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HOW DO SENIOR POLITICIANS AND OFFICERS DESIGN AND IMPLEMENT SPENDING CUTS TO SERVICES? A COMPARATIVE STUDY OF TWO ENGLISH SHIRE AUTHORITIES (2010-11 to 2015-16)

BY

THOMAS EDWARD KEHOE

THESIS SUBMITTED IN FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS STUDIES

DURHAM UNIVERSITY BUSINESS SCHOOL

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ABSTRACT

Between 2010 and 2020, central government funding to English and Welsh local authorities declined by up to 56 per cent. County councils were forced to cut spending through efficiency savings or by cutting or reducing services. This research compares how senior politicians and officers in two local authorities balanced different spending priorities in the face of funding shortfalls. Drawing on 55 in-depth qualitative interviews and analysis of spending cutback decisions over a five-year period, my research shows how local government reorganisation (LGR) impacted on the design and implementation of spending cuts. In my first case study, identified as 'Northshire', LGR facilitated the adoption of new corporate management practices, while in 'Southshire' these were firmly embedded before austerity. LGR provided a valuable organisational and political framework for embedding new working practices but did not change Northshire's preference for maintaining in-house service provision, unlike in Southshire where divesting all but a few core services was proposed. Evidently, the scale and pace at which fundamental change to existing service delivery models was implemented was affected by recent or long-standing organisational practices and the willingness of senior politicians and officers to embrace a reform agenda. In Southshire, the pace of reform negatively impacted on the capacity of staff to implement organisational change, undermining the political and organisational legitimacy of the spending cutback process. My research suggests these failings were compounded by a lack of consultation with critical internal and external stakeholders. This contrasted with Northshire, where a more consultative, incremental, top down project management approach to reform was adopted. My findings suggest that by staggering the pace at which fundamental change to services were introduced, greater opportunities for service user and stakeholder consultation were provided, helping to ease some of the political and organisational difficulties associated with designing and implementing tough spending cutback choices.

DECLARATION

I hereby confirm that this study is my own work and all the material has been developed solely on my own efforts. This study has not been submitted for other degrees.

Name: Thomas Kehoe Date: 20/05/2018

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LIST OF ABBREVIATIONS

AAP	Area Action Partnership
CC	County Council
CMT	Corporate Management Team
CSD	Customer Services Direct
DCLG	Department for Communities and Local Government
LGA	Local Government Association
LGR	Local Government Reorganisation
MTFP	Medium Term Financial Planning
NCC	Northshire County Council
NSP	New Strategic Plan
NOM	New Operational Model
SCC	Southshire County Council

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Part I

Introduction to the dissertation

When deciding where and how to cut back on expenditure, senior decision makers in local government face competing dilemmas or priorities. First, there is the need to cut expenditure but how this should be achieved can be a source of political and organisational conflict and contention. Second, what should be the pace and scope of spending cuts? This can be affected by a broad range of factors including the ability of senior decision makers within the local government to balance competing demands and pressures. Third, how are political and managerial priorities within the spending cutback process balanced?

This thesis is divided into four parts. **Part I** (Chapters 1-4) outlines my research objectives and questions. Chapter 1 explains why the topic was chosen and its importance while chapter 2 reviews key concepts in the cutback management and local government literatures. Chapter 3 begins with an analysis of the top-down financial pressures before telling the narrative of how these forces shaped the responses of senior politicians and officers in two local authorities with both similar and differing political and organisational outlooks, territorial governance structures (i.e. a Labour-run, single-tier unitary council versus a two-tier county district council). This is followed by a description of my research methods in Chapter 4. **Part II** (Chapters 5-6) presents three chapters. Chapters 5 and 6 set out how senior decision makers designed and implemented spending cuts over the 2010-11 and 2015-16 period.

Part III consists of Chapters 7 and 8. Chapter 7 compares spending cutback choices both before and following the onset of austerity. **[sentence repositioned within paragraph]** Differences in the political, organisational and contextual circumstances which impacted on

the pace and scope of spending cuts in the two local authorities, and the political/service reform logics used to justify the rationale for adopting an incremental or radical service reform approach. Chapter 8 draws upon Gain's dynamic dependency model (2005) and organisational bricolage to examine how differences in territorial governance structure affect the way in which local authority community relations are managed by senior politicians and officers.

Part IV contains the concluding chapter. Chapter 9 begins with a succinct restatement of research questions and objectives and how these questions guided the development of research methodology. I then proceed to provide a summary of findings highlighting similarities and differences between the two case studies. I then ask how these findings relate to original research before stating what my contribution to knowledge is. This is then followed by an examination of any unresolved issues and the implications this has for future research.

Chapter 1

Introduction

1.1 The PhD in Context

How do senior local government decision makers manage competing spending priorities when resources are scarce under conditions of austerity? This is the core question of my thesis. Austerity is a political and economic concept which refers to attempts by the government to reduce public spending through tax increases, spending reductions (spending cutback process) or a combination of both austerity and increased debt (Blyth, 2013). The specific mix of fiscal policies a government will adopt is likely to vary according to the political and economic outlook of key decision makers (David Innes, 2014, Dollery and Wallis, 2001). This is also strongly influenced by central banks, and the response of financial markets demonstrates the importance of such institutions in assessing the creditworthiness of government-issued debt such as Treasury bonds or Gilts (Munoz and MacDonald, 2011). Reductions in government deficit are intended to bring government income closer to expenditure so that it is possible to reduce the cost of borrowing on international money markets (Lee, 2011).

This thesis investigates the impact of austerity on the ways in which senior politicians and officers within two county councils with differing territorial governance structures, political, ideological and/or managerial outlooks responded to top-down (financial) and bottom-up (civic community) pressures within the spending cutback process. The effects of such policies on English local authorities is also likely to vary according to differences in socio-economic circumstances (affluent versus deprived), which in turn will also affect their reliance on

additional resources to fund increased demand for social and welfare services (Hastings et al., January 2012, Jones et al., 2016, Beatty and Fothergill, 2014) (see also Chapter 4 for a more detailed discussion of these issues), and the demographic/geographic issues of a region or locality and the additional cost and logistical challenges presented by providing services to remote and isolated deprived rural communities (Beatty and Fothergill, 2014). In Chapter 2, I will observe how such factors can affect the development of a cutback management strategy.

In addition, the assumptive values and outlooks of senior politicians and officers are also crucial in shaping how senior decision makers respond to different resource allocation priorities or constraints (Leach, 2010b, Laffin, 1985, Laffin, 1986, MacManus, 1993b). Equally, the territorial governance or institutional architecture can also impact on the capacity of a local authority to drive through top-down county-wide service reform initiatives across multiple tiers of government, especially following a period of local government reorganisation (LGR) prior to the onset of austerity (Stewart, 2014, Dearlove, 1979, Chisholm and Leach, 2011). The ability to create cost savings through merging front/back office and neighbourhood services/facilities via careful management of economy of scale savings can also shape the response of local authorities to top-down financial pressures through emphasising a more incremental or gradual approach to changing how services are delivered. This leads to a discussion of how the presence or absence of LGR affects how senior politicians and officers respond to top-down financial pressures to reform how services are provided (see also Chapter 8). For instance, does the ability to design and implement cross-county economy of scale savings following the merger of two tiers into a single unitary authority help mitigate the need for making radical changes to how services are delivered? Or is the decision to pursue a radical or incremental service reform agenda in response to austerity more typically affected by the political and organisational outlooks of decision makers (i.e. their

ideological commitments and policy preferences as shaped by past service reform initiatives prior to or following the onset of austerity)?

