



The developing environment for strategy formation in the smaller local authority

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Abstract

Purpose – The purpose of this paper is to build on a previous study of strategy in the public sector by Dereli in 2003. In the intervening period the environmental factors influencing local government's approach to strategy have changed considerably, particularly with the government's changed emphasis from best value to comprehensive performance assessment as its methodology for assessing local authorities. The impact of CPA on strategy formation in local authorities is the central focus of this study. The starting point for the research is the question of whether the tension between top-down and bottom-up strategy formation which was evident in the earlier study has disappeared, increased or been replaced by other tensions.

Design/methodology/approach – The research involved semi-structured interviews with Chief Executive Officers and middle managers in three smaller local authorities in England.

Findings – The research found that living with a top-down/bottom-up tension in the creation of strategy is almost a norm, but that there is also evidence of a further tension between strategy making and performance management, from which flow some concerns about the future of strategy in local government.

Research limitations/implications – The paper records the views of local government officers, as key participants in the processes of strategy formation in their authorities as valuable evidence in a changing local government scene. The research acknowledges the external factors creating the new set of tensions in local government, which are examined here. It does not seek to examine the relative diachronic impact of these external factors, a piece of work which could usefully explore further the relation between pressures from the centre and local strategy directions.

Originality/value – In the present public sector context, where major reforms are on the horizon, the paper records a snapshot of opinion from key participants in strategy formation in three smaller local authorities.

Keywords Corporate strategy, Local government, Performance appraisal, Public sector organizations, England

Paper type Research paper

Introduction

This study builds on work undertaken three years ago on strategy in the public sector (Dereli, 2003). That study set out to provide “a snapshot in time of the operation of strategy” in smaller local authorities (Dereli, 2003, p. 255). The study concluded that smaller local authorities felt only slightly inhibited by their size in developing a strategic view, while seeing themselves as ideally placed to consult their residents and undertake bottom-up strategy formation. In 2002/2003 there were a number of specific environmental factors driving or at least influencing local government's approach to strategy and in this respect there have been some important changes not least in the government's changed priorities from best value (BV) to comprehensive performance assessment (CPA) for its methodology in assessing local government. The impact of



CPA on strategy formation in local authorities (LAs) will be the central focus of the present study, with the aim of considering whether the tension between top-down and bottom-up strategy formation which was evident in the earlier study has disappeared, increased or been replaced by other tensions.

The research undertaken for the present study involved interviews with Chief Executive Officers and middle managers in three smaller local authorities in the UK. The starting point for the semi-structured interviews with CEOs was the question: "What has changed since we spoke about strategy in 2002?" and with the middle managers the questions: "How do you compare your role in BV reviews and in CPA and how do the changes impact on strategy formation in your LA?" While the environmental changes affecting strategy formation in local government provide the context for this study, more detailed consideration of political influences or isomorphic pressures on local government (DiMaggio and Powell, 1983) are beyond the scope of this study.

Strategy in the private and public sectors: a review

The exploration of the cross over between the theories of strategy in the public and private sectors which was undertaken in the previous study will be revisited here only where it is relevant to an examination of the changes in the public sector environment.

Issues of the location and ownership of strategy have an increasing resonance in the public as well as the private sector. Bowman (1998), in his study of strategy in the private sector, asked the "so what?" questions about the impact of theory on practice. His eight basic points resulting from this practical angle on strategy theory resonate for the strategy debates in local government, not least the guidance to practitioners to "be clear about the distinction between corporate, business and functional level strategy" and on the importance of "ownership of the strategy" which "comes from genuine involvement in the strategy-making process" (Bowman, 1998, p. 19).

Ackermann and Eden (2005) reviewing the literature on strategy in the private sector have commented that, while the concept of "incremental change" has been around for a long time in business literatures, from their practical experience the starting point to "make strategy deliverable" is generally "to detect emergent strategizing" (Ackermann *et al.*, 2005, p. 3). This would seem to run counter to or at least deserve to be considered alongside the public sector trend towards formalising more and more strategy statements.

The comments of Kaplan and Norton (2001) on their introduction of the concept of balanced scorecard are also relevant to a debate on public sector strategy in 2005. They have commented that when they introduced this concept they thought that the balanced scorecard was essentially about measurement, their starting point being that financial measures alone were not adequate. They wrestled with the problem of how to measure other things:

The answer turned out to be obvious: Measure the strategy! Thus, all of the objectives and measures on a Balanced Scorecard – financial and non-financial – should be derived from the organization's vision and strategy (Kaplan and Norton, 2001, p. 3).

