their roles from other organisations.

3.3 NEW PEOPLE AND STRUCTURES

New Members

Two of the case study councils had a change in Leader of the Council at the start of the CPA process but for very different reasons. In one case the Leader was removed due to legal issues, which cannot be discussed in this thesis. The then Deputy Leader stepped up to the role of Leader, and sustained this position throughout the turnaround period. In the second council, the Leader was replaced just prior to CPA as the result of a "four year rule" which required the incumbent Leader to stand down after four years in office. The new incoming Leader held office for most of the turnaround period. Both new Leaders of the Council were seen as instrumental within the organisation for leading and enabling the change process that brought about improvement, and in particular this was attributed to a more inclusive approach to leadership, with a lack of political dogma. In the third council, change in council leadership came much later in the turnaround period as a result of political change through the ballot box. Council C's turnaround trajectory was more delayed than the other two councils and to some extent this delay could be attributed to the later change in political leadership, which was described as bringing about "a completely different picture". These represent situational factors (Francis and Desai, 2005; Landrum et al, 2000; Wren, 2001) and in the case of Council C, the delayed turnaround was partly due to a difference in the cognition of the problem of the two political leaderships (Francis and Desai, 2005; Turner and Whiteman 2005). In fact, this lack of cognition that there was a problem was displayed by the leadership of all three councils prior to the CPA period. Councils A and B overcame this quite quickly, but Council C carried on performing poorly even after the announcement.

New Officers

All three of the council interviews identified that there had been at least one change in CEO related to the CPA. In two cases there had been more than one change, while in the third there had only been one.

Council A went into intervention and as such an interim CEO was appointed. However, the extract from the interview below illustrates that the removal of the incumbent CEO was prompted by the members themselves, although their pursuit of this followed a "holding up a mirror" exercise referred to by GLO1. It also shows that support and advice was given from both the GLO and the Audit Commission.

"The members after the weak score came to me….. telling me that they were unhappy with the performance of the Chief Executive. Would I put a process in to deal with the situation for them." (Council A Interview)………

………"Well, quite simply what they [*the members*] thought – "we have been judged a weak authority, what role has the CEO played in it? Have we got confidence in [*the CEO*] to turn it around?" And they said no, they blatantly said no. I was a new director just come onto the corporate management team so they approached me, in a letter, and said "these are the issues that we've got, what process have we got to deal with it?" So I had to take external legal advice. I spoke to [*the GLO*], I spoke to him when I was home at the weekend. ".. help me. I've got problems on such and such". And he was really good. But also the district auditor, I spoke to him quite a lot and we appointed a set of solicitors …. who actually advised us right through the process" (Council A interview)

Two of the local authority interviews, referred to the requirement for the CEO to be transformational in approach (and it was implied in the third council interview). In relation to Council C's delayed turnaround , the CEO at the time of the initial poor CPA announcement was not replaced until the change of political administration some years later. During the intervening period, very little change and improvement took place within the council. It was not until the incumbent CEO was "asked to leave" by the new administration, that change began to take place.

One of the local authority interviews (Council A) revealed that that council had two interim CEOs followed by one short-term external permanent appointment, before recruiting another permanent CEO internally. In this case, the interim CEOs were regarded as transformational in their approach, and instrumental in laying the foundations for improvement which subsequently followed. The same was true of the relatively short-term, permanent appointment. The final permanent appointment carried on this transformational approach, something that they referred to themselves, but was also confirmed in the interview with GLO1, who had knowledge of this case.

Conversely, another of the local authorities interviewed (Council B) only had one replacement CEO during the turnaround phase. This council replaced the incumbent CEO with a permanent external appointment prior to the first CPA inspection as a result of a poor peer assessment by the IDeA (this is referred to as a pre-emptive strike in Document Three). This council did not go into the full intervention process. It was clear from the interview that the new CEO was regarded as pivotal to the improvement of the council and "breathed a sense of purpose into the organisation" (Council B interview) through the introduction of strategic approaches to managing the organisation, such as improved delegation and decision making within the senior officer team, restructuring the council and introducing corporate planning processes. The CEO was also credited with culture

change at the top of the organisation, focussing more on a can-do culture rather than a "woe is me" attitude, a point returned to in the Visioning sub-theme under Strategic Processes.

What is interesting from the council interviews is that no common theme emerges regarding the replacement of the incumbent CEO. In the cases of the three interviewed organisations, experiences differ between internal, voluntary changes and those externally imposed. For Council A, the CEO was effectively replaced as part of the statutory intervention process. For Council B, the CEO was replaced some 12 months prior to the first CPA inspection (following an IDeA peer review – a "mock" CPA). For Council C, the new CEO was appointed some years after the initial poor CPA score following an eventual change in political leadership through the ballot box. The incumbent CEO of Council C was ineffective in bringing about change, possibly due to being uncertain as to their role in a turnaround situation (Parry 1999). Council C had two new CEO appointments during the turnaround phase.

Despite the differences in replacing incumbent CEOs, some commonality was experienced with regards to the approach adopted by the newly appointed CEOs. Through cross-referencing the three interview responses, there do appear to have been similar phases of approach adopted by CEOs with strong links to managerialism. Initially, there tended to be a focus on changing the management approach within the organisation. This simultaneously attempted to streamline the senior management team, making it smaller, and also introduced more devolved accountability structures to senior managers. There was also an emphasis on performance management linked to customer service in all three of the councils interviewed. Rather than having to report back on every aspect of their work, the reduced management team were given a remit and told to get on with it, reporting back on progress, rather than for approval of decisions. In one example from the interviews, there was also an emphasis on getting core

systems up to speed, such as the budgeting and planning processes and performance management systems. In this way planning and performance information was supporting the devolved accountability framework. Here again CEOs are managing on different fronts (Joyce, 2004). Furthermore, CEOs tended to be more open and inclusive in their approach to staff within the organisation, getting out and talking to staff and maintaining visibility and enthusiasm (Khandwalla 1983, Harker and Sharma, 2000; Fielder, 1967). A consistent approach was to promote the enhancement of adaptability within the organisation through adopting designer, teacher and steward roles (Parry, 1999; Senge, 1990b).

The CEO taking control of the senior management team was also a key finding. This was not necessarily in the sense of exercising excessive control, as has been said above there was usually a devolved management approach introduced. Rather it was about changing the power configurations (Mintzberg, 1984) within the organisation. There was the need to ensure that they got "like minded people together" (Council B interview) who wanted to take the organisation forward. Such approaches could foster collective intuition and constructive conflict (Eisenhardt, 1999). In Council A, this seemed to occur quite easily with no significant changes to personnel on the management team. In Council B, reference was made to the CEO "easing people out" who were not going to contribute to the future of the organisation. Council C appears to have faced the most challenges when it came to changing the approach to the way the organisation was managed. Although similar approaches were introduced in all three councils, the management team in Council C managed to block the changes under the tenure of the first new CEO and it required the appointment of a second CEO for them to be implemented effectively. Much of this was put down to the respective styles of the two CEOs as outlined in the two interview extracts below:

"[the first CEO] brought a leadership style that wasn't appreciated by all people because it was very much the emotional intelligence type of leadership, quite feminine in approach to leadership, but people took advantage of that…..the organisation was very macho and didn't really like the emotional intelligence style of leadership and the management structure couldn't be changed". (Council C interview)………….

……………"[the second CEO] has very much brought back a much more hierarchical sort of leadership style at the moment, and I can understand why because they needed to put their foot down and say "right, I am the Chief Executive, I'm not going to be woolly about this, we are not going to have an emotional intelligent discussion about it"". (Council C interview)

With regards to the second CEO, the interviewee was aware that they were using a different style than the one used in their previous organisation and had appeared to pick a style that was appropriate to the situation. In this case a more authoritarian style was adopted by the CEO that included replacing all members of the senior management team, which had previously been a blockage under the previous new CEO. The essence of changes brought in by the previous CEO were retained, but the manner of getting them adopted was much more authoritarian "when something is decided at management team, managers are expected to get on and do it, not spend three months arguing about it" (Council C interview).

Other changes to the officer side of the organisation included new management appointments, the creation of new roles and the restructuring of management teams. Restructuring of senior management teams was usually accompanied by a reduction in their size (see also Beeri, 2009). This was not necessarily through people exiting the organisation, but rather that they were no longer included in the management team. Examples of management teams of up to 40 people were

given in two of councils interviewed. Typically, structural models from the interviews tended to focus on a small number of executive directors accountable for organisational priorities with responsibility for one or more departments within the council. In all of the council interviews, this was regarded as breaking down the previous silo mentality of the council. Departmental management then filtered down from the executive directors to assistant directors and departmental management teams, creating a hierarchical structure combining team based leadership with a strong leader (either the CEO or the CEO/Leader of the Council combination) (Landrum et al 2000, Moore 1995).

For the council's interviewed, a wholesale change in management team only occurred in Council C, and this was only after the appointment of the second permanent CEO during the turnaround phase, as referred to above. Never the less, new ideas and approaches were seen to have permeated the councils by other means such as peer observation, informal bench marking, mentoring and guidance from the audit commission and GLOs.

New Cultures

This was reflected very strongly in the local authority interviews with similar terminology being used across them. The interviews revealed that targeting the organisational culture was seen as a significant aspect of the change and improvement programme whether this was focused on a "customer oriented culture" in Council A, a "performance culture" in Council C, or the introduction of a "culture of change" in Council B. In Council B, one of the main factors of the change process was that it was a "planned culture change driven by the CEO" and reinforced by communicating positive results and publicising success, both internally and externally. For Council A, the refocusing on customer needs at all levels within the organisation was seen as a significant aspect of the turnaround and was supported by training and periodic council wide meetings to reinforce the

message. Successes, such as awards from external bodies and publications, were

also widely publicised as part of this reinforcement by both Council A and B.

3.4 STRATEGIC MANAGEMENT PROCESSES AND SYSTEMS

<u>Visioning</u>

The role of visioning was particularly significant for Council A, which adopted a vision for the council early on in the turnaround period. The vision for Council A was described as "Making a Difference" and was used to help shift the culture of the organisation from one that was about "defending jobs and services" to one that "put customers at the heart of service delivery". In the words of the interviewee:

"This meant changing everything we did and how we did it. We went from an organisation to keep people employed and have control to….how do you serve your public?…to give bloody good customer care and quality services" (Council A Interview)

The vision was used by Council A to send a clear message to staff and managers that things were going to be done differently from now on and that the outlook of the council had changed. It also was used ultimately to develop the corporate plan of the council and subsequently the structure and focus of the members' portfolios and strategic directors according to external and internal facing priorities.

The use of visioning was not always something that happened early on in the CPA process. Council C in particular did not appear to have a unified driving vision in place until much later in the CPA regime (possibly in part due to this organisation being a late starter) and it was only at the time of the interview that this had been linked to strategic planning processes. The comment at the time of the interview was that there "now" felt like there was a vision and the organisation was being led, although this was clarified as being very CEO focussed,

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emphasising the professional role that the CEO can play in bringing strategic processes into an organisation.

For Council B, despite making improvements in service delivery, which greatly helped improve the CPA score, there was no clear sense of vision linked to the development of strategic planning processes for much of the turnaround period. This came later on for Council B where there was some resistance to the emphasis put on strategic planning processes by the Audit Commission. However, at the time of the interview), there was a recognition that the Audit Commission "were probably right" and once the vision was in place, this helped to pull together the other strategic processes.

Linked with, and possibly a precursor to, the development of an external vision, was the development of what has been termed earlier as an "internal vision". It came across very strongly from the council interviews that prior to improvement taking place, there was a change in the feel of the organisation. This was represented as both a desire to do better, in response to the poor CPA assessment, and a belief within the organisation that improvement could be achieved. The comment made in the Council B interview about the CEO breathing a new sense of purpose into the organisation is direct evidence for this, but the emphasis placed on the CEO's ability to enthuse the staff within the organisation by the other two council interviews also supports it. It is reasonable to assume that the leaders of the organisations would have played a key role in changing the mindset of both the staff and members within the organisation. In some cases this was supported by the poor CPA score representing a galvanising event that could be used by the leadership to rally the troops. Once the internal vision was adopted and became embedded, the external vision could be developed with greater relevance out of an acceptance of the need to look outside the organisation and gather intelligence.

Formal Plans

Consistent messages came from the council interviews with regards to formal planning. All three councils made specific reference to there being no formal corporate or strategic planning in place at the start of the CPA period. For example, for Council B, the organisation was "not based around planning…not based around strategy" but rather around "single issues and prejudice". Council A "didn't do any proper corporate planning" and Council C was described as "chaotic".

The interviewees add further weight to the importance to improvement of the development of strategic planning processes throughout the turnaround period. All three asserted that formal planning processes had been introduced during the period and that these were, over time, linked to external community plans as well as departmental and group plans within the organisations. Council A perhaps best illustrates the development of strategic planning as being somewhat iterative, going through a number of cumbersome versions of the process over a number of years before settling on a more streamlined version. This experience was shared by all three councils. The development of the planning approach was described as an "evolution" and at the time of the interview, Council A were just about to launch the latest version of the plan, which now captured all the key strategic elements on two sides of A4. The strategic plan is for five years, "outward facing" and is underpinned by three priorities, which in turn are supported by outcome-focussed objectives. The plan has been informed by a number of external facing mechanisms including Citizens panels, focus groups and a "place survey". It is also linked to, and informed by, both the medium term financial plan and the risk register of the council.