Returning to the core research question set out above, the idea of a senior politician and officers having to *balance* competing resource allocation choices or priorities might be a more appropriate word to use. Rather than thinking about the process in terms of binary good or bad options or choices, it involves balancing competing interests and priorities. Hence, nuanced political and organisational judgements must frequently be made which also reflect the pattern of local power relations within a local authority. Understanding how top-down (financial/regulatory) or bottom-up (civic community) pressures interact with the pattern of local power relations between senior politicians/officers, Council Leaders and party groups is also a critical issue.

These concerns go beyond a purely rational analysis of resource allocation choices to understanding how the response of decision makers is contingent on a range of different local political and organisational influences (Greenwood et al., 1975, Hinings et al., 1975, Greenwood et al., 2014). While austerity represents a coercive, top-down pressure externally imposed on local government (Dukelow, 2014, Levine and Posner, 1981, McKendrick et al., 2015)**,** the strategic analysis or posture senior decision makers adopt are likely to differ according to the current assumptive outlooks and beliefs within the local authority and the patterns of local power relations between internal and external vested interests in the spending cutback process (Leslie and Canwell, 2010, Ferry et al., 2017, Orr and Bennett, 2017, MacManus, 1993b).

It is also necessary to take account of how differences in the local authority affect how spending cuts are designed and implemented. For instance, the two case studies utilised for

the purposes of this thesis exhibit both similarities and differences. Northshire is a Labour-run, single-tier unitary authority. Southshire is a Conservative, two-tier county district council. Although these political and territorial governance differences affect how decision makers in either authority respond to top-down spending cuts, there are also similarities in terms of how cutback management processes and procedures are managed, including the desire to protect frontline social and welfare services through implementing deeper cuts to back office and front-facing community services.

A useful metaphor to illustrate the differing contexts of both the organisation and the local environment in which the two county council case studies find themselves is that of a stage and, in particular, differences in set or stage design. Although the spatial dimensions are similar (insofar as the institutional, regulatory governance space is similar), there are noticeable contextual differences. These include differences in the ways in which senior politicians/officers and other vested interests articulate the case for reforming how these services are provided in response to the top-down financial pressures created by austerity. This can also affect how other key decision makers interact with other internal and external stakeholders (for example, be they trade unions service users or third sector civic community leaders), whether formally/informally and on or off the political/organisational stage. And whilst some contextual differences might be more fundamental to understanding why particular cutback management options or service reform models are accepted or rejected, others are less important. However, this does not mean they are not worthy of observation or comment, especially when the combined effect of these slight differences can also impact on the sustainability of the spending cutback process in either of the case studies examined here.

This research starts with the assumption that institutional structures and decision-making processes can moderate the behaviour of individuals and groups within local authorities (March and Olsen, 1976, Powell, 1991, Lowndes, 2009).

1.2 Vision for the Research and its Relevance to the Literature

Since 2010, central government funding for local government has declined by up to 40 per cent (David Innes, 2014). More recent estimates however indicate by 2020 this figure has increased to a 56 per cent total decline in central government funding (Leach et al 2017). How institutional structures and practices incentivise and/or constrain the behaviour of decision makers to protect some areas of spending and not others is a primary issue addressed in the cutback management literature (Levine et al., 1981, Levine and Posner, 1981, Jick and Murray, 1982, Cepiku, 2010, Tepe and Vanhuysse, 2010). More generally, it also raises broader questions within the local government and public administration literatures about how the organisational and political context can affect how resource allocation choices are made (Dearlove, 1973, Levine et al., 1981, Gains et al., 2005, Lowndes and Pratchett, 2012, Lowndes, 2009, Leach et al., 2005). This is the reason for adopting a case study approach in this research.

The question of how senior local government decision makers design and implement spending cuts is a relevant issue because it addresses the question of how competing financial organisational and political demands are managed when resources are 'scarce'. Local government decision makers can draw on a range of cutback management strategies which range from selfish, acquisitive resource allocation behaviours to budget holders taking a more strategic corporate approach to allocating resources between different spending areas. This

involves both targeted and across the board spending cuts, especially for service areas perceived as being a lower priority compared to high-need, high-demand social care and welfare related services. The latter approach can take the form of a resource allocation strategy which involves taking a targeted approach to paring back on the delivery of back-office support or managerial functions to protect the provision of front-facing community services. That is, targeting those services possessing a high civic-social value while also being at highest risk of closure.

But once again, this also raises the question of how decision makers manage competing financial, organisational and political demands (Dunsire, 1989, Scorsone and Plerhoples, 2010). Although resource scarcity is presented as an inhibitor or disruptor of service reform and innovation, such change is often viewed with suspicion insofar as it can result in a diminution in employment terms or conditions or pose a threat to both the scope/quality of service provision. Decisions made by senior politicians and officers in managing the financial and organisational transition from budget growth to decline can result in employees and trade union representatives deciding to take industrial action (Bach and Stroleny, 2014, Laffin, 1990). But equally, failure to drive through changes in employment terms and conditions may also affect the ability of the local authority to retrench through efficiency savings or cost synergies produced by a reduction in staff personnel or the hours they work. In order to manage the psychological and organisational uncertainty created by a restructuring or reorganisation process in the provision of services, an incremental or gradual change approach might be adopted. This can limit some of the immediate adverse effects of spending cuts whilst also providing an opportunity to reach a negotiated settlement with employee trade union representatives and other affected internal/external stakeholders. In this sense, the logic of incremental change still applies even though the numeric rule being used is one

of budget addition rather than subtraction. Whilst, on one level, increased resource scarcity can result in a greater focus on centralising core corporate financial and performance management functions, on another level this can also result in an increased emphasis on decentralising powers from the corporate centre of an organisation to budget holders in departments by emphasising the importance of bottom-up approaches to organisational change or innovation.

Both centralisation and decentralisation processes might run in parallel. For instance, whilst core corporate financial and performance management functions might be recentralised to strength the powers of a central service department to scrutinise budget holders' decisions or actions, the same budget holders may be given higher control or autonomy because the imposition of a financial or budget envelope (cash limit) can also create added transparency. Adopting a targeted approach to spending cuts can, therefore, be politically and organisationally challenging to implement (Boardman, 2011, Joyce, 2011). This challenge can be even more difficult to manage when there is sufficient resource slack or 'easy savings' to be made in other parts of the organisation (Levine, 1979). This can result in budget holders petitioning key decision makers to protect core spending over the short to medium term by using financial contingencies or reserves, even though such a postponement does not alter or change the overall financial picture, which is declining resources and increased scarcity (Levine, 1978).

In saying this, however, the absence of efficiency savings prior to entering a protracted period of austerity can also be problematic. For a start, it reduces the financial flexibility or budget contingency senior decision makers might possess, and this can be an essential source of political and organisational influence. Budgetary concessions are viable so long as there are

sufficient resources to meet the different expectations and demands, some of which are political in origin whilst others relate to the management of the financial organisational and strategic risks which can also have political and reputational consequences for a local authority organisation. Having sufficient financial reserves can also encourage short- or medium-term budgetary concessions to be made, despite there being no change in the overall financial picture, namely, increasing resource constraint that, in turn, also affects the ability of local authorities to share the pain of cuts equally across a broad range of services.