As CPA has presented local authorities with a structural model incorporating vision and strategy, as well as measurement, the problem acknowledged by Kaplan and

Norton here might be taken forward into the search for an understanding of the current tensions within local government.

Certainly, the literature of performance management in the public sector provides evidence of a working out of the issues with which Kaplan and Norton said they were wrestling. Rogers (1999, p. 12 and 49) explores the developing use of performance management in local government and latterly its place within the best value framework. The new approach is seen as a model of stakeholder involvement with emphasis on staff empowerment as well as the range of stakeholders. Rogers traces the increasing use of performance indicators in local government from 1991 onwards (Rogers, 1999, p. 17) and particularly in relation to the role given to the Audit Commission by the Local Government Act of 1992 (Rogers, 1999, p. 28). At that point in time he argued that the circumstances in which performance management was being developed were “mutually contradictory”:

While performance management aims to increase the capacity of councillors and managers to determine and manage the performance of their own affairs it is being applied in an environment where both the definition of performance and the operational processes for achieving that performance are being increasingly determined not just by central government but by wholly or partly autonomous audit and inspection agencies (Rogers, 1999, p. 24).

He also notes that issues of power come into play in the weighting of stakeholder interests in the process (Rogers, 1999, p. 53). In the overall system of performance management outlined by Rogers the development of strategies based on community consultation are central. In his five-step model of decision making, “analysis of community needs” is the first step. Strategies, planning and target setting all follow on from this (Rogers, 1999, p. 55). As his study is working in the context of best value these strategies and plans are essentially service-based. Best value is presented as a bottom-up exercise of strategy formation linked to the use of indicators to manage performance and maintain accountability. Rogers found that performance measurement regimes already had their critics (Rogers, 1999, pp. 82-7). But on the other side it is also noted that some authorities were already trying to achieve a more general strategic approach in which, with hindsight, the seeds of CPA might be detected (Rogers, 1999, p. 89).

With regard to the literature of strategy in the public sector, the current moves to CPA give a new resonance to the academic literature which had explored this issue. A summary of the situation by Joyce (1999) provides a useful starting point. Few would argue, even now, with the view that “Strategic management in the public services is an unfinished and evolving phenomenon”. However, the emphasis on the fluidity of strategy certainly seems at first sight to challenge the present proliferation of written strategies:

Strategies are normally very fluid things. Chief executives of public services organizations, even those regarded by their peers as very successful, cannot always say definitively what strategy is, or indeed what their own organization’s strategy is. Strategies are certainly not to be simply equated with statements included in written business plans and strategic documents (Joyce, 1999, p. 2).

Joyce (2000, p. 166) noted the new prioritisation of consultation with the public in the BV process. He explained this as essentially a political reaction to what had been seen as a democratic deficit:

Getting public sector managers to involve the public in decisions on service delivery is just one of a number of initiatives in Britain that are aiming at democratic renewal (Joyce, 2000, p. 167).

Bryson (1995, p. 9) summed up the dangers of what he labelled a “strategic planning” process as a panacea:

Strategic planning is simply a set of concepts, procedures, and tools designed to help leaders, managers, and planners think and act strategically. Used in wise and skilful ways by a “coalition of the willing” (Cleveland, 1993), strategic planning can help organizations focus on producing effective decisions and actions that further the organization’s mission, meet its mandates, and satisfy key stakeholders. But strategic planning is not a substitute for strategic thinking and acting. Only caring and committed people can do that. And when used thoughtlessly, strategic planning can actually drive out precisely the kind of strategic thought and action it is supposed to promote.

Public sector strategy – the developing context: best value and new public management

The need to root a study of the present situation in local government in the UK in an understanding of the best value regime may be self-evident, but is certainly underlined by recent academic work. Entwistle and Laffin (2005) looked back to the factors contributing to the development of this flagship policy of New Labour, particularly the dangers of a post-CCT regime (Entwistle and Laffin, 2005, pp. 212-13)[1]. As a development from CCT, the idea of “a statutory duty on authorities to seek best value for money” would suit both the private sector “looking for higher value business” and the unions, while an emphasis on accountability to the electorate was seen as moving the debate away from conflicts over the ideological ground of the previous competitive regime (Entwistle and Laffin, 2005, p. 213). They argue that BV’s great strength was its ambiguity, as “it meant different things to different people” (Entwistle and Laffin, 2005, p. 14).