Council B on the other hand had only more latterly embraced the strategic planning approach. Indeed, initially strategic planning as a process was seen as

something of an unnecessary distraction. The interviewee for Council B referred this as a "member issue":

"They *(the members)* were not interested in strategies but just wanted us to do the job….start performing"

As such, Council B "played at strategy" in the early years, but started to "do it better" from about 2006 onwards, although even then the language and terminology was described as being wrong. During this time there was some conflict between the Audit Commission and the council (the CEO in particular). Despite recognised improvements in service delivery, and receiving the Local Government Chronicle most improved council award, the corporate assessment score was held back due to there being inappropriate strategic plans in place. The absence of a prescriptive strategy is a theme developed by Mintzberg and Walters (1985) and others (Alford, 2001; Flynn and Talbot, 1996; Worrell et al, 1998)

"it was the longer term stuff. Being clear about the direction [*of the council*]….the language of strategy" (Council B interview)………

………"we focused on the performance issues, so there were task and finish teams set up.. "get in there, get bloody housing repairs sorted out",… "get in there, make sure the planning processes are sorted"…it was about doing all that sort of stuff… and I suppose we weren't particularly good at strategy…and that kept coming back to clobber us. They'd [*Audit Commission*] say "Yeah we know you're doing really well, but you haven't got a strategy. If you haven't got a strategy, it must be a fluke you're doing really well." And we thought well we know what we're doing, we know where we're going, we just haven't written it down" (Council B interview).

In some respects, Council B seemed to have achieved much without having the normative formal planning processes in place, certainly at the start of the turnaround phase. However, by the end of CPA Council B had adopted a more cohesive approach to planning with the familiar linkages both externally and internal to the organisation.

For all three councils, this iterative and evolutionary experience to developing strategic plans represented a learning curve. First in terms of recognising the need to develop strategic plans across the organisation, then by developing the processes for doing this while at the same time learning from mistakes and embedding the culture of strategic planning throughout the council. The strategic plans now provide a focal point for both the co-ordination of activities and the development and monitoring of policy and it is the learning that has been taken from this that has allowed the councils to become what was described as more flexible and dynamic in response to the challenges placed upon them.

Branding

From the interviews, two of the councils branded their strategic plans, for example "the State of the District" and "Shaping the Future". At this stage this is simply an observation from the interviews, but it could be usefully explored in further research into the development and implementation of strategic plans within local government.

Scrutiny and Governance

All three of the councils interviewed placed an emphasis on there being improved scrutiny arrangements, although this was more strongly put across in Councils A and B. For example, Council B had developed three discreet scrutiny arrangements; an overview scrutiny function that reviewed policy development,

an internal scrutiny function that focussed on performance management and financial management and an external scrutiny function that scrutinized external partnering arrangements with PCTs, the Police and the Local Strategic Partnership (LSP). This is interesting as it not only represents internal scrutiny as per Figure 36, but also seeks to apply scrutiny outside the boundaries of the council.

All three councils introduced or strengthened governance and decision-making processes. This included the introduction of portfolio and scrutiny arrangements on the member side of the organisation and more inclusive support for this from the officer side. Improvements in governance arrangements also included the introduction of an Audit Committee in Council A. Support for decision-making included not only the strategic planning and performance monitoring arrangements discussed elsewhere, but also the introduction of business case reporting for investment decisions and resource reprioritisations.

3.5 PRIORITISATION AND RE-PRIORITISATION

Deciding on Priorities

A common experience within all three councils were difficulties in deciding on the priorities that needed to be addressed.   At the time of the first inspections, priorities were unfocussed and uninformed. There was also difficulty in determining what was important. In a similar way to the difficulty in determining what no longer needed to be done the interview with Council B summed this up well when discussing the situation prior to the first CPA inspection:

"the members will tell you what their priorities are until the cows come home, but ask the Leader to set out what the main priorities are and he turns his mobile off for a month" (Council B interview)

Determining priorities was referred to as a "challenge to Members", especially in deciding what were not priorities. Council C outlined a sense that priorities were vague and no one knew what they were doing. This in turn allowed for ambiguity in the alignment of priorities.

Improvements in determining priorities were linked to improvements in strategic planning and performance management processes as well as having access to better quality of information. Council A used regular member and senior officer away days to help inform and determine what the priorities of the council needed to be. A consistent message from all three councils was that as time went on, priorities became more and more informed by information on national and local needs, including customer surveys and focus groups. In one case this was also linked to bottom up processes that included staff views as well, and this was implied in the other two interviews. The emphasis on setting priorities became focussed on the members and the emphasis for delivery within the officer group.

In the early stages of turnaround, determining priorities was linked to the feedback from the CPA assessments, but as time went on two of the councils referred to this becoming more of an internally driven process that the members had taken control of.

Over time, there is evidence of the councils becoming better at reprioritising their resources. Undertaking business case reviews of services and back office areas to identify where required outcomes could be achieved with alternative arrangements, which in turn generated savings that could be transferred to other areas. Examples included leisure services, waste collection, street cleaning and the re-engineering of back office services into a shared call centre.

<u>Scope of Priorities</u>

With regard to councils experiencing a learning curve in developing an appropriate range of priorities, this is something borne out by the interviews with local authority officers who also stated that the process of recognising the importance of setting priorities developed over time. At first this resulted in a proliferation of priorities, usually coming from service areas. A more corporate and strategic approach to settling on fewer, more manageable strategic priorities came later in the turnaround phase.

"Members started to develop priorities, but started out with far too many. We had to step it down to what was more manageable…focus on what's important within resources" (Council B interview)

"We had a number of days away where we said "what are going to be our major priorities, what are we going to focus on?" And at one time we had too many we had about 18 priorities and we had reshape them right down, we had to go to the

members and say look if you really want to do this you've got to focus on it because you haven't got the corporate capacity to deal with all of it and they said right OK what can we throw out of these. So we actually shaped it down to something that was much more manageable." (Council A interview)

For Council A, this refining of objectives continued throughout the turnaround and was linked to the rationalisation of strategy documents referred to earlier.

This demonstrates that it was not simply the recognition that prioritisation was important that led to turnaround, but it was learning how to prioritise and improve the effectiveness of prioritisation and re-prioritisation, that led to the embedding of this key process. This is regarded as being fundamental to the sustainability of turnaround, rather than it being just a box ticking exercise for short term, apparent improvement.

Taking Difficult Decisions

Reference was also made to a new ability to take difficult decisions in two of the council interviews, for example:

"We never shied away from hard decisions, we just got on and did it" (Council B interview)

There is evidence from Council C that the use of business cases were increasingly used to inform members about prioritisation and re-prioritisation decisions. This was also linked to improvements in financial control systems, giving the ability to realign financial resources. Initially business cases ran to 40 pages, but in common with the learning displayed in other areas throughout the turnaround phase, increasing confidence in the process has meant these have now been reduced to around 3 pages.

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Links to other Plans

This is to some extent tied in with the financial budgeting literature concerned with for example the relative merits of incremental budgeting verses zero based budgeting (Henley et al, 1993; Jones and Pendlebury, 2000; Coombes and Jenkins, 2002), although no direct evidence was found for this from the council interviews. Council C had moved to an enhanced incremental budgeting approach, rather than adopting zero based budgeting.

By the end of CPA, specific reference is made in the corporate assessments to resources following priorities, or resources being aligned with priorities. In Council A for example, savings resulting from the re-engineering of support services and investment in IT, were able to be ploughed back into front line services, or protect them from budget cuts. For front line services the phrase used was "reshaping". By being more creative with for example the provision of leisure facilities, allowed some facilities to be closed, while still enabling the achievement of health and well-being priorities.

3.6 GATHERING INTELLIGENCE

<u>Internal Intelligence</u>

At the start of CPA there was very little engagement with staff within the councils. In some cases it was simply not on the agenda, whereas in the case of Council C it occurred but in a very selective way. There was an "in crowd" and an "out crowd" when it came to having the ear of the CEO. In Council A, motivation within the organisation was very low, with a staff satisfaction survey just after the CPA announcement giving very poor satisfaction ratings. Indeed, it was said in the interview that staff were embarrassed to work for the organisation, with many sneaking out of the back door so as not to be associated with it. This was the first such survey that had been undertaken, in itself showing a lack of willingness to engage with staff, and the leadership at that time took the decision not to publish the findings.

The introduction of staff satisfaction surveys featured in each of the three council interviews. For Council A, the second staff satisfaction survey results were described as "fantastic", even though the organisation was going through a period of turmoil and change, the staff were aware of and comfortable with the changes due to an ongoing dialogue from members and the SMT.

Council B also introduced staff satisfaction surveys and the quote below illustrates how this helped to improve the internal information gathering within the organisation.

"Yeah, we brought those sorts of things in and they gave us some clear messages about the need for better communication, the need for more emphasis on training…and that's when we started to bring in the IIP stuff. Because the messages coming back from the staff were…"we don't feel loved and valued". It

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took some time to get that through to them, but then that started to get down and suddenly people at the lower level were having team meetings… and were able to pass information… and get it given to them…. and it's like "Wow! What's going off here". I remember going out to meetings with my staff and they said "are we actually allowed to say what we think"… and I said "yeah"… and it's like "wow!"…and you could feel the organisation blossom, it was a really cool time, an exciting time". (Council B interview)

The introduction of internal intelligence gathering, links back to some of the roles of effective leadership mentioned previously and from the council interviews it was seen that new leadership within the Council (either the CEO or Leader of the Council) was instrumental in bringing about this change, which was both cultural and empowering (Joyce, 2004).

External Intelligence

Councils B and C both introduced customer satisfaction surveys during the turnaround phase. For Council B, this was not something that had been undertaken prior to the first CPA inspection. The comment from the interviewee was that "they [*the public*] got what they were given, and were grateful". This reinforces the insularity and lack of self-awareness identified in poorly performing councils by Document Three. However, this outlook changed during the turnaround phase resulting in what was described as one of the council's proudest moments.

"we got one of the best local satisfaction survey results….That to us mattered…. Because at the end of the day, whatever the inspectors think, or we think…it's about the public, and they were saying they really liked a lot of what we were doing" (Council B interview)

This represents not only an improvement in the way that the public viewed their relationship with the council, but also the way the council viewed its relationship with the public.

For Council C, there was evidence that surveys were used to inform decision-making.

"yes we do use them to make decisions and realign budgets…..that happens now. For example, street cleaning wasn't amazing and people were complaining about it, so in the last three budget processes there has been investment put into that" (Council C interview)

External intelligence gathering did not just relate to customer satisfaction surveys. In Council A the now CEO (then a Director) attended a regional IT working group soon after the first CPA inspection. It became clear that the previous attendee had not fed back to the council the activity of the group meaning that the council was lagging behind in its IT development strategy and had also missed out on the opportunity to access external funds to help support IT development.

All three councils developed stronger external intelligence gathering processes during the turnaround phase, whether this be from service users and citizens, or improving links with other public agencies. In Council A, there was an executive director responsible for external affairs, which included information gathering and intelligence to inform policy and priority decisions.

Self-awareness

Document Three discussed the use of self and peer assessments prior to the initial CPA inspections. Council A severely misjudged the outcome of their self-

assessment, scoring themselves too highly and showing a clear lack of self-awareness. For Council C, there was also a lack of self-awareness at the start of CPA. This was apparent from the interviewee's own experience of joining the council.

"I don't really seem to think they were bothered…. I think it was lip service really…because I remember reading the job description and doing the research through all the application pack that you get, and it's like yeah they're weak but, oh we're doing this, this and this, and we're really working towards it….and I though that's great, I'm a bit bored where I am…lets go somewhere different. And when I got here it's like "bloody hell its chaos", where's all this spin that I've been reading about how we're doing this and we're doing that….it was just words, there was nothing in there" (Council C interview)

In Council B, a peer assessment was undertaken, following concerns from some of the more junior members and officers that the council would not fair well. This external assessment was more realistic and was used as a lever to replace the incumbent CEO. To an extent, the prompting of the peer assessment shows a degree of self-awareness from those within the council of the real state of play, even if, as was said in the interview, this view was not shared by the top leadership of the council.

These examples from the interviews illustrate how far away from self-awareness the councils were at the start of the turnaround phase. Becoming self-aware was something that happened to different councils at different times, which subsequently had an impact on the speed of turnaround.

Council B and Council C, to some extent entered into forms of benchmarking, although both understood that it was not formal benchmarking in its truest sense, but rather a discussion and comparison of how other organisations did things, for

example in developing management structures and scrutiny functions. Nevertheless, this change in outlook reflects a greater sense of self-awareness and willingness to change within the councils.

By the end of CPA each council regarded itself as both self-aware and able to self-correct. There was a much greater ability to look for and accept good practice both within and outside the organisation, and to use this to develop the internal structures and processes of the council. One of the terms used in two of the councils was improved confidence and this related to both confidence in accepting that change was needed, but also confidence in having the subsequent ability to carry out the change. This aspect was also referred to in terms of the managers within the councils relishing the challenge that such opportunities brought, rather than shying away from them.

3.7 PERFORMANCE MANAGEMENT

Managing Performance

In all three councils there was an initial focus on improving performance management processes at the start of the turnaround phase. This was linked to restructuring of the management teams and the devolution of accountability and responsibility to senior staff that was then expected to percolate down the organisation, although more was said in the interviews regarding the management level. Managers were given specific responsibilities linked to delivery based performance targets, which were reported on periodically to the members. This reporting varied between monthly and quarterly across the councils. Managers were also given freedom to manage and "take risks" autonomously, without having to get approval from the CEO or members. In one case, the CEO would only be involved with decision making if he "needed to know", in other words if there was a problem or a likely problem. In another case, managers were given high-level performance targets, with the "how to do it" up to the individual managers concerned. This was described as "the uncorking of potential" with managers able to "breathe again". This change in culture at the top of the organisation replaced the previous CEO's micro management with trust, and after a period of assimilation was motivational and service performance improved "almost over night".