Such a perspective does not consider the political and organisational history or context in which resource allocation choices are designed and implemented. Such an understanding was particularly important when researching how the assumptive values and beliefs of senior decision makers might impact on political and managerial responses to austerity. A good example of how an understanding of resource allocation choices prior to the onset of austerity impacted on the formulation of a cutback management strategy can be observed in my two case studies. In the Labour-run authority (Northshire), LGR strengthened the power of elite decision makers to drive through economy of scale savings prior to and following the onset of austerity, which had definite positive political and organisational benefits in terms of ensuring a closer alignment between the political policy outlooks and assumptive outlooks of internal decision makers and (to a lesser extent) external stakeholders than was the case in the Conservative-run Southshire county council.

Although senior decision makers in both authorities faced mostly similar financial and organisational pressures, they responded differently. This begs the question why. How can differences in the political and organisational stability of the cutback management process be explained? What combination of factors, such as the presence or absence of LGR, brought

about this outcome? What about the scope and pace of change and the positive/adverse effect this had on maintaining or disrupting an alignment between the strategic posture adopted and longstanding beliefs or assumptions regarding the role of the local authority as the leading provider of services? This latter question is particularly pertinent given the differences in the strategic posture adopted by the two authorities. For instance, in Northshire, LGR provided a framework for incremental or gradual change. In contrast, in Southshire, a radical vision for reform or change was articulated involving the divestment of all but a few core services. What effect did this difference in the scope and pace of reform have on the capacity of political and administrative leaders to encourage staff and/or other stakeholders to buy into the organisational change or reform vision and/or the type of organisational change or reform logics which senior politicians and officers used to articulate or legitimise the case for reform? Although these concerns are informed by theories and concepts present in the cutback management and local government literature, the above questions also address critical concerns present in both the Northshire/Southshire case study.

1.3 Research Objectives

The objective of this research is primarily to develop an enhanced understanding of how senior politicians and officers respond to competing internal and external demands on the spending cutback process. This will be achieved through an investigation of the following research objectives:

- Critically compare how senior decision makers in two different local authorities balance competing resource allocation priorities or choices;

- Identify and evaluate the impact of top-down and bottom-up cutback management techniques and strategies for the design/implementation of spending cuts; and
- Evaluate the political and organisational effects of LGR on spending cuts through comparing the responses of decision makers in two local authorities with differing territorial governance structures (i.e. single-tier versus two-tier county-district council).

1.4 Research Questions

The core research question that this research seeks to address is:

- *How do senior local government decision makers manage competing spending priorities when resources are scarce under austerity?*

In order to answer this, there are five sub-research questions (see below) that will be answered to further elucidate the core research question. It is important to point out here that the sub-research questions (RQs) are derived in large part from the Literature Review (see Chapter 2). Mirroring the two main themes of the literature review carried out here, research questions 1 and 2 are taken from the section on cutback management literature whilst research questions 3, 4 and 5 are taken from the local government literature review.

RQ1: *What are the local internal and external demands on the spending cutback process, and how does this affect how resources are allocated between different spending priorities locally?*

RQ2: *How do decision makers balance top-down and bottom-up budgeting when managing competition between local vested interests in the spending cutback process?*

RQ3: *How did elite decision makers balance corporate and political priorities within the spending cutback process?*

RQ4: *What political and organisational strategies were used to dampen conflict within the spending cutback process and what role did they play in preventing the postponement or reversal of spending cutback choices?*

RQ5: *What impact, if any, did differences in the territorial governance structure of either authority have on the design and delivery of spending cuts?*

1.5 Thesis Structure

This thesis is structured into four parts. **Part I**, including this chapter (**Chapter One**), introduces the subject area to be examined, provides a rationale for why this topic has been chosen and outlines the areas of concern within the research topic. **Chapter Two** presents a literature review that focuses on the cutback management literature and local government literature. Following this literature analysis, **Chapter Three** describes the top-down effects of austerity in both deprived and affluent local authorities. **Chapter Four** focuses on the research methodology utilised in this research and sets out the reasoning behind the methodology adopted. This chapter also identifies any potential problems with the adopted research methodology. Furthermore, this chapter explains the rationale underlying the selection of the two case studies, and how I collected and analysed data following transcribed face to face interviews with senior politicians and officers.

Part II of the thesis introduces the case study narrative chapters. **Chapters Five** and **Six** look at Northshire and Southshire, respectively, as the two local authority case studies examined in this research. Both chapters compare how senior politicians and managers responded to cuts in central government funding. Similarities and differences between the two case studies are explored across multiple dimensions. Furthermore, they address the question of how Northshire and Southshire County Councils responded to cuts in central government funding.

Part III assesses the extent to which the findings from the Northshire and Southshire case studies relate to the key themes or issues present in the cutback management and local government literatures (See Chapter 2). **Chapters Seven** and **Eight** aim to understand how differences in territorial governance structures and assumptive political and organisational outlooks are shaped by internal and external influences. Chapter Seven focuses on themes or issues present in the cutback management literature while Chapter 8 examines how spending cuts affect how wider internal and external influences either within or on the periphery of the spending cutback process influence budget priorities and outcomes.

Part IV re-examines my key research questions, identifying key findings, describing my contribution to knowledge and assessing future implications for further research.

Chapter 2

Literature Review

2.1 Introduction

This chapter will critically examine the extant literature and both central government/local government measures for dealing with austerity. It will focus on reviewing the two main components of the relevant literature: (i) the cutback management literature; and (ii) the local government literature. By examining the impact of resource scarcity on the budget choices of politicians and officers, this chapter explores how the combination of top-down (central local financial) and bottom-up (civic community) measures impact on how spending cuts are designed and implemented. There will also be a historical element to the literature review to contextualise austerity (pre- and during-austerity measures). This will serve to highlight the issues of relevance to this thesis and will form the background to Part II (case studies) and Part III (the analytical chapters). Furthermore, this chapter will provide a more detailed assessment of the effects of resource scarcity on local government decision making, particularly in terms of understanding why and how it is implemented (see section 2.6, local government literature review).

Section 2.2 raises several cross-cutting themes or issues which are relevant to this study. My conceptual model (section 2.3) challenges the assumption that there is a linear relationship between resource scarcity and the breakdown in political and organisational consensus and the various strategies politicians/officers use to mitigate some of these challenges. Section 2.4 identifies lessons learned from previous research into cutback management techniques and strategies which budget holders use to mitigate or implement deep spending cuts to public services before moving onto identify gaps in the cutback management literature in

section 2.5. Section 2.6 sets out an overview of how locality can affect the way(s) in which senior local politicians, officers and external stakeholders respond to central local reform measures or proposals. Based on these observations, section 2.7 identifies some of the potential economic and political benefits/costs of LGR on spending cutback management processes before going on to identify a range of factors which might influence how spending cuts are designed and implemented locally (section 2.8). In section 2.8.1, I examine how local institutional and organisational factors affect politician/officer decision making practices. I argue that a dynamic dependency model provides a helpful frame of reference for understanding how politicians and officers discharge their political and organisational roles. Subsequently, I will explain how this, and the other factors described above, lead to variation in corporate or cutback management strategies despite affluent or deprived local authorities being subject to broadly similar top-down financial pressures.