Before considering how CPA has evolved from best value, therefore, it will be appropriate to consider briefly the range of views that have emerged on the BV regime. Issues in studies of the early 1990s can now be seen to foreshadow the development of the concept of best value. Zegans (1992, p. 142) recorded the views of civil servants on the role of innovation in public agencies. His study focuses on innovation as an answer to the challenges of that period but other interesting tensions are evident in the interviews reported. For example, it is argued that officers should be more concerned with “broad direction setting” rather than “the codification of particular objectives and work methods”. These concerns mirror the tension between performance management and strategy setting in the discussions recorded below in this study. The discussion of the potential sources of innovative ideas (Zegans, 1992, p. 147) mirrors the practices of BV in looking widely for new innovative ideas for service delivery. Another glimpse of the future is contained in the report of developments at Kirklees Council in the 1980s-1990s where a new CEO, faced with criticism that the authority lacked the where-with-all to face the challenges, was focusing on strategic management (Davies and Griffiths, 1995, cited in Clarke-Hill and Glaister, 1995).

As the BV regime bedded down the Audit Commission noted:

Best value reviews are just the start of the process of improvements; they are not an end in themselves. For planned improvements to materialise, councils need sound systems to implement change (Audit Commission, 2001, p. 23).

The BV process is presented as helping councils to concentrate on strategic approaches (Audit Commission, 2001, p. 12 and 13) and having a clear idea of their priorities, through processes of listening to staff and the public to take ideas from the bottom up: "A basic principle of best value is to think about services from the perspective of users and local people" (Audit Commission, 2001, p. 17). Even so performance, linked to inspection and audit, is given a high priority and the term "performance management" is frequently used. It has been argued that this label was up front in the Audit Commission's presentation of best value from the start (Martin and Davis, 2001, p. 466) and Martin (2001, p. 447) approaches BV as essentially a "performance management framework". Even so, BV was presented generally in local government under a variety of other guises, such as a review process or a mechanism for revitalising local democracy:

Alongside more effective local leadership, central government sees increasing public involvement in, and influence over, local decisions as an important means of stimulating service improvement and "reinvigorating" local democracy (Martin and Davis, 2001, p. 470).

However, Maile and Hoggett (2001, p. 511) note that while the early emphasis of BV was on local determination, this soon "began to give way to an increasingly centralising approach", a move achieved largely through the imposition of "centrally prescribed performance indicators". An approach which promised to be "local, bottom-up and committed to the engagement of a diversity of local stakeholders" seemed to be rapidly being replaced by one "which is centrally driven, prescriptive and mechanistic" (Maile and Hoggett, 2001, pp. 517-18).

However, for an understanding of the impact of CPA on strategy it is necessary to consider its appearance on the scene and the policy direction which it embodies not only as a step on from BV but also against the background of international developments in theory of local government. Box *et al.* (2001), looking at developments in the US, commented:

Over the past decade or two in the field of public administration, economic theory has become an important normative influence on the management of public organizations and their relationship to the broader society. As a result, elements of New Public Management (NPM) are the expected mode of operation for many public agencies in the United States and in a number of other nations (Box *et al.*, 2001, p. 611).

As a result the thinking that has been developing in the UK about how local government can or should be run can be traced back not just through the policy initiatives within the UK from the 1990s but also in studies of developments in other countries, particularly US, New Zealand and Canada (Barzelay, 2001, pp. 6, 9; Joyce, 1999, p. 8).

Farnham and Horton (1993, p. 239) trace the trend back to a new wave of managerialism in the 1960s which itself has its roots in classical scientific management theory. Moore (1995, p. 17) set out a rationale for NPM as a challenge to the old mind-set of local government officials who were "administrators or bureaucrats rather than of entrepreneurs, leaders or executives" oriented downward to control of operations rather than upward and outward. His approach was based explicitly on an assumption that in liberal societies people would share his view that things are better left to the market rather than to "public mandates" (Moore, 1995, p. 43). The influence of private

sector thinking on this new approach to the public services is summed up by Farnham and Horton (1993, p. 241):

[...] the orientation of the public services has changed. They were originally founded on the traditional principles of public administration and bureaucratic hierarchies, co-ordinated by generalist administrators or professional specialists [...] They are now based, in part at least, on the principles of “public business” and “customer awareness”.