The introduction of performance management frameworks was attributed to the incoming CEOs in each case (the interim CEO in the case of Council A) and seems to have been a key aspect of the CEOs taking control of the management teams as a way of focussing on performance improvement. In all three councils there was regard to managers being given devolved autonomy, although there was evidence from one council that the CEO kept a close eye on what was going on at least in the early stages of turnaround, until performance had started to improve.

Wider staff appraisals were implemented in all three councils, but only discussed at length in one of the interviews. In thiscase the appraisals took time to bed down and were at first inconsistently applied by managers. They did become more effective over time.

Challenging Performance

This is most relevant for Councils A and B in terms of their acceptance, after initial shock and denial, of the unfavourable CPA assessment. An increasing ability and willingness to work with external parties such as peers, the IDeA, the Audit Commission and the GLOs all give weight to there being a greater acceptance of external challenge and a move away from being insular in approach. This extended later in the turnaround phase to voluntary arrangements for peer review and benchmarking type activities.

The introduction of customer/user surveys in the councils, which were used to help shape both operational and strategic decision making, also highlights a significant change in approach and was regarded as symptomatic of the more informed and evidence based approaches to decision making as the councils became more self-aware.

As an internal development of this theme, Council C had gone so far as to introduce an internal peer review of budgets, which included both members and officers. Plans were in place at the time of the interview that this would be done in future using critical friends from a neighbouring council on a reciprocated basis to mutual benefit.

Monitoring and Taking Action

From the interviews, it became apparent that newly appointed CEOs, were instrumental in implementing performance management regimes as one of the first things they did. The focus of the regimes was on ascribing accountability, setting targets and monitoring performance in order to bring about change and service improvements. Significantly, managers started to be held to account for poor performance and structures and boards were put in place to facilitate reporting and challenge mechanisms. This enabled poor performing areas to be explained and appropriate corrective action taken, in some case resulting in reprioritisation of resources either to or form the poorly performing areas. For one CEO it was "not about whether I like you, it's about your performance".

For Council B, this "improved performance overnight….next thing we were most improved council! (referring to Local Government Chronicle award)".

The introduction of performance management systems were not necessarily viewed negatively by managers. They were referred to in two of the interviews as empowering managers, who were able to take ownership of decisions and take direction to improve and reshape services. This suggests an appropriate degree of delegation and autonomy for decision-making, supported by improved monitoring information.

It was notable from the council interviews that the introduction of performance management frameworks across the organisation was significant to the interviewees. These performance management frameworks were brought in by the new CEO appointments right at the start of the turnaround phase and were used to develop a performance culture within the organisations, holding individuals accountable for performance. Importantly, the CEOs showed commitment (Fryer et al, 2009; Radnor and McGuire, 2005) to the introduction of

performance management, which in one case was described as empowering

senior management to take ownership of their performance.

3.8 WORKING WITH OTHERS

Setting Priorities

Elements of this have already been discussed under the community leadership sub-theme of Understanding Roles, and will not be repeated here. Additionally however, for Council B in particular the LAA "became important" and helped to focus on the development of local priorities and targets, rather than just on those imposed nationally. Similarly, it got "ahead of the game" on Corporate Area Assessment (CAA), the replacement to CPA and was able to do this because of the earlier work it had done in developing partner relationships.

These other external initiatives that were implemented during the CPA era, appear to have helped focus attention and provide a framework for the development of processes to enable greater joint working to occur.

Delivery and Capacity

From the interviews, there was evidence of increased partnering capacity, especially with regard to shared services and pooled budgets. For two of the councils, such approaches would have been unheard of prior to CPA representing a significant change in outlook and approach. Two of the councils have also moved to shared appointments for some key posts such as sharing CEOs with other councils and sharing Director posts with other councils and NHS organisations.

Monitoring, Governance and Leadership

Very little was said on this in the interviews. The only reference made was regarding the improved scrutiny arrangements in Council B, which included a

specific scrutiny panel focussed on external partnership arrangements. While not mentioned by the other councils interviewed, these scrutiny arrangements were developed as a result of peer assessment, so it can be concluded that similar arrangements existed elsewhere.

3.9 COMMUNICATION

Improvements in Communication

Improvements in external and internal communication have been referred to throughout the case study analysis, and so will not be discussed in detail here. In summary, there was a change in focus by both the political and professional leadership to both aspects of communication and there was evidence in all three councils of a greater level of engagement with staff, communities and partners in terms of publicising the change in approach that the council was adopting. Internally, communication media included bulletins, briefings, workshops and team meetings. Externally, focus groups and panels were used to promote inward and outward communication and there was also the publicising the council achievements. In one case "banners were put up all round the city", to promote this. In Council A an initiative was undertaken targeting school children giving them the opportunity to both meet and question senior councillors, but also to play at being councillors for a week. This was seen as a long-term initiative to raise awareness among young people of the role the council played within the community.

The Role of the CEO

From the council interviews, greater emphasis was placed on the role of the CEO in communicating internally within the organisation. For example, CEO bulletins or newsletters were introduced and the CEO attended team meetings, road shows and staff workshops to update staff. This identifies the potential need for the CEO to be visible and 'busy' within the organisation during the turnaround phase. Reasons for this could be to demonstrate the importance of the message being given, a sense that 'we are all in this together' and to display commitment to the staff and to the changes taking place from the highest echelons of the

organisation. For Council B, a significant message seemed to be "the Chief going out and saying thank you to people, talking to the troops". There was also the importance attached to there being a consistency of message from the CEO (and members) that they were determined for improvement to occur and would get behind the staff to make it happen. This was referred to as "bog standard stuff" that hadn't been done before and was regarded as a culture change that took time to work through.

3.10 SUPPORT SYSTEMS

Information Technology

From the council interviews, Council A in particular, attributed much to the investment in IT within the council. One of the reasons the council was regarded as poor was that it had accumulated significant financial balances over the years, which had not been used in service delivery. The CEO used a large proportion of these balances to invest in the IT infrastructure of the council and the e-government agenda in particular which he believed "drove the transformation process" within the council. This was most obviously manifested in the introduction of a customer contact centre that acted as a one-stop-shop for incoming enquires. This was an example of linking the council's IT strategy with its vision and corporate strategy, which were largely based around improvements in customer care. The customer contact centre was regarded as so important that it was classed as a front line service within the council, even though it had brought together many functions that could have been regarded as back office.

Human Resources

The council interviews all also showed the implementation of staff appraisal systems and gaining the IIP award to have been significant events within the turnaround period. Little was said about these within the interviews other than that they had been introduced during the turnaround phase. The IIP award in particular seems to have been treated as a badge of honour within two of the councils providing a sense of achievement or quick win. Council C highlighted problems with the introduction of the appraisal system initially due to what were termed "blockages" within the senior management team. Therefore despite the strong presence of appraisal systems within the corporate assessments, this does

not necessarily mean that they were operating smoothly or had had an easy implementation.

Financial Management

The council interviews also showed the introduction of MTFP and MTFS as a means of prioritising the resources of the council in line with the strategic aims and objectives, something that was also reinforced in the GLO interviews. Other evidence from the interviews relates to the creation of specific reserves either to fund core priorities and facilitate the re-prioritisation of resources across the organisation, or to pump prime invest to save schemes, which in turn would generate savings in later years that could be redistributed. In some ways this is similar to retrenchment activity suggested by the literature. In one council this was funded through an increase in council tax, with cross party support, where the council had always set relatively low council taxes. In another council, significant accumulated balances that had been built up prior to CPA were used. Both these examples show the reversal of previously poor financial management. On the one hand setting council tax at a level too low to deliver the quality of services required, and on the other not spending the council tax in the year it was collected. It also represents the disconnection between the financial planning of the organisation and the strategic planning and control systems within the organisations concerned. In Council C, the main change in financial management was a greater respect given to the financial professionals within the organisation. This also extended to other professional groups such as legal and human resources. Prior to the turnaround, such professionals had been marginalized from the management team and were not involved in advising on decision making within the council. The new CEOs that came to the council during the turnaround phase "unblocked" the Director of Finance allowing him to get on with his job and overhaul the financial management processes. This in turn facilitated

a greater control over financial resources, focusing decisions on a VFM basis and allowing resources to be redistributed around the council in line with priorities.

Project Management, Risk Management and Procurement

These aspects were not forthcoming in the interviews.

3.11 TURNAROUND PROCESSES

Operational or Strategic Turnaround?

All three council interviewees stated that operational issues had been concentrated on first, followed by the development of more strategic processes. The operational changes were targeted at service improvement and linked to the introduction of performance management regimes discussed earlier. Changes in management structure and the greater use of devolved accountability frameworks were also used to promote a focus on getting things done. However, the interviews proved useful in identifying that it was not just a straightforward case of doing operational before strategic change. The changes in key personnel and management structures also refocused the organisational culture and ran concurrently in some cases with the operational changes taking place, but took longer to bed down. They were also the precursor to the introduction of strategic processes such as visioning, strategic planning and prioritisation, described as iterative and evolutionary and which were learnt during the turnaround phase. As such, it was apparent that there was a twin track approach (Paton and Mordaunt 2004) adopted in the three councils interviewed and the focus on operational issues was in part due to necessity, where service areas had scored badly in the CPA assessment, and in part they were used as quick wins.

This focus on quick wins, while not necessarily giving an improved corporate assessment score, did benefit the councils internally by giving the leadership something to show staff that change was occurring to maintain momentum. Examples from the interviews included "most improved council" awards, gaining IIP status, the municipal journal e-government award and receiving a member development charter. Councils publicised these successes internally and externally. References were made in the interviews to displaying certificates and plaques in reception and "putting up banners around the city". These examples

were also described as being a "badge of honour" and fostering "corporate pride". Two of the councils interviewed also rewarded staff for achievement with both giving staff extra days leave in recognition. In one council there was also an evening party given for the staff to celebrate the success of improved CPA performance, which was mainly funded from external sponsorship.

Whether this twin track approach was a conscious decision by council leadership was less evident. Council B indicated that there had been an initial focus on performance "at the expense of doing the strategic stuff", suggesting that though changes were being made to strategic processes throughout the turnaround phase, realisation of their importance only came later. A similar sense is present in the other two councils interviewed and the pressure exerted through the CPA inspections and corporate assessments, and by the intervention teams and GLOs, seems to have ensured both elements were covered eventually.

It can be concluded therefore, that for these poorly performing councils, improvement was tackled on two fronts simultaneously with operational improvements running in parallel with a more gradual improvement in strategic processes.

Planned or Emergent Turnaround?

Councils A and C in particular displayed strong evidence of undertaking the turnaround using planned strategic frameworks which included determining a vision, producing long term strategic planning documents and linking these to financial and other plans. However, echoing findings of other studies within the public sector (Alford, 2001; Flynn and Talbot, 1996; Worrell et al, 1998), Council B was different in the early part of the turnaround phase and can be viewed descriptively rather than prescriptively. It was able to bring about short-term performance based success as well as introduce some of the building blocks for

long term recovery in a more emergent way (Mintzberg and Walters, 1985; Mintzberg, 1985 and 1987), without having formal strategic processes in place. Despite arguing vociferously with the Audit Commission at the time that such processes were not needed, with hindsight, the interviewee recognised that during the early stages there was no clear control of the improvement process. One service area would be sorted out and then they would move onto the next, only to find that the other service had slipped back in its performance. However, once such strategic processes were implemented, it was easier to maintain the sustainability of the turnaround.

It is concluded therefore that while a planned strategic approach was not a pre-requisite for operational improvements to occur, it was necessary for sustained improvement to occur. The refinement of these processes over time has enabled councils to be better prepared and more confident in taking the decisions required to maintain improved performance.

CPA as a Trigger for Change

In one of the councils interviewed, the poor CPA score is referred to as a galvanising event (Moss Kanter, 1983). In another an example is given of the new CEO giving a speech after the initial poor CPA announcement to around 150 managers from across the organisation saying,

"They think your crap. Do you think your crap?" (Council B interview)

This was described as a "pivotal moment" in the change in attitude that helped to turn the organisation around.

Similarly, for Council A, the poor CPA score become something to fight against.

"the initial trigger was the CPA score. After that it was about self-awareness about where we wanted to be. Once we'd started on this journey of improvement, it became infectious. It became infectious across members; it became infectious across staff and senior managers. We didn't want to be a weak authority we wanted to be an excellent team and so there was a lot of internal drive at that time. But the first trigger was CPA. I don't think we would have changed if CPA hadn't come along." (Council A interview)

For Council B, it acted as a lever for change

"[*after the first CPA* result] we were all pretty shocked and upset. But it acted as a real catalyst for us. In fact, from [*the new CEOs*] perspective it was probably the best thing that could have happened, because it rallied the troops in a way that I think nothing else could have done, if I'm honest." (Council B interview)

Despite the delay in turnaround experienced by Council C, there was still a sense that it would not have happened without the CPA process.

"the changes came from external intervention, or inspection……in our situation it was clearly an external trigger that started the process" (Council C interview)

There have been criticisms levelled at CPA as a tool for measuring local authority performance (Broadbent, 2003; Wilson, 2004; McLean et al, 2007, Boland and Coleman, 2008) however, despite this there was a high level of support for the approach coming from the councils interviewed. Even though all displayed a sense of denial at the start of the process and thought the inspection had got it wrong, by the end of the turnaround they thought CPA was valuable. An example of this is given in this extract from Council B.