2.2 Cutback Management Literature Review

Austerity in English local government is likely to remain in place for at least the duration of the current Parliament, which sat for the first time in June 2016, in the short to mid-term, with the impacts likely lasting into the 2020s (long-term). What is clear is that there are several tensions facing those involved in managing austerity at the local level. How local government decision makers respond to the challenge of resource scarcity and service-user demands to protect services has broader political–policy and managerial–strategic implications for how spending cuts to services are designed or implemented. One way of managing such resource allocation conflicts is to centralise the decision-making process and thereby limit the number of people who can influence spending cutback outcomes (MacManus, 1993b, Levine and Posner, 1981, Glennerster, 1981, Greenwood, 1981), either

directly or indirectly, within and outside the local authority. However, such a response is problematic because internally it is likely to undermine the capacity to achieve and/or maintain the political–managerial consensus that is necessary to negotiate changes in employment terms and conditions and service innovation (Laffin, 1990, Bach and Stroleny, 2014). Equally, questions can also be asked about the fairness or proportionality of spending cuts if key decision makers do not consult service users and local communities.

Although austerity has tended to have a greater impact on local authorities that are more dependent on central government funding to provide additional social and welfare spending (Beatty and Fothergill, 2014, Bailey et al., 2015, Wilks-Heeg, 2011), reorganising the scope and provision of public services can not only improve how resources are used but also have negative political and strategic implications for budget planners, cabinet members and party groups involved in the cutback management process (MacManus, 1993b). Effectively, this leaves a choice between decremental cuts, shared out across services, or quantum cuts which eliminate some programmes. Local government decision makers are having to explore innovative ways of addressing austerity measures.

2.3 Conceptual Framework

This thesis compares the responses of senior local government decision makers in two local authorities with similar and differing political and organisational structures, processes and responses to austerity. Since my research is primarily comparative, this chapter develops a conceptual framework based on an analysis of key themes within the cutback management literature which I will later apply to the case study chapters (see Part II). My primary focus here is on understanding the internal driving forces that affect how senior politicians and officers design and implement spending cuts to services. These internal drivers for decision

making include the following factors: senior politician-officer relations; the political values of the ruling party; and the effect budgetary systems and processes have on how spending cuts are designed and delivered.

Following the work of Kleinmunts (1985), this study takes the position that each of these factors interacts in a dynamic rather than static way. This interaction can be affected by longstanding working practices or outlooks which, over time, become institutionally embedded within the local authority (Griffiths, 1989, Leach, 2010a). However, internal political and organisational and external economic or fiscal crisis can disrupt or challenge these assumptive beliefs and outlooks by challenging past resource allocation trends or patterns (Levine and Posner, 1981, Levine, 1978).

The question of how decision makers balance competing resource allocation priorities is a key concern in the cutback management literature. Charles Levine (1978) observed the financial–organisational and policy dilemmas that public organisations face when managing declining resources at a time of increased social welfare demand for public services. Consequently, Levine sought to address a key gap in the public administration literature regarding how managerial decision makers strategically managed the (sometimes abrupt) transition from a period of prolonged growth in local government finances to one of decline. Levine's comments spurred a body of organisational decline literature, which examined the financial–organisational and political risks posed by fiscal crisis or instability in the delivery of public services or goods. Cameron (1987, p.227) defines organisational decline as a 'condition in which a substantial absolute decrease in an organisational resource base occurs over a specified time'. Inevitably, this can result in an inability to provide services at existing levels (Jones-Walker, 2007, p.397), despite increasing demand for social and welfare services

(Hastings, 2012, Hastings, 2013). Authors have addressed the subject of organisational decline from a range of perspectives, such as describing the cause of its appearance (Jones-Walker, 2007, Carmeli-Cohn, 2001), the practical solutions (Cahil-James, 1992), some effective predictors (Zafra-Gomez et al., 2009, Trussel-Patrick, 2009, Jones-Walker, 2007, Kloha et al., 2005) and possible prevention systems (Coe, 2008). However, Levine (1978) called for the development of a cutback management methodology that might address some of the associated problems presented by resource scarcity. Thus, he was less interested in developing a quasi-scientific formula for managing these difficulties than in developing pragmatic strategies that managers could use to respond to the initial medium- and long-term effects of austerity.

How decision makers manage conflict when competing for resource allocation priorities and needs can have both long- and short-term consequences for the political–organisational sustainability of making tough spending cutback decisions and choices. Kickert 2015 et al., referencing Lindbloom's (1959) distinction between rational and incremental decision making, observed how political–organisational and financial logic can affect how decision makers balance competing for resource-allocation priorities. Table 2.1 sets out the relationship between two types of cutback management decision-making: rational-comprehensive and incremental compromise. The various characteristics of each are described.

Table 2.1 Budget Decision-Making Models in Public Sector Organisations

Rational–comprehensive	**Incremental compromise**
Political priority setting	No political priorities, no rational analysis
Fundamental rational core-task analysis	Across the board, cheese-slicing, equal cuts
Strategic long-term decision-making	Pragmatic short-term compromise decisions

The above taxonomy for analysing political–fiscal behaviour in public organisations, however, requires further qualification. State organisations or agencies are subject to top-down (central–local) and bottom-up (organisational community) pressures which can strategically impact on how they respond to the different interests of internal regulatory and external stakeholders.

Although the relationship between this network of stakeholders will often cross public or state organisations, they are subject to a broader number of competing top-down (central–local government) and bottom-up (organisational–community) pressures than private commercial or third-sector organisations. Hence, this can mean that a range of incremental and non-incremental styles of decision-making emerge in response to competing resource-allocation pressures (Gardner, 2017)**.** Despite acknowledging the several types of pressure to which public organisations are subject as compared to commercial counterparts, the above taxonomy for decision makers in public organisations seems to fall into one of two categories: either they take a long-term strategic decision or focus on making pragmatic, short-term compromise decisions. As part of a broader effort to refine and qualify the above taxonomy, Peters, Pierre and Randma-Liv (2011, p.15) distinguished between 'strategic political decision-making and incremental, pragmatic compromises'. Table 2.2 (below) seeks to refine Lindbloom's distinction between comprehensive and rational analysis through highlighting

the importance of fundamental political priority setting, incremental and pragmatic compromises.

Table 2.2 Fundamental Priority-Setting versus Incremental and Pragmatic Compromises

Fundamental political priority-setting	**Incremental and pragmatic compromises**
Swift, large and drastic decision-making	Slow, small and gradual steps
Centralised decision-making	Decentralised decision-making
Coherent and systematic decision-making	Incoherent patchwork

Also important is the degree of centralisation and the impact this has on how resource allocation conflicts or dilemmas are managed or resolved. Centralising resource allocation decision-making can reduce the number of stakeholders involved in the process and thereby lessen the potential for marginal interests to veto top-down corporate or political preferences for designing/implementing spending cuts. Centralising resource allocation choices might enhance consistency, transparency and thereby reduce uncertainty regarding budget priorities, time horizons and design/implementation. However, streamlining decision-making in this way might come at the cost of maintaining political and organisational consensus on the best way forward (Danziger, 1978, Jones et al., 2015, MacManus, 1993b, 2014b).

As such, this represents a political cost of centralisation as it tends to marginalise internal or external stakeholders seen as peripheral to the high-level corporate or political decision-making. These internal and external stakeholder groups (be they trade unions representing disgruntled local authority employees or service users protesting against cuts to services) have the potential to challenge or disrupt spending cutback decisions. For instance, local authority trade union representatives could frustrate efforts to drive through cost-saving innovations unless there are improvements in employment terms/conditions and voluntary

redundancy packages offered to staff exiting the organisation (Bach and Stroleny, 2014). Elected council members, trade union members and staff at risk of redundancy may also form temporary or longer-term alliances with service user groups actively opposing cuts to services, such as wholesale library closures. These political challenges can undermine the perceived legitimacy of the spending cutback process and also act as an additional barrier to efficiency or innovation-driven service reforms intended to produce 'more for less' type savings (Laffin, 1990, Bach and Stroleny, 2014).