Barzelay (2001, p. 99) endorses a view of NPM as rooted in economics, but he also considers perspectives on NPM contributed by other disciplines. One of these is a view of NPM as concerned with political and bureaucratic control (Barzelay, 2001, pp. 7-8), a view also evident in the work of Aucoin (1995) and Moore (1995). The conclusion of Barzelay (2001, p. 178) is that NPM “is concerned with the systematic analysis and management of public management policy” through a decision making process that “is both informed by analysis and well adapted to the political and organizational forces that shape decisions and their downstream effects”. If this sounds rather vague when detached from any one national context, those studying the area have often come to the conclusion that NPM constitutes not a “fad” (Osborne and McLaughlin, 2002, cited in McLaughlin, Osborne and Ferlie, 2002, p. 11) but a “paradigm shift” (Lane, 2000, p. 3; Hood, 1998, p. 172). Fenwick (1995) speculated on the composition of the new paradigm, which at one point had appeared to focus on efficiency and was now beginning to incorporate the language of “consumerism” through consumer charters. Fenwick also noted current scepticism about whether this was really intended to give consumers of local services more rights (Fenwick, 1995, pp. 67, 63) and on the extent to which these developments could be seen as borrowings from the private sector (Fenwick, 1995, pp. 63-4). Lane (2000), tracing a shift within public administration from Weberian bureaucracy of the twentieth century to the managerial revolution of the twenty-first century, sees NPM as adding “contractualism” to the old approaches.

To put BV into this context, Bovaird and Halachmi (2001, p. 458) argue that BV constitutes a grafting of “community and local governance onto NPM” from a government increasingly adopting “a more aggressive stance” in relation to local government’s adherence to nationally set targets. Performance management already had its place in NPM thinking, under the influence of the private sector (Fenwick, 1995, p. 105) and was retained under BV. However, not only is the NPM a difficult concept to pin down, and its contribution to the formation of BV debateable but the operation of BV itself across different authorities finally produced many variations (Davis and Wright, 2004, p. 436), a factor which needs to be born in mind when considering the impact of CPA.

The CPA context in summary

From a research point-of-view the approach to the study of CPA here will involve some triangulation in its broadest sense of “using more than one method or source of data” in a study (Bryman and Bell, 2003, p. 291). The central research methodology is one of semi-structured interviews providing personal perspectives on the subject under consideration. Use is also made of other sources of information, in this case government frameworks and documented personal accounts of the inspection process recorded on government agency web sites. The Audit Commission has done its best to ensure a standard experience for local authorities entering the CPA process. Their

documents and guidance notes inform the work on CPA in every authority. The use of the “critical friend” and peer review to support local authorities and help them to prepare for inspection is embedded in the Audit Commission’s guidance to CPA. Reinforcing this supportive approach, a biographical account of one CEO’s experience of CPA is included on the IDeA web site. This account of a District Authority undergoing CPA inspection takes the reader through the process, from the production of the self-assessment document and the feed-back from peer challenge to the follow-up from the inspection report at the other end.

Another perspective on the common development from BV to CPA and the CPA process itself, which the interviewees are commenting on from the perspective of their own local authority, is provided by the documentation produced for members in another similar local authority. In 2001-2002 for the second year of BV Performance Plans (BVPP), the plan document included information on services; what the council was trying to achieve; how it was performing; its targets for improvement; a timetable of service reviews and the council’s initiatives to consult the public. The whole, therefore, was service orientated with a focus on internal structures and some first moves towards consultation with the public. The structure of the document itself was driven mainly by service areas. Although the document begins with statements from the centre - mission and corporate objectives – the main body of the document reports from service areas. By contrast the 2004-2005 BVPP for the same authority is structured around the corporate priorities, and the Local Strategic Partnership and the community strategy are a major reference point for the council’s activities. In between the writing of these two reports in the summer of 2003 this council had undergone its CPA inspection. This process generated masses of paper and drew continually on the Audit Commission guidance. Reports on the process were produced with updates and numerous versions and debates on the self-assessment document. In an early report in February 2003 officers urged:

We must make sure all staff are well versed in our corporate/service priorities; the key themes and targets of the Community Strategy; and on the concept of CPA.