"I liked CPA, if I'm honest. I think it did a lot of good stuff. It was a little bit formulaic, but actually I think that was OK. Particularly on use of resources for instance. I used to say [*to the Audit Commission*], "if you think we're doing something wrong, tell me and I'll do it". Let's be honest. Let's have that honest conversation. It certainly sharpened us up substantially, because it gave us a template for the best……you know, "If you want to be good – do that". And most of it I agreed with." (Council B interview)

This links back to previous comments made by the GLOs that before poorly performing councils could be engaged with, they needed to know what a good council looked like.

3.12 ASPECTS OF LEADERSHIP AND SUSTAINABILITY EMERGING FROM THE CASE STUDIES

Without doubt, political and professional leadership within the case study councils improved significantly during the turnaround phase and is attributed as the main reason why change and improvement occurred within the councils and why it was sustainable. This section focuses on the more detailed aspects of changes in leadership that occurred within the case study councils during the turnaround phase. It links together some of the elements that have already been discussed in the previous sections, but also identifies specific events and actions that were relevant to the improvements that took place.

The language used within the interviews suggested that the CEOs were able to straddle the discourses relating to public management. On the one hand, for example, approaches included downsizing and a focus on efficiency with the language used referring to customers and not citizens, favouring a NPM discourse. On the other, phrases such as adding value and making a difference were used, which fit better with Public Value. The language in use within government at this time no doubt influenced this. Nevertheless, it is evident from the analysis that the leadership, and CEOs in particular, were working within a continuing managerialist discourse in terms of the approaches they adopted, focusing as will be seen on delegation and accountability, performance management, strategic planning and culture change. This managerialist focus may have been due to the need to comply with the CPA corporate assessment lines of enquiry, or may have been due to their background and training, coming as they did in the main from good or excellent authorities elsewhere, and as such already presumably well schooled in the tenets of public management. It was probably due to a combination of the two.

Replacement of the Leadership

In the first instance it is important to note that all three councils experienced a replacement in both political and professional leadership immediately prior to the turnaround phase commencing. The reasons for, and timing of these changes, were different in all three councils studied. Also, in two of the councils, the changes were neither directly prompted by the intervention process nor the involvement of GLOs. This demonstrates that there is not necessarily a singular approach to the removal and replacement of the leadership of the organisation. While the literature suggests that it is not necessarily a requirement for this to occur in turnaround situations (Paton and Mordaunt, 2004), the physical replacement of both political and professional leadership is considered to have been a fundamental precursor to the improvement process in the three councils studied.

The evidence for this comes from the very different timing of when the turnaround phase commenced. For Council B this started a year prior to the first CPA inspection, following the simultaneous change in the Leader of the Council (due to a four year rotation rule) and the removal of the CEO following the IDeA peer review of the council. The new CEO remained in post throughout the CPA era. For Council A, the change in Leader coincided with the first CPA inspection but was due to an external investigation of the Leader, rather than the CPA inspection itself. Following a weak CPA assessment, the members instigated a review into the operation of the council, which ultimately contributed to the removal of the incumbent CEO, who was replaced by an interim CEO through the intervention process. Further CEO changes occurred before a permanent CEO was appointed from within the organisation. Both Council A and B started the turnaround phase early in the CPA era and were quick to improve. These swift changes in leadership were seen as being instrumental to this. For Council C the turnaround phase started later in 2004/2005. Following the initial weak

assessment in 2002, both the Leader of the Council and the CEO remained in place until local elections in 2004 resulted in a change of political control of the council. The new cabinet removed and replaced the CEO, first with an internal acting up appointment and subsequently with a permanent external appointment in 2005. This was a voluntary process and not part of the intervention process.

The contrasting timing of the commencement of CPA improvement across the three councils ties in with the timing of changes in both political and professional leadership. It is Council C's experience that reinforces this in that while the incumbent leadership remained in place for two years after the first CPA inspection, no improvement in overall CPA score was achieved, despite there being minor improvement in some of the service based scores. Improvements to the CPA ranking only occurred following the change in Leader and CEO. From this discussion it is concluded that for these three councils the simultaneous replacement of both the Leader of the Council and the CEO (whether interim or permanent) were instrumental in initiating the turnaround phase and subsequent recovery.

The case study councils offered comparisons between internal and external CEO appointments as well as between the continuity of a single CEO versus the recruitment of a number of CEOs. There is no compelling evidence to suggest either way whether these factors affected the timing and speed of turnaround.

Changes in Political Leadership Approach– The Leader of the Council

It was not just the physical replacement of the Leader of the Council in all three councils that was significant. There was also a change in approach to the way political leadership was undertaken within the councils. In all three councils the Leaders of the Council were described as being disengaged from the strategic management process at the start of the CPA period. It was this unwillingness to

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take responsibility for the strategic direction of the council that this was described as being a major contributory factor to the poor performance of the councils concerned. This lack of engagement included deferring to officers for decision making, not asking for or receiving performance reports and a general lack of awareness, or acceptance, of the local and national needs that were placed on the councils. There was also a lack of willingness to engage with strategic partners in terms of policy setting and service delivery, which in two councils was described as being an anathema to the Leadership. Relationships between the Leader of the Council and the CEO were also dysfunctional in each of the councils studied, whether this was being at loggerheads in Council A, too cosy in Council B or maverick in Council C.

While the council interviews tended to focus on the role of the CEO during the turnaround, there was recognition from the interviewees that the change in approach by the political leadership both contributed to council's improved performance and also supported and enabled the CEO to undertake the wider changes that occurred. The changes in approach to political leadership were similar in all three councils. In the main this saw the leaders of the council taking responsibility for the strategic direction of the council, appointing suitable CEOs and maintaining an appropriate relationship with them. It also included actively seeking and engaging with a variety of information including needs assessments (local and national), strategic plans, financial information and performance information. There was also a greater willingness to engage with external stakeholders and develop the community leadership role of the council. These improvements were in part associated with the introduction of member training programmes and peer mentoring in two of the councils. The willingness to engage with such training programmes is in itself a significant change in approach. All these elements demonstrate an improvement in the cognition, capacity and capability of the Leader, and run parallel to similar improvements within the elected members generally. This re-engagement by the political

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leadership is regarded as the realisation that the causes of poor performance were internally driven and that it was the members' responsibility to sort this out through taking the lead and making decisions, even if these were subsequently enacted by the CEO.

Changes in Professional Leadership Approach – The CEO

Similarly, it was the change in approach that the new CEOs brought to the councils that is regarded as being significant to the turnaround and the sustainability of improved performance. All three of the council interviews were unanimous regarding the significant and pivotal role that the CEOs played in bringing about the respective turnarounds. It is clear from the changes brought in that the CEOs were clearly working within a managerialist context, with many of the initiatives identified having roots within the NPM agenda.

The leadership styles of the CEOs at the start of CPA were also described as being dysfunctional. This, as discussed above, in part related to the relationship with the Leader of the Council, but was also more widespread in terms of the way the councils were structured, managed and evaluated, which had a negative impact on the culture of the council. Common aspects of the interviews refer to CEOs who were controlling (even bullying) micromanagers who fostered a fear of failure. They employed large management teams (in one case up to 40 managers were included on the management team), and this enabled silo based cultures to emerge and decisions to be made based on short-termism and personal preferences rather than strategic and informed decision-making (in one case this was described as prejudice). CEOs tended to be fire fighters sorting out problems as and when they occurred, rather than being proactive and strategic in their approach. In two cases there was evidence that management team infighting was the norm, even to the extent that second tier managers could leap-frog the Director level to get decisions made, if they had the ear of the CEO.

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The changes in leadership brought by the new CEOs can be discussed in two ways, firstly with regard to processes introduced and secondly their leadership approach.

The CEOs across all three councils were credited with introducing a range of processes that contributed to improvement. These to a large extent overlap with the themes identified in the previous section of the thesis, and the conclusion here is that the CEOs were the important driving force in ensuring the structure, governance and planning and performance systems were appropriately introduced and embedded. Such processes included strategic planning, prioritisation, performance appraisal and restructuring of the organisation, as well as the downsizing and restructuring of the strategic management team (SMT) and improvements in support services, such as finance and human resources.

This downsizing and refocusing of the SMT was common to all three councils, with executive teams based around responsibility for service areas and service outcomes, rather than traditional departments. There was also a focus on performance improvement, especially in service areas and in particular against the national key performance indicators. This was complemented by the introduction of corporate performance management systems in all three councils at an early stage in the CEO's tenure. In one sense, this was about focussing on the services and processes identified in the CPA assessment that needed improving.

This initial focus on service improvement against KPIs, and the positive impact it had on the overall CPA ranking could be regarded as simply "box ticking" to make the organisation look good, rather than actual permanent and embedded change within the organisation. This however was vehemently denied by all three interviewees. While they recognised this as a possible interpretation, they

stressed that the service based improvements were necessary for a number of reasons. Firstly, some services were poor and needed to be improved. Secondly, in some cases the information to justify good performance was simply not available within the organisation at the start of CPA, itself a failing. Improving the availability and quality of the information through having better management systems in place, could improve the overall performance. All three councils referred to this as having the evidence available. Finally, targeting services that could be improved quickly sent the right message across the organisation that the council could improve, especially if there was a knock on effect on the overall CPA score. This strategy of identifying and using quick wins is something referred to below when considering some of the approaches the CEOs used and also relates back to one of the comments made by the GLOs. Council B summed this approach up as "box ticking for a reason".

In terms of CEO approach, the interviews highlighted the freeing up of the senior management team, and from here the rest of the organisational hierarchy, as a significant factor in the change of culture that led to the turnaround of the organisations. This was done through simultaneously creating the devolved management and accountability structures referred to earlier, while at the same time placing trust in the individuals concerned to deliver. This was described as moving from a culture based on micro-management to one where there was the freedom to take decisions and take measured risks, something which the interviewees described as empowering. In terms of galvanising the organisation, CEOs used the poor CPA score to fire the managers up and encouraged visits to other organisations to identify best practice. CEOs also increased their visibility to managers and staff and were identified as giving a consistent message about the need for improvement, and that they would be there to help the staff achieve it. In one case this visibility included a back to the floor approach with the CEO undertaking such tasks as grave digging and street cleaning. There was also evidence of the staff periodically being invited in to talk to the CEO in groups to

discuss their needs and improvements that could be made. This is linked to improved communication, which was also undertaken through periodic CEO briefing sessions. As referred to above, quick wins in service improvements and external awards seem to have been used to promote and embed the changes being made. In two councils staff were rewarded with either an additional day off or an evenings entertainment to celebrate the improved CPA ranking.

While the main improvements in performance generally occurred under the tenure of an externally appointed CEO in all three councils, there is some evidence to suggest that this is not necessarily a requirement. This evidence comes from the experience of Council A and Council C in particular. For both Councils, there was a limited period of time where an internal appointment acted up into the CEO role, prior to a permanent external appointment being made. For Council C, this followed the change in political administration and for Council A it was during a gap between two externally appointed CEOs. Both acting up CEOs made some structural and governance changes that no doubt contributed to the commencement of the turnaround phase. In Council A, the acting up CEO referred to above later became CEO towards the end of the CPA process, and was in post when the excellent rating was awarded. While not conclusive, this does suggest that turnaround is more likely dependent on the CEO displaying the right leadership approach in the given situation, rather than there being a requirement to appoint an external CEO.

Aspects Relating to Sustainability

Aspects of sustainability have discussed throughout the themes and in respect of the changes to leadership and leadership approach that occurred throughout the turnaround phase and as such only need to be summarised here. The role for ensuring sustainability of improvement was maintained is attributable to the leadership of the council, both the Leader and the CEO, but also through the new

internal structures, the senior management team. While primarily driven by the CEO, it was the change in management culture that seemed to reinforce the changes made. Achieving sustained improvement requires focussing on the underpinning strategic processes as part of a twin track approach. Ideally these should be done at an early stage, evidenced by the experience of Council A which having done this, became the first council to go from weak to excellent under CPA. Councils B and C only did this later on and as such their ultimate improvement was delayed. The main reason why early adoption of these processes seems important is that it takes time to learn how to use and refine them within the context of the council. The CEOs had a key role in ensuring the changes adopted during the turnaround phase were reinforced within the councils. Much of this was to do with visibility and consistency of message to members of staff, which again represented the reinforcement aspect evident within the turnaround process. After turnaround has been achieved, it is necessary to continually reinforce the organisational learning developed during the turnaround phase, especially with regard to self-awareness and self-regulation. The case study councils were still in the process of developing and refining corporate systems such as strategic planning and performance management at the time of the interviews. This does not mean that such systems were inadequate, but rather by continually reviewing them, kept them in focus and as such contributed to reinforcement. This was similar for the gathering intelligence and working with others aspects. There is a risk that focussing in systems in this way means that overtime the become ends in themselves, rather than means to an end. Whether this happens remains to be seen and certainly there was not evidence of this at the time of the interviews.

4.1 CONCLUSIONS

This thesis has studied the changes to strategic practices that occurred within a group of English STCCs and district councils that had experienced turnaround under the CPA regime between 2002 and 2008. Debates continue as to the value of the CPA regime itself and whether it was an appropriate mechanism with which to hold local authorities to account. While these are recognised, it was not the purpose of this thesis to explore these arguments in detail. Rather, this thesis was concerned with the internal changes that took place within local authorities to bring about and sustain improvement.

The objectives of the thesis were threefold:

1. What approaches to strategic turnaround were adopted by English local authorities?

2. How did leadership impact upon the turnaround of the organisation?

3. To what extent could the approaches to turnaround transfer into sustainable local authority improvement?

Each of these objectives has been addressed within the thesis and each appears to be interrelated.