Looking beyond these political challenges, the centralisation of resource allocation processes and procedures can strengthen the power of central service departments to gather corporate intelligence and monitor financial and organisational performance through creating more robust systems and processes to challenge resource estimates presented by senior budget holders within spending departments and by recentralising central service finance and accounting staff previously embedded or seconded to local authority departments (Ferry et al., 2017). Even then, centralisation might negatively impact on the power of budget holders within individual spending departments to craft a response to austerity which is consistent with the financial, organisational and strategic challenges they face. Although a top-down corporate management approach to resource allocation can strengthen the central coordination abilities of senior decision makers, such action might constrain the decision-making autonomy of budget holders within departments to respond to localised operational pressures (MacManus, 1993b, Boardman, 2011, Joyce, 2011, Sharples, 2011). While decentralised budget decision-making widens the potential ability of internal and external stakeholders to influence spending cutback processes, it can also slow down the process of reaching agreement on core spending priorities. This can undermine the sustainability of a

spending cutback process because of the tendency to postpone difficult spending cuts until a later date or time to avoid political or organisational conflict/disagreement.

However, such a strategy can ultimately impact on the capacity to adopt a mixed cutback management strategy (i.e. one involving a combination of incremental and targeted spending cuts), particularly for lower priority services which have a high social or civic value, as the need to make deeper spending cuts increases (Hood, 1981, MacManus, 1993b, Ferry et al., 2017). This can also undermine the capacity of senior politicians and officers to build or elicit trust from internal and external stakeholders in their leadership capacities and skills (Copus and Steyvers, 2017, Orr and Bennett, 2017). Nevertheless, centralising the spending cutback management process might improve the speed and efficiency with which spending cut choices are made, even though this is politically and operationally riskier than the above analysis might suggest.

The above concerns provide an opportunity to develop a 2 X 2 table based on the implicit variables presented in Table 2.1 and 2.2. These include comprehensive versus piecemeal coverage, immediate versus phased timing, top down planning versus emergent strategy development, and politician versus officer driven priority setting. This typology is presented below in Table 2.3 alongside ideal type resource allocation responses. These resource allocation practices reflect political and corporate values mediated through various structural and motivational contextual variables as outlined in Figure 2.7 (see page 81). They provide a framework or logic for action that may conflict with other political and organisational concerns within the spending cutback process. However, since they represent ideal type responses they are not fixed or static representations of reality but malleable to change.

Table 2.3: Ideal Type Resource Allocation Responses

Comprehensive versus Piecemeal Coverage Service departments have low-high-level decision-making autonomy because of the need to ensure a comprehensive rather than piece meal approach to determining resource allocation needs/demands. A cutback management strategy is developed for the organisation as a whole rather than individual units determining their own resource allocation priorities. Comprehensive rational analysis is more likely to focus on the big strategic picture rather than individual parts or pieces of the resource allocation dilemma. This is likely to result in greater emphasis being placed on a more targeted approach to spending cuts over piecemeal coverage as cuts in expenditure are evenly distributed across different spending priorities.	**Planned versus Emergent** (also related to top down and bottom up budget management techniques) Centralised corporate planning and auditing processes/procedures prioritised over decentralised resource allocation decision making processes and/or bottom up/grassroot innovation initiatives. Prioritises quasi-scientific methods of analysis over more holistic approaches in determining the strategic stance or direction of travel. Top down strategic planning can fail to capture counter-intuitive trends or findings which fall outside a purely rational analytic focus or mindset. Corporate and financial concerns are prioritised over other concerns such as internal and external consultation/engagement. This contrasts with a more emergent strategy approach where greater emphasis is placed on developing a flexible response/posture to changing environmental conditions using a range of quantitative and qualitative data sources.
Immediate versus Phased Timing Spending cuts to local public services are introduced without delay rather than being phased in over a longer time horizon. Immediate verses phased timing will be affected by the degree of resource slack or scarcity present in the local authority either prior to or following the onset of austerity (re: Levine's efficiency paradox, see p228-229).	**Politician versus Officer Driven Priority Setting** The question of who takes the lead in designing and implementing spending cutback choices or solutions is important in terms of how political and corporate priorities are managed. Politician and Officer led decision-making can also affect how learning is acquired, developed and implemented within the spending cutback process. The problem with the above perspective is that it assumes a static rather than fluid decision-making dynamic between these two groups of decision makers. This can also be affected by the perspective that is adopted. For instance, is a system wide, service specific, or silo perspective adopted? This can also reinforce or disrupt established path dependent policy channels of decision-making between interconnecting policy networks involving the cabinet leader/cabinet and party groups, senior officers who have a corporate service focus, middle ranking officers based in departments and frontline staff.

How ruling party groups and public managers steer local authorities through a period of austerity also depends on the capacity of individuals to elicit and maintain the confidence/trust of internal and external stakeholders. Thus, Dunsire and Hood (1989, p.xxii) focused their study on the process of rather than the effects of spending cuts. They observe how declining resources (resource scarcity) can result in breakdown or fragmentation in decision-making because of a worsening organisational and political climate. Drawing upon research by Jorgensen, Dunsire and Hood (1989) observed that worsening financial conditions tended to increase the likelihood of conflict between internal and external stakeholders involved in a budgetary process (such as the groups identified above) (Jorgensen, 1987, in Dunsire and Hood, 1989). Moreover, this conflict increases as resources become increasingly scarce.

Jorgensen identifies three 'climates' that shape the cognitive and decision-making processes of organisational actors in a cutback management situation. The first climate phase is the 'weather the storm stage' (Dunsire and Hood, 1989, p.170). Managing conflicting perceptions and expectations as to whether austerity justifies a radical or incremental departure from longstanding political and organisational beliefs in how a local authority should provide public services can be politically divisive. Indeed, cutback management processes can fragment (especially) following a breakdown in organisational and political consensus as to how best to change or reform public service provision. Weathering the storm can be particularly challenging because 'psychologically, people are still living in the 'climate' of growth' (Jorgensen, 1987, cited in Dunsire and Hood, 1989, p.170). Under these circumstances, budget cuts are 'quick to find… easy to put into effect… minimise conflict and do no lasting damage' (ibid.) and thus help to maintain a delicate or enduring political–organisational consensus between the public organisation or agency and trade union service users and other

local stakeholders. Consequently, an incremental style of budget cuts helps to preserve such unity because spending cuts are distributed equally across the organisation (ibid, pp.170–1).

The second type of cognitive or decision-making climate in Jorgensen's model is the efficiency gain and reorganisation stage. Once it becomes clear that incremental cuts necessitate the use of deeper, more strategic cuts in the longer term, people begin to search for ways to 'lower cost' through efficiency savings or productivity gains to achieve 'lasting savings' (Jorgensen, 1987, cited in Dunsire and Hood, 1989, p.171). Such a 'managerialist approach' (ibid., p.171) can lead to the increasing acceptance of the need to implement costly cuts in the short term via organisational restructuring. However, these implementation costs can prove prohibitive, and any future efficiency gains insufficient or too elusive to justify the upfront cost. Ultimately, this perception can lead to a breakdown in consensus as competing interest groups within the organisation seek to compete for increasingly scarce organisational resources. This is due, in part, to resources being needed to finance retrenchment-related costs such as redundancy payments, especially for long-serving staff members, or upfront innovation costs required to finance whole or partial service reorganisations. The type of service reform measures intended to deliver efficiency or economy-of-scale-related savings include the merger of back-office functions or the co-locating of previously disparate services together with neighbouring county or district councils in order to reduce some of the operational costs of providing frontfacing services. Moreover, for local authorities managing the cumulative risks of austerity, especially when there is a waning belief in eventual regrowth, scepticism can set in regarding the effectiveness of such efficiency measures. In other words, scepticism about 'efficiency', allied with a waning belief in eventual regrowth, results in a growing awareness that greater efficiency savings or shifting resources and service-demand pressures cannot achieve the required cuts (Dunsire and Hood, 1989, p.172).