Alongside this, a second imperative at that time was to “show positive community consultation”. These messages were reiterated again and again to members and staff. The council wanted to present itself as having “a compelling vision that stakeholders understand and support” – stakeholders being staff, members and the public, and also including partners. Helping to drive these messages home for all local authorities at the time was a mass of literature on the CPA process coming from the centre: an Audit Commission monthly newsletter and material from other organisations such as the IDeA.

Summary of research findings

However, drawing on the general guidance the self-assessment document produced for the inspection was unique to each authority. The rest of the process, therefore, the inspectors’ reports and the authority’s response, were also unique to the individual authority. Within the research interviews echoes of the authority-specific issues and reactions can be heard, but the questions in the interviews aimed to foreground a number of generic issues around strategy which could be compared across authorities, emanating from the basic research questions: Has the tension between top-down and

bottom-up strategy formation in local government disappeared, increased, or been replaced by other tensions?

Interviews were conducted with officers of three smaller local authorities, which had received different CPA scores. The different CPA outcomes for these authorities may, therefore, have skewed the perspectives taken by their officers, but these might at least be visible in looking at the views of the officer group from one authority. There was no intention to directly weight these in interpreting their comments. On the other hand, if all the authorities studied had received the same CPA score their views may well still have been influenced by their experience and this would be more difficult to detect for lack of comparison.

In each authority the officer group comprised the CEO and two senior officers who had had lead roles in BV reviews and in the CPA process. The interviews were semi-structured, with interview questions taking the discussion from their role within the BV framework and their perceptions of strategy formation under that regime to the present CPA process and the impact this has had on strategy formation. The starting point for questions with the CEOs was: "What has changed since we spoke about strategy in 2002?" and to the middle managers: "How do you compare your role in BV reviews and in CPA and how do the changes impact on strategy formation in your LA?" The analysis of the interviews looked for common perspectives among the CEOs, and then laterally among the officers in each authority. Finally, their analyses of the future direction of local government and their views of how these embryonic changes are potentially affecting strategy are compared.

The CEOs

As might be expected in line with government thinking, all the CEOs related strategy under CPA to the position of the Community Strategy as the driver of the corporate plan and itself rooted in consultation, which all three celebrated as a strength. A link was noted here from BV, since consultation had been one of BV's "4 Cs" which was retained into CPA. All three CEOs were keen to engage with their communities and to develop new ways to listen to public.

On the question of whether strategy formation was top-down or bottom-up - the consensus view was firstly that service planning and strategy remained bottom-up, and involved copious consultation with customers. The view that although CPA had shifted overall strategy to the centre, it still remained bottom-up was modified in one case by the addition of "in this authority", implying this was not always the case. There was a comment on the need for pragmatism in face of the proliferation of strategies versus CPA's centralising tendency, and on the resolution of this tension as a learning issue. These comments seemed to reflect a view of strategy as fluid and "emergent" in spite of the strategy production processes. It was also noted that CPA wants local authorities to think big and prioritise and encourages longer-term and joined-up thinking on strategy, and at the same time wants a focus on the community: "strategy has to come both ways" and "CPA does not squeeze out bottom-up strategy formation". The evidence that was offered of "thinking big" was about outsourcing, which seems to reflect the perceptions of the NPM paradigm. Overall, there was a potential cause of anxiety around maintaining the community roots of strategy in the face of the CPA process.

This can be better understood if it is seen alongside other comments on the role of performance management in local authorities. There was agreement on the increasing importance of performance management in local government. All three CEOs had positive and negative comments to make on the reliance of CPA on performance management systems. There was criticism that national PIs were not always relevant to the individual LA and the response to this was in part at least to encourage the use of local PIs. This issue was commented on by all three CEOs. There was also a view that performance management had an important role sitting alongside strategy. CPA and performance management were viewed by one CEO as ways of assessing the council's success in delivering the strategy and therefore as a welcome "reality check". This seemed to reflect the findings of Kaplan and Norton (2001) that measuring more than the economic indicators was essentially a measuring of the strategy and hence a check on its delivery.