The findings of this thesis are generally supportive of the findings of other studies into the turnaround of local authorities (Jas and Skelcher 2005, Turner et al, 2004; Turner and Whiteman, 2005; Beeri, 2009; Wilson and Moore 2007; Douglas et al, 2012). All these studies, including this one, have used a similar approach, in that they have used the CPA era as a way of identifying local

authorities that had significantly improved their performance during this timeframe. However, despite these similarities, this study differs from other studies in a number of ways.

The ability to take a longitudinal perspective, meant that sustainability aspects could be considered in more detail, although due to the timing of the CPA inspections, sustained turnarounds could only be identified for STCCs. The study has used the triangulation of corporate assessment documents with key informant interviews of both senior council officers and government lead officials, to build up a combined picture of what was happening within turnaround councils immediately prior to, during and importantly at the end of the CPA era. The findings of this study are therefore able to add ex-post reflections from practitioners allowing the themes emerging from previous studies to be developed from a different perspective. Taken together, the findings of the three primary research based documents (Document Three, Four and Five) build up to show which councils improved during the time period and what were the main approaches to strategic turnaround.

Conclusions on the Nature of Strategic Turnaround

While the ideology that shaped local government changed over time, for example from NPM to Public Value, a need to focus on the strategic processes at the heart of councils remained. What is surprising is that given the importance placed on such systems by NPM, that they were still so poor at the commencement of the CPA era in the councils studied. This indicates that while NPM was successful in driving through many of the harder structural changes in terms of privatisation, competition and externally driven targets, it apparently failed when it came to the softer areas of organisational design and organisational culture. In the introduction it was argued that managerialism, although clearly part of NPM, could be seen as separate from it as it focussed on the internal aspects of

organisational design. It would appear that, certainly up to the end of the CPA era, such ongoing managerialist concepts were still viewed as important by the developers and regulators of CPA and these concepts became embedded and accepted as important features of organisational design within the turnaround councils. This then was the nature of strategic turnaround within the councils studied and shows that despite changes politically and ideologically at the national level, within local government poor performance resulted from the weak application or absence of the ten themes identified in this study and that sustained improvement came from the learning and embedding of them during the turnaround phase. The remainder of this conclusion expands on this by addressing the three research objectives posed in the introduction.

Conclusions on Approaches to Strategic Turnaround

Ten themes have emerged from the analysis as being important approaches to strategic turnaround within the local authorities studied. These themes (identified previously in Figure 35) are as follows:

- Understanding Roles

- New People and Structures

- Strategic Management Processes and Systems

- Prioritisation and re-Prioritisation

- Gathering Intelligence

- Performance Management

- Working With Others

- Communication

- Support Systems

- Turnaround Processes

Each theme has been discussed separately, but it is important to recognise that each theme also overlaps with, and is related to, other themes. One theme relates to specific turnaround processes, whereas others are ongoing strategic processes that were implemented, improved, learnt and embedded during the turnaround phase. It is argued that the introduction of and learning about how to use these ongoing strategic processes was a distinct part of the turnaround process and a key aspect of sustainability.

It is concluded that turnaround approaches represented a mix of operational and strategic, as well as planned and emergent aspects. As turnaround is a distinct phase of a councils strategic lifecycle, responses were probably bound to be more planned than emergent, although the somewhat rigid framework of the CPA itself and the approach adopted by the Audit Commission early on may well have dictated this and impacted on some turnarounds that would otherwise have been less prescriptive (Council B for example).

It is also concluded that it was improvements to the corporate processes represented by the first nine themes that led to the overall improved performance of councils, and not just improvements in individual service scores. While on one level this was self-promoting through the corporate assessment scoring system and its impact on overall CPA score, this phenomena also contributed to the more joined up nature of councils' corporate and business processes, assisting with keeping all service aspects in balance.

The approaches to strategic turnaround have been summarised within the "7Rs" framework (Figure 38) of Realisation, Realignment, Replacement, Retrenchment, Repositioning, Reorganisation and Reinforcement. Realisation and Reinforcement are concepts that have arisen directly out of this thesis. The longitudinal nature of the study has also allowed the development of three turnaround phases namely; ground zero, the turnaround phase and the sustainability phase. It is

possible to identify the "7Rs" with the different phases, with some appearing in more than one phase.

Within this, certain aspects seem to have been important. Learning how to prioritise and re-prioritise and developing processes to allow this to happen appears to have been significant for both members and officers, as was a realignment of their respective roles. In essence this was part of realignment and retrenchment, but was a key skill that needed to be learnt. Given the current age of austerity, it is likely to need to be retained. Gathering intelligence both internally and externally was key to this in terms of learning about the needs of the local population and the local area, understanding what other councils were doing and engaging with other organisations at a local, regional and national level.

Another interesting finding is that strategic processes that were embedded by the end of the CPA period were learnt during the turnaround phase, part of the reinforcement aspect. Strategic plans were produced, but it was the learning that took place in producing the plans that was more important than the documents themselves (Pye and Pettigrew, 2006).   Also, internal plans were linked to external plans such as LAAs and SLPs. This helped councils to understand how to work with others for the benefit of the local community, something which appears to have been learnt and embedded rather than being a superficial process. It was these aspects that also contributed to the sustainability of improvement.

Conclusions on the Role of Leadership

Within the study, leadership was found to have had a significant impact both on the causes of poor performance and also the success of sustained turnaround. Leadership here refers to both the political and administrative leadership of councils and the symbiotic nature of the relationship between the Leader of the

Council and the CEO in particular. Although having clearly separate formal roles, there is an overlap between these two positions when it comes to organisational leadership in turnaround situations. The Leader of the Council and CEO relationship was seen to be a significant contributor to poor organisational performance if it was dysfunctional. Such dysfunction would lead to internally created problems for the organisation in terms of entrenchment, insularity and a lack of vision and direction. In essence it was poor leadership that internally generated the weaknesses in the 10 themes referred to above.

Leadership was significantly important in bringing about change. This had two aspects. Firstly, that a replacement in the leader(s) of poorly performing organisations was needed before turnaround could start, and secondly that the leadership needed to do the right things for turnaround to be achieved and sustained. CEO leadership was particularly important. While both political and executive leadership improved during CPA, it was the executive leadership of the CEO that specifically addressed the issues of turnaround within the councils concerned.

During turnaround situations, leaders were replaced on both the officer and member side. In the case of the councils interviewed both were replaced at or around the same time. This seems to be important as in the one organisation where neither initially happened, the turnaround was delayed until a new Leader and new CEO joined the organisation at a later point in time. Leaders also appeared to need to have certain attributes. To be transformational rather than transactional and to be flexible, contingent and situational. The case put forward by the GLOs would appear to suggest that interim CEOs needed to be put in place to get the council on an even keel before a permanent CEO could be appointed. However the interviews with the council officers did not back this up and with Council B in particular, and to some extent Council C, there is evidence that

permanent CEO appointments could be as effective if the right person was appointed.

New leaders were seen to have taken control of and downsize the management team, making greater use of devolved accountability frameworks. This was the case in all three of the council interviews; the corporate assessment data is more vague. CEOs used their position to ease some managers out but this is not always the case. It seemed more important to have like-minded people on the management team focussed on improvement, whether these came form inside or outside the council.

While the duality of leadership has been recognised as being important, the day-to-day leadership of the turnaround appears to have come from the CEO. The Leader of Council took on political leadership, taking guidance on process (not policy) from the CEO, mentors and/or the GLO. As mentioned above, the CEO was given responsibility for making turnaround happen (see also Douglas et al 2012).

Changes in the approach to leadership (the verb) as opposed to a change in leader (the noun) (Pye 2005), were also important. An effective leadership approach, whether this be from the elected Leader or the CEO, appears to have pervaded all aspects of the turnaround process, something borne out in other areas of the literature (Joyce, 2004; Boyne, 2004).   In particular, the leadership needed to focus on both long-term and short-term aspects simultaneously. The short-term aspects were needed to correct poor operational performance and included retrenchment. The longer-term were more strategic in nature and included realignment and the introduction of strategic management processes. These aspects needed to be started early on to give the opportunity for organisational learning in how to maintain such approaches that would sustain

the improvement beyond the end of the turnaround phase and also included empowering staff and members.

Another aspect associated with CEO leadership is that there appeared to be a need to change the internal vision within the organisation before an external vision for the organisation could be created. This refers back to the ethereal sense of conviction referred to earlier and is thought at this stage to be attributable to both the response to the CPA challenge of being seen as poorly performing, but also something that was developed and nurtured by the incoming CEOs; "they think your crap, do you think your crap?"

<u>Conclusions on Sustainability</u>

The sustainability of turnaround was evident within the STCCs studied through the corporate assessments, and in the two STCCs case study councils. Encouragingly therefore, it is possible for poorly performing local authorities to improve their performance and sustain this over a period of time. The sustainable aspects of the turnaround approach appeared to lie in the reinforcement of the changes that had been learned during the turnaround phase. From a managerialist perspective this would focus on the continued development and maintenance of prioritisation and re-prioritisation processes linked to intelligence gathering and strategic management processes and systems, including performance management. It is the role of leadership, and in particular the CEO to ensure that this happens.

Developing aspects of the strategic approach during the turnaround phase and maintaining them into the future is seen as being critical to sustained turnaround and corporate improvement. It is also supportive of more recent findings in the literature (Andrews et al, 2009; Beeri, 2009). Despite the need and pressure to improve operationally in the early stages of turnaround, especially under the

spotlight of public CPA reporting, it is important to start to address the improvement of underlying strategic processes early on as well, if these are to become embedded within the organisation. There is a danger that an operational focus can undermine sustained improvement (Hofer, 1980), as this can consume strategic capacity and take attention and resources away from the underpinning changes required to ensure sustained recovery. This was possibly the reason for the paucity of strategic processes at the start of CPA, with previous performance regimes focussing in a piecemeal way on service based, and as such, operational failings.

It was a factor in most of the turnarounds studied that a twin-track approach had been adopted, establishing quick-wins on the operational front, but also starting to tackle the underlying weaknesses in role understanding, strategic processes, prioritisation, intelligence gathering and performance management. The development of these iteratively over time allowed councils to both learn how to apply them effectively in their own situations, but also to gain a greater understanding of the organisations themselves. Much credit for this was given to the new CEOs, especially within the three case study councils and the GLO interviews. This was also true of the change in organisational culture, in part due to the introduction of devolved accountability frameworks, which became less insular and more confident as the turnaround progressed and the latent talent within the councils was allowed to grow. Nevertheless, it is apparent that the CPA methodology, especially after the introduction of the "Harder Test", also had a part to play in this, as it maintained the focus on corporate processes, rather than just service delivery.

4.2 SCOPE FOR FURTHER RESEARCH

Opportunities to undertake further research have been identified within the thesis. Firstly, it would be useful to revisit the organisations that formed the

basis of this study to see if performance improvement has been sustained over a longer time period, especially during the age of austerity. Secondly, the current lack of a compulsory holistic performance management framework for local government leaves the potential for organisational performance to slip back. A comparison of performance between the two periods could be undertaken to establish whether or not such holistic approaches are indeed useful. The challenge here would be to design appropriate performance measures that could be used to compare the two periods. Finally, there appeared to be a sense of conviction present within the local authorities used as the basis for the interviews. It would be useful to research what generative mechanisms prompted this, how it was apparently maintained and whether it was experienced in other turnaround organisations. This could be applied across a wider range of organisations both within the public, private and the voluntary and community sectors.

As a postscript, a number of research papers are currently being produced as an outcome of both this thesis and the wider research study that accompanied it. One of these papers has already been published and a second has been accepted pending publication. A third paper has been presented at conferences as a discussion paper. One interesting aspect that has come forward from this process is whether local authorities were susceptible to institutional isomorphism (Frumkin and Galaskiewicz, 2004) during the CPA era. This could also be applied to turnaround local authorities.

The CPA, as with other performance measurement regimes, represented a constructed view of relative organisational performance (Osborne et al, 1995). As such the ways in which councils responded to CPA can be seen from a neo-institutional isomorphic perspective. Such theoretical interpretations have been used in the past to explore the development of new public management (NPM) (McSweeney and Duncan, 1998; O'Shea, 2007), local government modernization (Wayenberg, 2006) and political decision-making (DiMaggio and Powell, 1991a;

Goldman, 2005). In particular, neo-institutional isomorphism, whether coercive or not, could be used to develop the research further. Change often results in the development of a high degree of homogony across organisations over time and can arise due to three potentially interrelated mechanisms: coercive, mimetic and normative isomorphism (DiMaggio and Powell, 1991b), now widely adopted by social scientists (Currie, 2008). Coercive isomorphism implies the presence of some external force or organisation (a higher level of government for example or the imposition of CPA) and may be both formal and informal. Mimetic isomorphism uses the modelling (or benchmarking) of other organisations within the field in order to imitate innovation, whereas normative isomorphism results from the gradual professionalisation of an organisation or service over time.

Local authority change and improvement during the CPA era could therefore be potentially linked to one or all of these isomorphic mechanisms, especially if changes appear to occur generically, as seems to be apparent from the analysis. Furthermore, isomorphism could be the result of individuals or organisations responding rationally, to uncertainty; to sanctions or constraints; or to institutional rewards both financial or regulatory leading to intra-organisational homogony (DiMaggio and Powell, 1991b, Currie, 2008). This could also reflect the impact on the respective isomorphic mechanism, or combination of mechanisms, followed by a given organisation. Given that the CPA regime generated both incentives for improving performance and sanctions for poor performance, such an approach may provide a useful critical perspective for further research into organisational responses to CPA and to successor performance regimes.