In the third climate, the 'strategic phase', organisational actors begin to focus on the costs and benefits of competing for spending priorities through the collection of social and economic data (Jorgensen, 1987, cited in Dunsire and Hood, 1989, p.172). It is at this strategic phase that the demand for 'high-cost research' in the quest for hard facts gives rise to 'four paradoxes' (see Dunsire and Hood, p.173).

However, compared to the other three paradoxes ('demand for rationality', 'high-cost research in priority-analysis', 'demand for innovation and creative thinking is at its peak when a mood of pessimism is at its most dispiriting'), the fourth paradox ('competition between vested interests') is of greater concern. The reason being the latter paradox emphasises the disruptive effect of resource scarcity on budget routines and processes. Moreover, under such circumstances, it can hard to predict in advance how, where or when the next crisis or conflict will emerge which could destabilise the cutback management process. Consequently, such a state of affairs can blunt the effectiveness of conventional political or strategic forecasting used during periods of flat or increasing budgetary growth.

The above approach, however, is problematic because it assumes a linear progression between these conflict prone behaviours and the intensity or degree of resource scarcity. Dunsire and Hood (1989) critiqued Beck Jorgensen's (Jorgensen, 1987) spending cutback model on the following grounds. First, there are too many intervening variables affecting how vested interests respond to spending cuts of differing sizes and scope. For instance, Jorgensen's model 'encompasses variables dealing with psychological set and time horizons, intra-organisational politics and assumptive worlds, as well as with the economies of research and transaction costs, intended or unintended consequences and diminishing returns' (p.175). Whilst the inclusion of these variables might 'bring it closer to a recognisable picture

of reality… [it becomes] less easy to test' (ibid.). This makes it harder to test Jorgensen's model against empirical evidence. A second critique is that both the range of variables, some of which are 'not fully quantifiable' (Dunsire and Hood, 1989, p.175) and the fact that public organisations are subject to different environmental forces, can cause them to respond differently to similar top-down central-local government financial pressures. Compared to the arguments by Pandey (2010) that the external demands placed on public organisations can result in the core mission or focus becoming diluted due to increasing 'goal ambiguity', Dunsire and Hood's observation that environmental changes such as the 'introduction of new technology can threaten basic power distributions and symbiotic patterns' (Dunsire and Hood, 1989, p.175) seems rather limited given the increasing interconnectedness between the public and private sector and other organisations in the delivery of public services (Walker et al., 2007, de Bruijn, 1997). A third critique which challenges Jorgensen's linear progressive view that conflict increases as resource scarcity affects the psychological and organisational climate of decision-making is that these states can occur at different phases in the spending cutback process. Jorgensen uses rational economic assumptions of human behaviour to assume there is a progressive escalation in conflict between the incremental, managerial and strategic phase. However, this does not adequately take into account the fact that decision makers might adopt a range of cutback management strategies or incentives at any point in time across the three phases. Moreover, the capacity to predict or model in advance how different vested interests within a spending cutback process will respond is affected by the presence of too many variables, some of which cannot be known in advance, or are unquantifiable. Thus Dunsire and Hood observed how the:

> *basic assumption of a phasing model, that cutback methods will be adopted and discarded according to the size of the cuts requires, is knocked away if some cutback*

methods are adopted irrespective of the size of the cuts they deliver: the edifice built on that assumption falls down (1989, p.187).

Furthermore, Jorgensen's model is based on rational economic assumptions of human behaviour which assume decisions are made under perfect environmental conditions. There is little opportunity for ambiguity, uncertainty, or even irrational perception to colour the actions of vested interests in the resource allocation process. There is a belief that decision makers and vested interests behave like rational actors (Bevir and Rhodes, 2010) who prioritise their own financial or budget interests at the expense of considering wider socio-economic policy or political and organisational goals (Marsh et al., 2000b). This also ignores the fact that alternative (non-economic) inducements might be used to overcome political, economic or policy objections to reaching an agreement (Warm, 2011). Moreover, this raises the possibility that alternative forms of inducement might be available to overcome structural, organisational or political barriers to policy or service innovation. Rather than austerity representing a permanent barrier to innovation, or 'creative thinking' (ibid.), there may be opportunities to find shared areas of agreement with trade unions and staff which reinforce or maintain past bonds of interpersonal, intra-departmental mutuality and recognition.

Equally, some areas of a local authority organisation might be more predisposed to experimenting with new service delivery models than others due, in part, to positive working relations between management and staff. On this point, Hult and Walcot (1990, cited in Rosenblatt et al., 1993, p.86) observed how such an adjudication process can offer opportunities for 'goal-searching activities'. Such an approach can enhance organisational legitimacy through creating arenas for 'exploring options, brain-storming, sharing ideas,

particularly when uncertainty about operational policy and value priorities is high' (Hult and Walcot, 1990, cited in Rosenblatt et al., 1993,. Ibid).

The psychological and financial uncertainty caused by austerity can undermine the conditions of mutuality between competing interests. Uncertainty or distrust can undermine the conditions of professional-collegiate and organisational inter- and intradepartmental mutuality once incremental cuts fail to deliver the necessary savings and budget holders are required to cut core rather than peripheral and, or, back office activities (Levine, 1978, Laffin, 1986, Glennerster, 1980, Greenwood, 1981).

The history of service reform within a local authority can also affect its political and organisational capacity to develop new ways of challenging un-corporate-like budget behaviours or attitudes. For instance, LGR in the Northshire case study (see Part II) accelerated the implementation of economy of scale savings, including levelling out the distribution of resources between areas following the merger of eight disparate local authority organisations into a single-tier authority in 2009. Moreover, in the absence of LGR, similar economy of scale savings might be harder to implement, especially when political and organisational barriers to county-district multi-tier collaboration are present. However, as was evident in the Southshire case study (see Part II), such obstacles need not prevent neighbouring district councils from wholly or partially merging to share and drive down operational costs.

In developing a new cutback management methodology for these 'hard times', Levine (1978) identified nine quandaries or problems. Other cutback management authors have appropriated Levine's 'hard times metaphor' to develop long-term pragmatic strategies for

managing public services throughout a retrenchment life cycle (i.e. pre/post-austerity) (Wright, 1981). The financial risks posed by austerity including, but not limited to, the risk of bankruptcy, will often fall within the scope of organisational decline literature. This literature is normally located within the cutback management research field. It is largely focused on understanding the financial, organisational and political risks posed by public organisations being unable to provide services at existing levels (Boardman, 2011, Coote, 2010, Joyce, 2011, Kennett et al., 2015).