So while overt criticism of performance management was limited there were more veiled anxieties present. One CEO felt that CPA's reliance on PIs made it a test of their paper work rather than of service quality. Another commented as a positive view of their achievement: "Our local authority has not been driven by PIs on every issue". The comment was also made that too much reliance on PIs misses good things in an authority and does not reward quality service delivery "which is what District Councils do best". In all the authorities the view was expressed that they were keen on the use of local PIs, a comment that implied a criticism of the effect of the national ones.

There was also a common view that some areas of performance are set as a government priority and have to be done regardless of their relation to the views of the local community, which can mean diverting resources to areas not important to their customers. It was also felt that national targets could be unrealistic in a local setting. Examples quoted were crime reduction, and ethnicity and staffing issues: in both cases achieving the targets was seen as dependent largely on demographic factors. This again could skew funding towards an area not seen as a priority by the community. The performance management regime expects local authorities to be good at everything, instead of allowing them to target resources to local needs. The relation of the performance management regime to strategy formation was forcibly expressed by a CEO, who was on the whole positive about recent achievements: "You can't decide in the current way of working to neglect some areas and put more effort into other areas, which is what strategy is all about really." Here there are strong echoes of anxieties expressed by writers considering the strengths and weaknesses of NPM and the BV process, particularly the way in which power is exercised through the setting of performance targets and indicators (Rogers, 1999; Fenwick, 1995).

The three authorities

In all the interviews with senior officers their comments were coloured to some extent by the nature of their departments. In the summary of the findings in each individual authority below, rather than explore these personal aspects of the responses the research report acknowledges them only when necessary.

LA 1 had not fared well in its inspection and some of the comments of the senior officers on the frustration they felt with the inspection process may have been a reflection of this. However, there is a lot of common ground among the officers of this authority and much is said about CPA, about the process and about strategy that is

positive. Both senior officers interviewed spoke about the need to embed performance management in the authority. One suggested that BV fed service planning but not strategy as such and recognised the importance of CPA as foregrounding both corporate strategy and leadership and trying to get local authorities to think big. (All the interviewees from this authority mentioned the importance of leadership.) They are also committed to consultation and valuing the democratic input of the public. In this respect CPA seems to continue the work of BV in being perceived to promote democratic renewal (Joyce, 2000). One officer thought there was a tension between top-down and bottom-up strategy, interpreting this as a tension between what government wanted and what local people are saying they want from their council. This is reflected in the attitude of the council's members who see CPA as government-directed and so are rather impatient of the strategic dimension, wanting rather to concentrate on responding to the local need in detail. Even so, there was also an officer view here that if you get strategy right, you get the right outcomes for the people.

There were divergent views on the relation between BV and CPA. One of the senior officers interviewed felt that CPA and BV complemented each other, and that while CPA was making strategy more centralised he also maintained that strategy still comes up from the bottom. The other officer felt that CPA was the death knell of BV. On the tension between strategy and performance management this officer commented on a tendency to have too much of the latter under CPA and that this has the potential to "reduce strategy to policy and procedure".

Overall from the perspective of their own authority the interviewees expressed a number of concerns. All three interviewees of this authority spoke about inconsistencies in the CPA inspection process which they felt they had identified; about the lack of opportunity for an authority like themselves to demonstrate their improvement through a new inspection at this time; about how the pressures of CPA had led them to be weaker now in areas that had been their strengths through concentrating on government agenda. Along with these views went a degree of ambiguity in relation to the place of strategy formation.

In LA2 both senior officers interviewed were keen on consultation and spoke of how well they are doing it now. They felt that CPA has ushered in more concentration on consultation, and their authority has become more sophisticated in its methodologies. They were also keen on performance management, seeing it as rooted in strategy and the Community Strategy in particular, and therefore as based on local needs. There was also a view from one officer that CPA encourages councils to take a broader look at their role and to work with partners. Both senior officers also noted the importance of leadership. These views were reinforced by the CEO in this authority, who saw the progression from BV to CPA as a positive move from "a focus on service quality to vision and strategy" but felt that CPA had perhaps moved on too quickly.