4.3 THE CONTRIBUTION OF THE RESEARCH TO PRACTICE

One finding of the thesis was that the CPA acted as a trigger for change and improvement in poorly performing councils – it prompted realisation, which helped councils to overcome denial and insularity. The usefulness of this to

practice is twofold; firstly it demonstrates to local authorities the importance of recognising external threats where they exist and secondly that understanding and engaging with these threats can bring about organisational improvement. It will be interesting to see how corporate performance in particular is affected by the recent removal of the CPA/CAA framework by the Coalition government. It is to be replaced by a new regime based upon self-assessment, peer review and voluntary intervention co-ordinated by the LGA.

The various improvements to corporate processes identified in this study could be undermined by a variety of factors within the local government environment. Some evidence for declining performance has been found already through a study of service specific areas (Murphy et al, forthcoming). While evidence at this stage is tentative, it does indicate this aspect warrants further examination over a longer time period. Changes to political control could weaken the political leadership of councils, with new political leaders lacking the strategic cognition, capability and capacity identified as a requirement for successful leadership by this and other studies. The potential for this was evident in a number of the corporate assessment reports for councils where there had been a change in political control. There could also be a weakening of the positive aspects of the CEO and Leader of the Council relationship, potentially throwing councils back into dysfunctional leadership relationships. These could happen within any council, even those that have traditionally been excellent. Similarly, the age of austerity will impose financial pressures on councils to reduce costs and the pressures for effective prioritisation and re-prioritisation of resources will grow. In particular initiatives designed to develop and maintain the strategic capacity of councils (both internally and externally) may become eroded, increasing the potential for performance to decline. As financial and political pressure intensifies, there is the risk that councils fall back into intransigent and insular positions based on a belief that as they have overcome hardship in the past, they would be able to do so in the future. These aspects taken together suggest that there is, or

will be, the need to provide support to councils, peer reviewers, oversight bodies and inspection bodies of the potential indicators of a corporately poor performing council.

In essence, the CPA regime, although criticised in some quarters, was recognised as a trigger for change by those councils studied. Given the voluntary nature of the LGA model, it is uncertain how any warning signs of declining performance will now be consistently picked up, especially as denial and insularity were identified as being key causes of poor performance. Councils displaying these traits would be unlikely to see the need to voluntarily engage with an inspection process.

The findings of this study can help to address these issues in three main ways:

Firstly, the ten themes can be developed as lines of enquiry to help review the current state of a council's corporate performance. They are not as comprehensive or intensive as the CPA lines of enquiry, and offer a broader approach to assessment to identify possible initial areas of concern that could then be investigated further. This could be done through self-review, peer assessment or external inspection and could therefore be linked to the LGA initiative.

Secondly, where weaknesses are identified, the findings of the study can be used to focus attention on those aspects that could be improved. The ten themes and associated sub-themes provide approaches that can be taken to improve corporate performance. The focus of attention would clearly be dependent upon the aspect(s) that were weak within a given council, but could include member training, leadership training, mentoring and support in developing performance management and strategic planning, as well as prioritisation and managing external relationships.

Thirdly, the findings of this study could be used to raise and maintain awareness within the local government community and its key stakeholders of the causes of performance decline. They can also contribute to the ongoing debate within government as to the need for and use of inspection regimes.

A further practical application of the study would be in assisting in the design and development of any future corporate assessment type framework for local government, or other parts of the public sector. Despite the relatively recent removal of such frameworks, concerns over public sector corporate performance have re-surfaced recently in Health and Social Care. A consultation on a revised government protocol on Fire and Rescue Authorities has recently been undertaken. The scope for corporate assessment and intervention clearly exists within the new protocol, but its application is only vaguely mentioned (Murphy and Greenhalgh, 2012). The findings of this study could support the development of such protocols, in this and other service areas, especially given the proximity of local government to their Fire and Rescue counterparts.

Finally, despite the removal of formal and centralised corporate assessments in the UK, there is still an appetite for applying them in other countries. The intervention model developed for project management in the UK has been franchised by HMT to a range of countries including Australia, New Zealand, Ireland and Canada as well as to many European countries. There is clearly practical scope to use the findings of this study to both develop a similar franchised model, and/or to compare and contrast the UK experience to that of other countries to facilitate the development and improvement of future regimes.

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APPENDICES

<u>Appendix A: Key Informant Interview Themes</u>

For use with Senior officials within turnaround councils.

The interviews are to be used as source material for both Document Three and Document Five

The general purpose of the interview is to gather evidence from senior officers on the strategic turnaround process and its sustainability. The findings will be linked back to the conceptual framework from the literature and the findings of Document Four on specific councils with further research being undertaken into the inspection reports of each council.

The interview is semi-structured and is intended to be as free flowing as possible at this stage to allow the official to tell the story of their council's turnaround.

The general structure is based as follows:

Pre-CPA inspection – (reasons, announcement, reaction,)
During the turnaround – (what and how and when)
Post-final inspection – (announcement, reaction, current environment)

Post Script – Animal and Car describing council – plus explanation

Interviews will be confidential

Interviews will be recorded if acceptable to the interviewee

While the interviews are intended to be free flowing and story telling, the following prompts have been devised to give the story a beginning, middle and end and to manage the time available.

Pre-Initial CPA Announcement

- What were the main causes of poor performance?
  - As per the CPA inspection
  - As viewed from within the council

- Prior to the announcement did the council perceive itself to be poorly performing?
  - Was there a different view between officers and members

- In the period leading up to the inspection how would you describe the stability of the council?
  - Political control
  - Officer/member relations
  - Leadership (where did this come from?)

- Did the CPA act as the trigger for improvement and if so why?

- How was the announcement received?

  - Members
  - Officers
  - Leadership

During Turnaround Process

- To what extent was intervention used throughout the turnaround process?

- Was the level of intervention supportive/useful/inhibitive?

- How easy was it for the council to come to terms with the need to turnaround?
  - Timescale
  - Key players
  - Denial v Ownership

    - What were the key milestones/critical incidents that stood out for you during the turnaround process? (linked to point below)

- What strategic processes were changed or introduced to bring about the required turnaround? (spend time on this aspect as it covers a lot of ground)

- How did the outlook of the council change when deciding to turnaround?

- Who do you feel led the turnaround process? (individual or group)

- How would you describe this leadership approach?

- Which of the following words would you associate with the turnaround process? (could be extremes or a mix of both):

    - Operational or strategic
    - Retrenchment or renewal
    - Replacement or realignment
    - Permanently failing or self correcting
    - External trigger or internal trigger
    - Singularity of approach or duality of approach
    - Box ticking or embedded change
    - Intervention or engagement
    - Turnaround or revitalisation
    - Internal causes or external causes

- To what extent were the changes you have made targeted at sustainable improvement?

- To what extent did you face/overcome issues of strategic capability and capacity?

Post-Final CPA Announcement

- How was the revised assessment received?

    - Member
    - Officer
    - Leadership

- Environmental changes have occurred since the revised assessment, what are the key strategic challenges now facing the council?

- Following the revised assessment, to what extent will the changes you have made to the running of the council support or inhibit your ability to respond to these strategic challenges?

Post Script

What animal and car would you use to describe the nature of the council:
- Pre-initial announcement
- During turnaround process
- Post-final announcement

What specific attributes of each lead you to this choice?

Appendix B: Single Tier and County Council CPA Example

Appendix B Follows on the next 5 pages.

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Appendix C: District Council CPA Example

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Appendix D: Example of Thematic Content Analysis of the Corporate Assessments: Prioritisation and Re-Prioritisation

<u>**Deciding on Priorities**</u>	<u>**Scope of Priorities**</u>
(+)	**(+)**
Priorities are revised following consultation (2D, 3S)	More focussed plans resulting in fewer/clearer priorities (1D, 1S)
Structured approach to developing priorities/Clear about priority and non-priority areas (6D, 6S)	
Used effectively to turnaround performance	
Priorities based on a sound understanding of needs (national/local priorities, demographics etc) (7D, 6S)	**(-)**
Priority Matrix (or similar) (2D)	Too many priorities or too broad to be strategic/leading to confusion (2D, 5S)
(-)	Increasing number of priorities (2S)
Unclear about what is not important, what are/are not priorities are not identified (6D, 9S)	
Priorities not linked to vision (2D)	
Weak basis for priorities/not informed (2D, 3S)	
Impact of priorities not understood (1D, 3S)	
<u>**Making Difficult Decisions**</u>	<u>**Links to Other Plans**</u>
(+)	**(+)**
Difficult (challenging/tough) decisions are taken/often despite opposition (7D, 6S)	Resources moved with/aligned to/follow resources (3D, 5S)
Followed through on decisions/takes action/sustained focus on priorities (3D, 4S)	Priorities cascade through service plans/clear framework to deliver priorities (2D, 3S)
(-)	**(-)**
No track record of making/sticking to difficult decisions (2D, 1S)	Resources not matched to priorities/budget not matched against priorities (4D, 3S)
Tendency to play safe	Unclear about capacity required to improve (1D)
Unclear how excellent services translate into outcomes/what success looks like/what a good council looks like (3D, 2S)	

Notes: (+) = positive statement, (-) = negative. D = District Council, S = STCC

Doctor of Business Administration

Nottingham Trent University

Document 6 - Reflective Journal

Exploring Strategic Turnaround in English Local Authorities

Martin Jones

Resubmission 2013

Document 6 is submitted in part fulfilment of the requirements of the Nottingham Trent University for the degree of Doctorate of Business Administration

Table of Contents

Introduction

"Of all delectable islands the Neverland is the snuggest and most compact, not large and sprawly, you know, with tedious distances between one adventure and another, but nicely crammed. When you play at it by day with the chairs and table-cloth, it is not in the least alarming, but in the two minutes before you go to sleep it becomes very nearly real. That is why there are night-lights. "

J M Barrie (1911 pp8)

This document is the final of six documents submitted as part of the Doctor of Business Administration (DBA). It is a reflection on my personal development and experience throughout the process of undertaking the DBA. The first point of reflection is "This is the final document", "Phew! Thank God for that!" This is not to say I have not enjoyed the process of undertaking the DBA. On the contrary, at times I have loved it. To say I have loved every minute of it however would be wrong, there are times that I wished I had never started it. But that it seems is common amongst many of my peers. To be at the end of the process brings with it a sense of relief. As one of my supervisors keeps telling me "you're nearly there now, you're on the final lap". At times however, it felt like it was never going to end. Perhaps there will always be a legacy of this buried deep in my psyche, but at least from now on I can tell myself that it is over.

I suppose this poses the question, why do it in the first place? The answer to this is simple; it is something that I wanted to do. At the time of starting out it was a natural thing to do in terms of my career. As an academic working within a university, doing a doctorate is what you do after doing a masters degree. It helps with career progression. It would also give me the opportunity to explore my academic discipline in more depth and become more knowledgeable about the technical subject matter. But that was then and this is now, and had I known then what I know now, I would have said that the motivation was more about

self-development and improvement, and finding out about myself, rather than about career progression and subject knowledge. And, most importantly, growing in confidence.

This brings me back to the more enjoyable aspects of the course. As part of my studies on a previous course, I had undertaken an assessment of my preferred learning style. While I cannot now remember the exact scores, what I do remember is that my preferred learning style was Activist with a bit of Reflector mixed in (Honey and Mumford, 1982). This perhaps explains why I loved the workshops. I loved being with other students and discussing the complex issues we were presented with. I loved the content of the workshops and exposure to new ways of looking at the world and the processes within it. I even loved the big words and the Greek references and in some cases the rather odd teaching methods (Kitchen utensils? Blur song lyrics?). It was all fantastic, and I looked forward to attending and getting involved in the sessions. But attending and participating in the sessions does not get you a DBA. You have to do the documents, and this is where the real learning takes place.

I have decided to structure this document based around a series of learning points that I have developed following a mind mapping exercise. I have taken time out to reflect on what has happened to me during the course of completing the DBA, identifying those critical incidents and revelations that have struck me as being important to my own personal development. This reflection reveals a series of ups and downs, peaks and troughs, triumphs and defeats. It has been a long journey. I feel a certain amount of trepidation writing this document given that despite the highs of attending the taught sessions, the first low came with the submission of Document One. It was returned requiring amendments, as I had not been reflective enough. At the time, this was devastating. I had fallen at the first hurdle, was there any point in getting back up and carrying on? Well I did, and I'm glad I did. Document Two received an excellent pass – I was,

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potentially at least, good enough. However, the lack of reflection in document one perhaps does not bode well for producing a reflective document in its own right, hence my current trepidation.

My reflections are not confined to the period of the DBA alone. We are all shaped by our past histories, both in terms of how we see and construct the world around us, but also in terms of the values we hold and the confidence we have in our own abilities. It is important therefore to track my journey to the doctorate from an early stage, to identify the con-texts, pre-texts, sub-texts and inter-texts (Usher, 1997) that have helped shape my development as a researcher and a reflective practitioner.

On the Precursors

At school I had no particular desire to go to university. Personal family circumstances (my father had cancer for many years and died when I was 19) and the fact that no one had gone to university in my close family, meant it wasn't on my agenda of things to do at that time. So despite being given a place on an art degree at Nottingham Trent University's School of Art and Design, I took the first job I was offered and joined the rank and file of finance assistants in the Treasurer's Department at Nottinghamshire County Council (a strange choice perhaps for someone wanting to be an artist).