2.4 Lessons Learned from Previous Research

When managing cuts, local authorities must decide whether they do 'more for less' or make cuts – 'do less with less'. However, for scholars such as Levine and Posner (1981) and Dunsire and Hood (1989), increasing resource scarcity can affect the capacity of public organisations to continue to provide core services. Equally, a prolonged period of austerity can also have a pronounced effect on organisational morale which, in turn, can further undermine the maintenance of service quality (Bach and Stroleny, 2014, Laffin, 1990). The lowering of organisational morale can result from job insecurity or disgruntlement. As a result, there may be increased staff absence and recruitment and retention problems as existing staff search for new job opportunities outside or within the public sector (Bach and Stroleny, 2014).

Which is greater: the pain of cuts administered in one go or spread out over a period? While adopting an incremental approach might lessen some of the immediate political and budgetary pain, it can create a situation in which 'reverse incrementalism' arises (Joyce, 2011). Under these circumstances the use of deeper strategic cuts to counterbalance an earlier incremental (salami slicing) approach becomes necessary. And while it might be

managerially more simple to take a targeted approach to spending cuts, the political cost of doing so might mean such an approach is neither practical nor sustainable because it increases the pressure on budget holders to cut back on core service provision. However, such incrementalism postpones into the future tough financial choices which should be acted on immediately (Talbott 2001 cited in Oyarce, 2011, p.74). In turn, this can result in the implementation of ever larger sized incremental spending cuts the longer austerity lasts (Glennerster, 1981).

During times of plenty, there are sufficient resources or incentives to purchase a type of 'win-win consensus', or 'mutuality' (Laffin, 1986, Laffin, 1985, Behn, 1985, March, 1988). Equally, in times of increasing resource scarcity, organisational relations between different interests are likely to become more fractious. But how or in what way this happens requires a clearer explanation given the tendency to assume a linear relationship between increasing resource scarcity resulting in the breakdown of political and organisational consensus and cutback management decision-making. While the fiscal autonomy of local government has diluted significantly since the 1970s (Wilson and Game, 2011, Elcock, 1987b, Leach, 1988, Dollery and Wallis, 2001), spending choices continue to be viewed as expressions of local policy preference amongst politicians, the media and the general electorate (Laver, 1998), even though voters tend to prioritise national issues in local government elections.

2.5 The Gap in Extant Literature

There are several gaps in the cutback management literature which influenced the development of my research questions. My first point is pertinent to both the cutback management and local government literature. Thus, it provides a starting point for unifying

theoretical concerns or themes in both kinds of literature with an investigation of the impact of spending cuts on the decision-making dynamic and behaviour of senior politicians and officers in two county councils with similar and differing political loyalties, organisational outlooks and territorial-structural characteristics.

The first gap pertinent to both the cutback management and local government literature concerns the role which either the presence or absence of LGR played in shaping the cutback management choices and priorities of senior politicians and officers in the Northshire and Southshire councils. Few, if any, cutback management studies set in a British local government context have addressed the question of how LGR impacts on the cutback management choices of senior decision makers. Although the financial, organisational and economic benefits of enlarging the territorial size of municipal or local authority entities has received some coverage in the public administration and local government literature (Greer, 2010, Dearlove, 1979, Consulting, 2014, Chisholm and Leach, 2011, Stewart, 2014), few, if any, studies focus specifically on the coincidence or absence of LGR on the resource allocation choices of senior politicians and officers.

One reason why this is the case is that the cutback management literature tends to conceptualise the cutback management process using federal institutional (largely American-centric) structures, and these processes fail to reveal how spending cutback dilemmas are managed or resolved in a central-local intergovernmental system where the local authority has limited fiscal power over spending decisions. For instance, Levine and Posner (1981) characterised the relationship between local, state and federal agencies as one of zero-sum conflict under conditions of fiscal stress.

Although central and local government in the UK face similar resource allocation dilemmas, fundamental institutional and political differences exist. One essential difference relates to the unitary nature of the fiscal relationship between central and local government. In England, funding is dispersed by Whitehall central departments to local authorities. Although devolution has stimulated the creation of new funding structures and mechanisms for the dispersal of central government funds within Scotland and Wales, the essential unitary nature of the funding allocation system remains intact.[1]

Another difference relates to the type of conflicts that arise within a unitary and federal intergovernmental grant allocation system. This highlights the resource allocation conflicts that differ according to the constitutional and institutional architecture in which they are framed. As Levine and Posner (1981) observed for the federal United States: 'if federal programs are retained during a cutback period, state and local interests suffer; if state and local programs are retained, the federal interests suffer'. This reflects the relative freedom of state and local programmes in the United States to independently set their own levels of taxation (this also occurs in European federal governmental systems such as Germany) (Tepe and Vanhuysse, 2010, Pollit, 2010). In contrast, English central-local government relations are less driven by 'jurisdictional conflicts' and more by territorial and inter-departmental disputes between different agencies and actors (Levine and Posner, 1981). These tend to centre on the allocation of state and local taxation. In recent years, such disputes have increased as the central government has sought to divert resources from local authorities to private voluntary

[1] For further discussion of this issue see TRENCH, A. 2007. Introduction: territory, devolution and power in the United Kingdom. *In:* TRENCH, A. (ed.) *Devolution and Power in the United Kingdom.* Manchester: Manchester University Press, ED COX, J. H. 2015. Empowering Counties: Unlocking County Devolution Deals. London: Institute for Public Policy Research, TRENCH, A. & JARMAN, H. 2007. The practical outcomes of devolution: policy making across the UK. *In:* TRENCH, A. (ed.) *Devolution and Power in the United Kingdom.* Manchester: Manchester University Press, WATTS, R. 2007. The United Kingdom as a federalised or regionalised union. *In:* TRENCH, A. (ed.) *Devolution and Power in the United Kingdom.* Manchester: Manchester University Press.

or quasi-state agencies within the education, health and social care sectors (Pickvance, 1987, Jones et al., 2016, Coote, 2010).

The following factors seem important when examining the financial and regulatory relationship that is pertinent to both kinds of literature:

i. Degree of fiscal autonomy, legal-regulatory independence from central government when designing/implementing spending cuts to local public services; and

ii. The relative affluence or deprivation of the local authority. Moreover, this is also likely to affect the ability to supplement or mitigate the decrease in central government funding. For example, council and business tax income dependent on property values and level of local and regional economic activity.

A second gap in the cutback management literature relates to Levine's contrast between an era of growth and austerity in the public sector, which is too stark. Levine sees no alternative between the 'ideology of growth' and the potential for resource scarcity to cause 'organisational decline in a future dominated by resource scarcity' (Levine, 1978, p.347). In his view, there is no halfway house between these two states within public sector organisations. The development of New Public Management techniques, however, suggests otherwise. Osborne and Gaebler (1992) developed the concept of the strategic states 'focused on the strategic transformation of public service systems' (Joyce, 2011, p.17).

Since the 1970s and 1980s, the cutback management literature has moved beyond Levine's focus on growth and austerity to embrace a broader management vision for managing resource scarcity. For instance, Bozeman (2010) observed how cutback management

theorists began to view decline as a normal part of organisational life over the previous two decades. Rather than external market turmoil being the leading cause of organisational decline, the next generation of cutback management theorists began to view it as an essential feature of organisational life. This shift in emphasis encouraged cutback management researchers to take a longer, more strategic view of organisations and their management. Consequently, this stream of literature changed from a reactive posture to a more strategic focus, on the implications of 'decline' for human resource management, organisational structure and design (MacManus, 2008, cited in Bozeman, 2010).