In LA3 the view of BV varied slightly from being a process that tweaked delivery processes to a more positive view of a process that was encouraging consultation with staff and customers and was empowering staff. However, there was a common view that CPA was a better process trying to look at the whole authority and the challenges it faces, and giving feedback. There was also a common view on the importance of the community strategy as being about strategy formed from the bottom-up and being then the driver for the council. Both officers noted the ways in which their council was

developing its consultation processes, which was a great change from ten years ago: “the council is now much more prepared to listen to its customers”. Both officers praised performance management and its embedding in the working of the authority and the use of PIs – one coming from an accounting background noting that performance management was nothing new in his discipline and that the PIs they are given are the ones they would have chosen anyway though fewer would be a good thing, while the other was all in favour of performance management but would like to see more local PIs.

Both officers also noted that they were aware of tensions in other areas of the council’s work where the government agenda and the local agenda coming from their consultation were in conflict, and occasions when targeted government funding was not going to what would be considered local priorities – a means for government to control their work.

While these comments skirted round the issue of strategy they were in tune with the comments of their CEO who also made more directly critical comments, noting the danger that PIs will affect strategy. The view was expressed that to do strategy well the LA needs to have more ability to move resources around.

Views of the future

When asked about future directions in local government and what they considered to be driving it forward, a view was expressed that there has been more change in last three years than in previous 16 years and that this speed of change seemed to be set to continue. A CEO noted the impact these changes were having on the CEO’s job, both in terms of more pressure from outside and more complexity of delivery, adding, “Who’d be a CEO?”

Various views emerged of what is driving change from Gershon efficiency savings to the unitary agenda. There was a view that the latter would not be a bad thing for the community. CPA results underline that larger authorities get better scores, while the smaller authority with limited resources struggles as it is stretched thinner and thinner (for example, in partnerships). The CEO who expressed these views was also confident the larger authority could still listen to the local views. A similar view expressed was that a small authority can’t deliver on everything and must work in partnership to deliver the agenda being set for it.

Conclusions

Have things improved? What does improvement mean in relation to strategy? Is there an assumption that doing it well is per se “a good thing”? One of the interviewees traced a personal historical account of local government to show that things had definitely improved.

The evidence shows that these smaller local authorities are still confident that they are engaging with strategy and that the ideas are coming from the bottom-up. In explaining this they all made reference to the consultation for the Community Strategy. However, a number of developments to some extent run counter to this. All the authorities studied referred to government directives in relation to prioritising services, government financial controls overall and targeted resources as deflecting strategy from its roots in community needs.

Other tensions emerged from the study. For instance, some of the authorities studied identified a tension between the improvement priorities and the corporate plan. A similar tension is evident in a case study (a CEO's inspection diary) published on the IDeA's (2005) web site. The CEO states that her authority "seeks to listen to and involve residents in identifying priorities" and at the beginning of the CPA inspection process the council's five core objectives are being communicated to everyone and embedded in the council's processes. At the end, it is the objectives identified for improvement that are being communicated to everyone and embedded in their thinking and processes. And finally there are less overt but nevertheless real embryonic tensions between the community strategy's input into the corporate plan, which is developed by consultation with partners as well as public at large, and other sources of information from the public about their concerns, perhaps collected through service reviews and monitoring.

To consider whether these tensions should be seen as a "problem" takes us back to theories about strategy itself, and the increasingly popular view in private sector management literature that strategy is essentially something that emerges and evolves (Ackermann and Eden, 2005). In spite of, or moving beyond the era of the proliferating written strategies, the strategic thinking now embedded in the local authorities studied seems to take on an "emergent" character in the face of environmental pressures. At the heart of these environmental pressures sit the PIs, about which there were mixed feelings from all those consulted in this study. All the authorities studied thought they were doing well on consultation and use of PIs. But they were also conscious that PIs are potentially a powerful tool of control from central government as writers on NPM had noted. If this view is accepted, however, there are still issues about the influences on the strategy which has been carefully crafted through extensive consultation as it evolves through time, about the level at which a strategy operates in the organisation and about ownership of the strategy by the stakeholders (Bowman, 1998). There remains a question as to whether CPA has resolved the kind of tensions in the BV process which Rogers (1999) noted: whether CPA is fulfilling the hopes originally expressed for BV as a bottom-up exercise in strategy formation or whether it is confirming the fears of the critics of BV who predicted a future driven by PIs rather than bottom-up strategy.

Note

1. A fuller exploration of the legacy of Thatcherism and its impact on the formation of New Labour's policy of Best Value is to be found in Flynn (1997).

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