There are three notable things that stand out for me during my early career as a non-academic that are worth summarising here. Taken together, this summary should help to explain why I lacked confidence in tackling the DBA. Studying my professional qualification (CIPFA) at University was ultimately my pathway to an academic career, although it was not perhaps that helpful initially in preparing for doctoral studies. At that time the qualification was assessed through both assignments and examinations. Surprisingly perhaps, the assignments were quite academically based for a professional accounting qualification. Despite

failing the practice assignment (an inauspicious start), I quickly came to enjoy doing them and certainly preferred them to the examinations. The final assessment point was a work-based project. This was not exactly the same as an MBA dissertation, but did share some similarities in terms of process and certainly helped when I came to do my MBA dissertation later on. It even had a Viva examination attached to it. Perhaps that will help later on too. This was my first foray into this type of assessment and again, looking back I perversely enjoyed it. The journey had begun.

My second key memory was being appointed by the University and interviewed by the then Dean of the Business School (who I shall call Peter). I never thought I would get the job given some of the questions I was asked at the interview and, by contrast, the paucity of my answers. It seemed to me that Peter had a brain the size of a planet, (I subsequently learnt that he did) and thought there was no way on God's earth that he would consider even appointing me. Even though I probably lacked confidence because of this when joining the university, looking back there was something in me that thought, "Could I be like that?".

The final memory comes from studying for my MBA and a cameo slot from a tutor (who I shall call Colin) on, I think, business ethics, but it might have been research methods (of all things). I remember Colin saying that he was a historian who had developed an attraction for research and philosophy and ethics. I got the impression that he was very happy with his change in career. There was something about that session that stuck with me, this time making me think "I want to do that".

On Being an Accountant

By profession I am an accountant (but please don't hold it against me, I always tried to be a nice accountant). In previous professional lives I have worked and trained as a finance assistant, been a management accountant, an auditor and a

finance manager. I have studied for and gained a professional accounting qualification and applied this learning in a world of controls, accountabilities, decision-making and performance reporting. I now teach other people to be accountants, following the rigid and directing syllabi of professional accounting bodies and undergraduate degree programmes. Accountancy is by and large objective in nature. It deals with money which lends itself very well to being added up, multiplied, modelled and compared in very objective ways giving the ability to demonstrate, through a body of evidence, whether or not something should be done and whether something has performed well or badly (this was probably one factor that drew me to study the Comprehensive Performance Assessment). My early career as an accountant may not have been that helpful from a researcher's perspective, as it very successfully fostered in me an accounting constructed view of the world. This no doubt contributed to my initial and ongoing confusion and frustration with concepts of methodology while doing the DBA. My understanding now is that there is not just one view of the world, although this is something that took a long time for me to wrestle with. One outcome of doing the DBA is that I have been able to put this development phase into some perspective and realise that different methodological positions were shaping my early career constructions than is now the case.

On Not Being an Academic

I do not have a first degree. I left school after doing 'A' levels and went straight into work. There I was trained as an accountant, and then I went on to do an MBA during which time I joined the University. Looking back, the MBA was also quite structured and formulaic in its approach to syllabus and learning, adopting as it I did the Johnson and Scholes "bible", if you are religiously inclined, or "encyclopaedia", if you are not, of strategic exploration. I was recruited by the University to deliver professional accounting programmes and in-company training courses, rather than as a "REFable" academic who would contribute to the research score of the University. However, as I have learnt more about

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academia, it has become apparent to me that both in research and on academic programmes, such as undergraduate and post graduate degrees, there is more scope for freedom of thought and expression than I first thought possible. Quite apart from there being alternative approaches and viewpoints on technical aspects of accounting (which are a lot less constrained than I had been led to believe), there is also a topic called 'research methods'. Before commencing the DBA, I had been involved in teaching research methods to unsuspecting undergraduate and postgraduate students and supervising them through their dissertations. At first, as I didn't have a traditional academic background, this was quite daunting and I had to get up to speed quickly in the fairly traditional way of being one chapter ahead of the students. This again seemed fairly formulaic. There was a difference between methodology and methods. Reality either existed out there, or it was internally created. You were either a positivist or an interpretivist (in the early days this was called phenomenology and I still get tempted to use this with the students because it is such a great word). You had to consider the reliability and validity of your approach, you needed to think about triangulation and you needed a bit on ethics. Similar to accountancy in many respects. I would tell the students that selecting methods was the easy bit and that they were likely to struggle with methodology but needed to give it a go. Eventually I became comfortable with the subject, and even came up with some strategies to help students overcome their methodological problems. For example if they were struggling to come to terms with whether they should use positivist or interpretivist approaches when doing their research, I would get them to think about Stephen Hawkin. Hawkin, I would tell them, is trying to come up with a grand unifying theory that connects the big things in physics, such as gravity, with the little things, such as atoms (see Hawkin, 1995 and Bryson, 2004). Both fields are understood in their own right, but how they are related is not. If Hawkin (or other like minded physicists) can join the two things together, then they will know the origins of the universe and the "Big Bang" and everything that goes with it. Put simply, Hawkin is trying to find the formula for absolutely

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everything and as such is the ultimate positivist. This formula would necessarily also be predictive. If you are looking for something that can be measured objectively and be predictive, I would tell them, you need to use positivism. If you are not, then everything else is interpretivism. Then I started the DBA. How wrong can you be?

On Being Methodologically Challenged

And so I come to the JM Barrie quotation at the start of this document. The quote is clearly from Peter Pan and, if you have read the book, you will know that it is preceded by a discussion of what the inside of a person's mind might look like. We all have Neverlands in there, asserts Barrie, but everyone's is different. At first glance, you may think that I have included the quote to discuss an interpretivist philosophical perspective. In other words that reality does not exist outside of a persons mind, but is rather constructed within it. Or maybe I am using it to demonstrate that reality must be external, or why else would we read fiction, other than to take us away from the real world? This is not the reason for using the quote however. It is used simply because it struck a chord with me on my journey through the methodological minefield of doing a DBA. I came across it while watching the opening ceremony of the London Olympics in 2012. I was lucky enough to be watching at the time that JK Rowling (another children's author of some repute) read out the quote that I have reproduced at the start of the introduction and "Bang!" it hit me. "That is just like what doing a DBA is like", and in particular learning about methodology. When you play at it in the classroom and seminars, it is not the least bit alarming. In fact, as I have said, it can be very enjoyable. But in the two minutes before you have to hand in your documents, it becomes very real, and that's why there are supervisors.

Coping with the methodological aspects of doing a DBA was probably the most challenging part of the whole process. My supervisors will attest to this. I can remember emailing them at one point saying, "Help! I am methodologically

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challenged", or words to that effect. Unfortunately the email has been deleted, as it would have been amusing to read it again now. In approaching the documents I always struggled to come to terms with the different methodological positions that could be applied. Especially given that the more you seemed to look, the more possible positions there were.

It was comforting to hear that my supervisors, and other tutors on the DBA, had also wrestled with their own methodological positions over the years, and that over time I would reach a conclusion as to what it was all about (but that this might change again later on). As a student trying to write research papers that were to be assessed, though comforting, this was not that helpful.

In my main primary research documents I, along with my mentors and peers, constantly wrestled with what might be appropriate methodological positions. Although it all seems something of a blur now, looking back at the documents again at the end of this period of study, what I have written still seems to make sense to me in the context of each particular study undertaken. In fact, I was left with a sense of "wow, did I write that?" I have been an interpretivist, a critical realist and a realist (possibly a subtle realist and at some times a pragmatist), although interestingly never a positivist.

So, do I now fully understand methodology? If I am honest, no, not fully. I do understand it better though and its importance as an academic discipline in constructing research methodologies and selecting research methods. The approach to Document 4 is a good example of how I was able to develop and adapt methodological approaches during the DBA process. The first aspect of this was that I decided that Document 4 should actually be the third document of the study and not the fourth. The reason for this was that as part of the study, I needed to establish potential turnaround councils to examine as well as lines of enquiry that could be used to focus the research in documents three and five.

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Although aware of the CPA and its impact within local government, I was by no means an expert on it, only having seen a relatively small part of it when working as a Finance Manager at a large county council. The requirement for Document 4 was to produce a structured analysis, essentially requiring the use of statistical models. An obvious methodological route would have been a positivist approach, as structural analysis lends itself well to hypothetico-deductive analysis using statistical techniques to develop hypothesise and test them (Bryman and Bell, 2003). However, there were a number of reasons that meant that such an approach was not suitable given Document 4's placement within the study. The first of these was that Document 4 was exploratory rather than explanatory (Fisher, 2004). As such it was not an objective of the document to find cause and affect relationships, but rather to establish lines of enquiry that could be used in later documents. The second aspect was that the CPA was identified at an early stage within the study as being a socially constructed performance framework, operating during a short period of time within a paradigm of public sector performance management, itself shaped by competing ideological views of right and wrong, good and bad. As such the CPA, although apparently quasi-scientific, did not offer a scientific reality of good performance, but rather one view of it. Any analysis undertaken could only at best provide an indication of relative performance within the CPA framework, rather than a universal view. The final aspect was that the analysis was undertaken using secondary data that represented the potentially subjective judgements of oversight bodies and regulators whose views formed the inputs to the CPA scoring mechanism, itself a construction. Taken together, these elements meant that although statistical methods were used during the study, the analysis of the findings was undertaken within an interpretivist rather than a positivist paradigm. The exploratory nature of Document 4 subsequently led to the identification of potential turnaround councils that were used as the basis for Document 3 and 5, as well as establishing that further analysis of the corporate assessment process and documentation, would be a good basis on which to undertake Document 5.

Finally in this section I would like to acknowledge all those who have helped me on my methodological journey. Thank you to Gill and Johnson (1991), Miles and Huberman (1994), Saunders et al (2007), Hammersley (2002), Bryman and Bell (2003), Fisher (2004), Gray (2005), Jankowicz (2005), who have been my constant companions. And of course thanks to my supervisors Colin and Joyce, who have always been there.

On the Use of Supervisors

If I'm honest, I probably didn't use my supervisors as much as I could have, and probably not as much as I should have. Despite this I have to say that I was blessed with a pair of what I consider good supervisors, by which I mean they were challenging academically, but extremely supportive. They also turned my work around quickly. Undertaking doctoral research can be a lonely experience, and a confusing one. Making use of supervisor meetings and feedback was helpful on a number of levels but mainly in terms of untangling the conversations I was having in my own head about what I was doing and what I should or could be doing methodologically, framing research questions and analysing and writing up research findings. They were a sounding board that in most cases gave positive indications that I was heading the right direction. They also helped me to focus and bring me back on track; "you just need to make a decision about what you are doing, and then go and do it" to paraphrase the feedback from one meeting. In this sense they formed a significant part of my development and learning as a researcher. Neither supervisor was an expert in the CPA process, nor local authorities in particular, so it was not the technical subject area that the supervision assisted with. It was the research process itself, which is considered further in the sections on reflexivity, reflection and on being a researcher.

On Ansoff v Mintzberg

A strange heading perhaps, but a critical incident in my development through the DBA. While doing the literature review, I came across a series of articles that fascinated me. Part of the focus of my DBA was strategy, and many of the academic articles I came across and read were not particularly griping. Getting into some of them was often challenging and some were pretty much incomprehensible. If I'm honest, this was starting to affect my motivation and conviction. It was a bit of a turn off. Then I came across these fascinating articles that played out over successive editions of the Strategic Management Journal and essentially represented an academic boxing match between Igor Ansoff and Henry Mintzberg on whether strategy should be developed in a planned and prescriptive way, or whether it was emergent and descriptive (Mintzberg, 1991; Ansoff, 1991; Mintzberg, 1991). It felt personal between them. Could this really happen? This caught my attention and raised my interest again. I actually felt excited (excited!) about doing the literature review. I soon found that this was not an isolated incident and other somewhat personal assaults took place on a regular basis. To say this spurred me on is probably too strong, but it certainly raised my level of motivation. Generally, it taught me to expect the unexpected; a lot about doing research can be mundane, but occasionally you come across things that genuinely surprise and engage you. I got my best mark for the literature review.

This I now know is part of the critical nature of research. Not every critical article is personal in the way that Ansoff/Mintzberg were, but critical articles are challenging, and look at things from different perspectives and disciplines. When starting the DBA, I was more attuned to Ansoff. I liked the planned approach to doing strategy, I suppose because being an accountant it was more what I was used to. Now I can see there is room for both approaches, which incidentally is where Ansoff and Mintzberg both eventually ended up. So while on the one hand

this incident was motivational to me, it also helped me to become aware of the critical nature of research. Viewing strategy through Mintzberg's approach was in effect me challenging my previously held assumptions and as such represents double-loop learning (more on this later when I consider reflexivity).

On Finding Things Out

This was something of a road to Damascus moment. At one point, in the middle of Document Four, I was very low about the whole process of doing the DBA. I had the mid-term blues you might say. This wasn't because of the volume of work or being bored with the topic, it was because of the methodological issues raised above. They were wearing me down. While trawling through the research methods texts once again, I came across a comment that you did research to "find out" about things (Fisher 2004 p212). It wasn't a grand theory; it was a fragment within a sentence. Nevertheless, it leapt out at me. This was why I was doing it, to find out about things. It didn't matter that I was struggling with the methodological concepts, everyone does. What mattered was that I wanted to find things out. That was simply it. It doesn't seem much, but it was a major turning point for me. From that point on I have been able to overcome my lack of confidence in not being 'an academic', build on those early forays into academic writing and weave an iterative path through the methodological minefield.

On Reflexivity

Reflexivity is linked to reflection, which is discussed in the next section, and the two can be seen as opposite ends of a continuum (Finlay and Gough, 2003; Finlay, 2008), with reflection consisting of thinking about something after the event and reflexivity, a more dynamic process that requires self-awareness. I have decided to separate the two in order to discuss the more detailed theoretical and methodological aspects here, and the more practical application to my development as a researcher in the next section.

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Reflexivity can be discussed in a variety of ways. In ethnographic research, there is a need for the researcher to be aware of the direct impact their presence may have on the situation being studied. Even in covert settings, the presence of the researcher may shape the course of organisational actions and decisions in some way, especially if the researcher is a practitioner within the organisation (Gill and Johnson, 1991). This aspect of reflexivity was not relevant to this study, as I was looking from outside the organisations and from a historical perspective.

There are however two aspects of reflexivity that I consider relevant to discuss in relation to this study. The first is the impact I, as the researcher, had on the gathering of research data, in particular with regard to the interviews. The second is the way in which I analysed and interpreted that data. Both of these were informed by my previous understanding I brought to the DBA at the early stages of the process.

This understanding was undoubtedly affected by my own socialisation into the discipline of public sector strategic management, which I have discussed earlier in terms of both my professional and academic development. The choice of topic, the development of the literature review and conceptual framework, were all constructed at that early stage within a managerialist framework informed by the two linked experiences of having "grown up" as a public sector accountant during the New Public Management (NPM) era and having studied and taught strategic management within a "traditional" MBA paradigm. These two elements tend to reinforce each other, and I feel that this had a strong impact on my attraction to the topic and the boundaries within which I understood it.

Using Gibbons et al's (1994) typology of knowledge, the body of literature on strategic management can be identified as Mode 1, disciplinary knowledge and NPM can be associated with Mode 2, technical knowledge. Scott et al (2004)

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develop Gibbons et al's typology further into Mode 3, dispositional and trans-disciplinary knowledge and Mode 4, critical knowledge. As the DBA is a professional doctorate, there are implications here for the types of knowledge used and sought. I remember my supervisor saying that the DBA was for researching professionals rather than professional researchers. This would imply that mode 2 knowledge is a good starting point on the DBA, leading, through the incorporation of mode 1 knowledge, to modes 3 and 4. I was not aware of these distinctions at the start of the DBA, and it was a product of the supervision process during the DBA that allowed me to reflect on this towards the end and realise the impact it had had on my drawing a ring around the concepts I used in collecting and analysing the data. I recognised this to some extent in the first submission of my thesis, but rather clumsily referred to it as a "normative" paradigm through which strategic management had evolved within the public sector. Pollitt (1990), Hood (1991, 2000) and others, would refer to it as NPM and/or managerialism.

Establishing the conceptual framework for the study, and subsequently developing this into lines of enquiry, was undertaken within my existing experiences, whether these were mode 1 or mode 2. My understanding of the topic grew substantially, but still it was within the confines of a single- loop approach to learning (Argyris and Schon, 1978). This extended to the analytical framework developed to analyse the corporate assessments, and it was not until later on in the analysis stage that I developed a double-looped approach and recognised the full potential for reflexivity (see below). One area where the scope for double-loop learning was more limited was with regard to the local authority interviews. I was aware of the potential for reflexivity before undertaking these interviews and tried to establish as far as was possible an objective approach. I thought that allowing the interviewees to tell the story of their organisation within a semi-structured interview, would reduce the direct impact that I as the researcher would have on what they said. I think this worked to some extent and

the observation that each of the three interviews developed in slightly different directions and focussed on different things goes some way to supporting this. With hindsight, I didn't take into account that the interviewees were aware of my interest in both the CPA process and the managerial approaches that the organisations had changed to bring about organisational improvement. This perhaps led them to discuss things from a managerialist perspective rather than from other angles. If they had known I had been, say, a political scientist, they may have structured their answers differently. I don't think that this was a major factor in the study, but in future I may attempt to hide my disciplinary roots in order to reduce any potential impact. A second, and probably more significant aspect of reflexivity in the interviews was the way in which I received and interpreted what the interviewees told me. The interviews were recorded and this allowed me to review the transcripts during the analysis stage in a more double-loop fashion (see below). However, during the interviews I was quite clearly displaying single-loop learning and this impacted on the notes I took at the time and the follow up questions that I asked during the interviews. On reflection, I could have been more challenging of the insights given at the time and probed the interviewees as to why they thought certain things were important or why things happened in the way they did. This may have revealed more explicitly any contradictions, embellishments or assumptions that could have been present beneath the surface. My adherence to a managerialist context, and I have to say pleasure that some of things I had expected to see did actually play out in practice, perhaps limited my ability to capture a wider range of possible findings within the interviews. Mitigation of this aspect in particular is a learning point hat I will take with me into future research studies.

From an analytical perspective, my early attempts at trying to make sense of the data and findings of the primary research were also constrained within the mode 1 and mode 2 knowledge sets described above. This was not too problematic for documents 3 and 4, which were mainly exploratory in nature, but it did require a

period of reflection during the production of document 5. Feedback from supervisors on document 5 revealed that it was perhaps too narrow in its approach and initially too accepting of what the findings appeared to be telling me within the confines of my conceptual framework. This prompted a questioning of whether other disciplines would also be appropriate to use during the study and represented a move away from single-loop learning to double-loop learning (Argyris and Schon, 1978). This in turn led me to question whether the managerialist approach that I had adopted was appropriate. For example, was it possible to make an overall judgement on a local authority's comparative performance in the way that proponents of CPA claimed it did? Was such measurement possible or desirable? Was leadership really that significant in the change processes of organisations? On reflection, I think within the remit of the study that such claims are acceptable, especially when set within a managerialist framework. What I have learnt from this period of study, which relates most closely to what Scott et al (2004) refer to as mode 3 knowledge, is that it is necessary to identify and challenge the original assumptions on which the study was based, but having done this, that it is still possible to accept that those assumptions hold true. The study was set within the world of local authority performance management that existed between 2002 and 2008. It was appropriate therefore that the study focussed on the academic and technical modal knowledge that the CPA regime drew from and contributed to. This process of dealing with reflexivity was not a simple one to get to grips with, nor was it free from confusion and uncertainty. I do now however feel more confident in my ability to recognise my pre-held beliefs and their origins and to be able to approach the analysis of research findings in a more impartial and critical way. Even if on this occasion I ultimately worked within those pre-held beliefs, I know now that in future studies I can adopt alternative positions if it is appropriate to do so.

On Reflection

Unavoidably, some elements of reflective practice have been highlighted in the previous section. The development of double-loop learning and mode 3 knowledge are both closely linked to reflection on behalf of the research practitioner. The discussion above however was focussed more on the reflexive impact of disciplinary and technical knowledge within the subject area, in this case CPA, NPM and managerialism. This section focuses on the process of doing research from the viewpoint of a research practitioner.

Finlay (2008) identifies that most reflection lacks socialisation and tends to be introspective. This was certainly true of my own reflective processes during the DBA. The learning set established at the start of the programme quickly fell into disuse for a variety of reasons (people leaving the course, extensions and, as time went on, a lack of appetite for them). I wasn't too worried about this at the time as I was much more concerned with getting on and getting started, and this to me seemed to be more of an individualistic pursuit. With hindsight, the opportunity to reflect within the more social context of the learning set would have been useful. As it turned out the primary prompt for third party intervention in reflection was from supervision meetings, which were actually focussed on me as the researcher, and therefore still introspective in nature. Not that introspection is a bad thing.

Schon (1983) identifies two types of reflection; reflection in action and reflection on action (sometimes referred to as reflection on reflection in action (Scott et al, 2004)). From my perspective as a research practitioner, reflection in action occurred at times of "doing", for example during the interviews, or during the analysis of documents and interviews. At such times there was a need to think on my feet, and develop ways of capturing and structuring the data in order to ultimately make some sense of it. This also applied to writing up the data and

initial approaches at being analytical, synthesising and sense-making. I have reflected above on the process of interviewing and the need for me to take greater account of the scope for reflexivity in future studies. This would be an example of reflection on action. In general, I think that my reflection in action was suitable and it certainly got me to a point where I had some data to analyse, or a document to review. Reflection on action was something that tended to be prompted externally however, usually following a supervision meeting or through presenting findings at conferences or internal research workshops. This prompted a need to look again at the approach adopted and to bring in ideas from other perspectives. My initial attempt at the literature review for example was returned from one of my supervisors with the comment "this is too journalistic". This was something of a blow as I had spent a lot of time finding articles, reading them and trying to compare and contrast them. A discussion on the need to be more critical in my writing followed and this in turn led to a period of reflection and rewriting. The final submitted document was awarded an excellent pass, and demonstrates that I not only had the ability to write critically, but also to *learn* to write critically. As I have mentioned in a previous section, a similar pattern emerged with regard to the development of my methodological understanding. This was very much centred on a single-loop approach at the start of the DBA, but through challenge and reflection became a double-looped approach as time went on. Challenge came again from my supervisors, but also from attending the DBA course workshops, which introduced new perspectives on methodological positions. Some would call this part of the process reflection before action (Greenwood, 1993). Methodologically I am a lot more confident now in identifying possible approaches from my own experience (and there are more of them to chose from), but I also now recognise the need to ask others if there is another way that I am not aware of. At the start of the DBA this would have been a horrifying prospect, the fear being that I would not be able to comprehend or understand a new approach. Now, even though I know it will be difficult, I also

know that I can take new thinking on board and adopt it within my own practice. Or, or course, I can chose to reject it.

From the point of view of learning about myself as a reflective practitioner, I have learnt that I tend to do better at reflection in action (informed by reflection before action) rather than reflection on action. This to me is grounded in my professional socialisation as an accountant, which tends to promote single-loop learning within the rules and technical knowledge of the professional discipline. It also relates back to my earlier preferred learning style of activist. During the DBA, I have come to learn the importance of reflection on action and that this is related to a better facility for double-loop learning and also a move towards a more theorising and reflective learning style. While writing this reflective document, I re-took the Honey and Mumford learning styles questionnaire. This time my score was balanced across all four learning styles. I still have a strong activist score, but now also have strong scores for reflector, theorist and pragmatist. The theorist and reflector scores in particular would appear to support my development in terms of double-loop learning. An example of my development in these areas within the study was in considering the development of academic discourses around the changes to public management over the last 30 years or so. It is recognised within the literature that, confusingly, different terms have been used to describe similar features. A primary example of this was the interchangeable use of the terms New Public Management (NPM) favoured by Hood (1991) and managerialism favoured by Pollitt (1990). These were two key authors at the start of what is now more generically know as the NPM era using different terms to essentially describe the same thing. Other authors subsequently used the terms interchangeably. This was unhelpful for the development of the study and a critical review of the literature (eg Greener 2009) was needed to understand the key features being discussed. The outcome of this was that in my mind at least there was a difference between the more structurally based ideological aspects of NPM, rooted in Public Choice theory, and

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those aspects that related to the roles of managers, whether these be political leadership roles, or executive roles. The more I looked, the more it seemed that these management aspects represented a consistent line of thinking that tended to transcend the wider academic developments from public choice to public value and beyond. I therefore decided to adopt the term managerialism (or managerialist) to refer to the internal management processes that formed the focus of the study. While taking such an approach is probably risky and can be contested, it did come to light later on that Hughes (2002) had adopted a similar distinction in the third edition of his book, so I felt more confident in my own judgement.

On Being a Researcher

In conclusion, I have learnt that the practice of undertaking research is complex, iterative and multi-faceted and requires an understanding of both research practice as well as the technical and disciplinary requirements of the subject area. Development as a researcher, for me at least, is best played out through active engagement with the process itself and this engagement works on two broad levels. The disciplinary and technical level requires an understanding of the topic being studied, whether this be from an academic perspective, a work based perspective or a combination of the two. The level of research practice requires knowledge of the process of research, from initial concept to refining research questions and from methodology, through to data collection, analysis, synthesis and conclusion.

The process of research can be learnt from any of the range of textbooks in university libraries. The practice of research can only be learnt through action. This action requires the development of reflective practices at both the technical/disciplinary level and at the level of research practice. Kolb's

Experiential Learning Cycle (Kolb, Rubin and McIntyre, 1979 in Gill and Johnson, 1991), is helpful in explaining my own learning in the practice of research. Kolb (1984) identifies 4 learning styles linked to the learning cycle. My preferred style here would be that of Accommodator, with the emphasis for learning coming from both doing and feeling. This would suggest that my natural learning cycle starts with active experimentation, which in turn leads concrete experiences followed by reflection and conceptualisation, before returning again to experimentation. This relates back to Honey and Mumfords' activist style and I can recognise this in my own development throughout the DBA. Most of the time I started with experimentation before settling on an approach and then undertaking the work, whether this be the literature review, collecting and analysing the data, writing up the drafts and final versions of chapters and documents or reflecting on the process undertaken. For some tasks, such as developing frameworks for analysis, the cyclical process was rapid and frequent and this is where reflection in action took place. At other times, the cycle took longer and was less frequent and this tended to be where I was reflecting on action, usually in response to feedback from supervisors or following presentations. It was at these stages where theorising took place. While initially needing the support of supervisors for these major reflections, I have now learnt to step back and instigate reflection on action myself. Although this itself has also initially been a process of experimentation, the more I have thought and played with it, the more I have been able to incorporate it more fully into my research practice. This has run in parallel with improved confidence in my own ability as a researcher and with my knowledge of the research process. I feel I will always need the input of others to help challenge and develop my understanding and viewpoints, but this is now a voluntary process rather than being part of the supervision process. My understanding of these issues will also help me to support other new researchers and doctoral students in the future.

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