Dunsire and Hood (1989) developed their critique of this lack of a strategic posture. Decline and growth are part of the organisational life cycle. For instance, Levine's tendency to be more 'reactive' than 'strategic' (Bozeman, 2010) reflects the long list of vulnerabilities included in his 1978 article. For example, Levine listed '9 paradoxes'. The problem with such an extensive list is that it produces 'such a variety of data to be prohibitively expensive', and consequently, could be difficult to test from a hypothesis perspective (Dunsire et al., 1989, p.49).

Furthermore, cutback management theorists have tended to substitute Levine's ideology of growth theory with that of 'publicness'. Publicness theory asserts the difference between public and private sector organisations on the basis that the former is 'shaped profoundly by their external political environment' (Pandey, 2010, p.554). However, Bozeman (1987) and Rainey (cited in Pandey, 2010) failed to fully develop how the external political environment impacted on the design and implementation of spending cuts on local ruling parties or decision-making elites. In other words, 'publicness' represents a somewhat malleable concept

that fails to bridge many of the 'paradoxical assumptions' (Pandey, 2010, p.565) described by Levine when examining differences between public and private organisations.

While Pandey's theory of publicness provided a conceptual anchor for explaining the role of austerity or management cutbacks on 'organisational decline', Pandey (2010), and Bozeman and Moulton (2011) – to a lesser extent – conflated the conceptual framework of publicness with 'paradoxes' of cutback management and its inefficiencies. These 'paradoxical tensions' include: 'predicting the effects of cutbacks, short-term political influence, penalising efficient organisations, the inability to plan for the long term, and human resource concerns' (Pandey 2010, p.565). However, these broader organisational concerns do not seem to fit Levine's rather dated characterisation of the public sector. As Levine observed: 'a good deal of the problem of cutting back public organisations is compounded by their special status as authorities, non-market extensions of the state' (Levine, 1978, p.318). Given the role of the external political environment in shaping and initiating some of these 'paradoxical tensions', it is surprising to see how the above authors failed to extend their analysis of public-ness into developing a greater empirical understanding of how community groups and activists organised their opposition to the closure of local public services.

2.6 Local Government Literature Review

In the previous sections, I observed how incremental budget growth promoted cooperation between various vested interests in a resource-allocation process. In contrast, during periods of prolonged retrenchment, it was generally assumed that resource scarcity exacerbated the potential for conflict as different interests competed for a diminishing supply of financial and infrastructural resources. When faced with a choice between reaching a consensus about how

spending cuts could be designed and delivered or facing the risk of increased political and organisational conflict between vested interests in the cutback management process, eliciting support by using the available resource slack to distribute the pain of spending cuts was often presented as the best option. However, this approach can prove counterproductive, especially when it might result in unpopular spending cutback choices or decisions being postponed, thus multiplying the political and budgetary risks posed by a worsening financial climate. This chapter has developed the themes and issues presented in Chapter 1 (Introduction) by examining how austerity affects affluent and deprived local authorities, and politician and officer resource-allocation decisions. The subsequent sections of this chapter will focus on the impact of austerity on the local government sector, distinguishing between affluent and deprived local authorities.

2.6.1 Background to Comprehensive Spending Review 2010

Some five days after the General Election on 7th May 2010, which resulted in the election of a Conservative/Lib Dem Coalition, a programme for government was published. Although the document identified 10 major areas of policy reform, national deficit reductions were placed at the forefront of the government's priorities. Under the deficit reduction heading there was to be a 'significant accelerated reduction in the structural deficit over the course of a Parliament, with the main burden of deficit reduction borne by reduced spending rather than increased taxes' (Coalition Agreement, 2010, p.1). To counterbalance the impact of these austerity measures, arrangements were put in place to 'protect those on low incomes from the effect of public sector pay constraint and other spending constraints' (ibid.). The two parties agreed that an emergency budget would be published within 50 days of signing an agreement, and this took place in June 2010. There was also an agreement that £6 billion of

cuts to non-frontline services would be made in the fiscal year 2010 to 2011, in keeping with a promise to focus on 'deliverability' and 'not just the depth of immediate cuts'. Furthermore, advice from the Treasury, Bank of England and the Office for Budget Responsibility would assess the 'feasibility and advisability of spending cutback proposals' (ibid., p.3).

The publication of both the Emergency Budget in June 2010 and the Comprehensive Spending Review in October of the same year resulted in a cut of 28 per cent of local government funding over a four-year period. These funding cuts were announced by Chancellor George Osborne alongside plans for a 'massive devolution of financial power from central government to local councils [so that it was possible] to give local authorities more control over where money is spent – and more responsibility for where cuts are made' (*The Guardian*, Spending Review 2010: key points, 20/10/11). Thus, local government funding would reduce by 7.1 per cent each year until 2014. However, the initial spending cut of 28 per cent changed to 40 per cent when, in 2013, the decision was taken to extend public sector austerity until 2017/18. Thus, the Local Government Association observed how in April 2014 local authorities had delivered £10 billion of savings in the three years from 2010/11.

2.6.2 Relationship Between Austerity and Locality

In developing a theory of local government policy-making and service provision under conditions of austerity, the history of a locality can act as a powerful force in shaping how local politicians and officers respond to top-down (fiscal–regulatory) and bottom-up (civic–community) pressures for reform. Harloe, Pickvance and Urry (1990) observed how during the 1980s the Conservative government used legislation and regulations to place income and spending control in the hands of local authorities. However, central government dependence

on local authorities to deliver major welfare state functions, and its strategic role in the economic development of localities, have strengthened rather than weakened. This is particularly so given the increasing emphasis that the Conservative-led Coalition government and the current Conservative government (from 2015 onwards) have placed on local authorities, using their local knowledge of civic and community networks to identify new ways of delivering local public services and to facilitate economic development initiatives.

A localities political and territorial history can also have important consequences in shaping how ruling political parties respond to changes in central government policy (Harloe et al., 1990). This is a point Wilks-Heeg (2011) highlighted when he likened the effect of austerity on the politics of locality to the experience of Thatcher's Conservative government when introducing the 1980s poll tax. He commented that:

> *the experience of the poll tax contains obvious lessons for today's Conservatives. The coalition's reductions in grants to local authorities, and its broad strategy for local government reform, highlight political challenges [like] those which the Thatcher government failed to negotiate from 1987-1990. Fundamentally, the questions that will determine whether Conservatives current strategy for local government reform succeeds or fails are the same as with the poll tax. How great will the impact be on voters, and will this impact be perceived as fair or unfair* (Wilks-Heeg, 2011, p.637).

The relationship between the perceived 'fairness' or 'unfairness' of central government policy on local political sentiment can also colour political outlooks and perceptions for decades to come, as illustrated by the example of the poll tax being a historical reference point for connecting past events and the current public-sector austerity policies of the former Coalition and current Conservative governments. For instance, political opposition to Conservative government cuts in a historically Labour-run authority can be viewed through the political and socio-economic lens of anti-austerity, the poll tax, and the closure of heavy industry

(especially mining and ship building) which had such a profound impact on Northern urban and rural communities during the 1980s.

However, this statement represents a broad assertion or generalisation, which ignores a diversity of other factors shaping the relationship between the territorial politics of a locality and the response of ruling party groups to central government policy. A good example of a central government policy which excited opposition across the political party spectrum is the current Conservative government's devolution proposals for County Councils. The Coalition government's decision in 2010 to abolish regional development agencies, which were non-elected public organisations charged with responsibility for region-wide economic development initiatives, was replaced with a greater emphasis on local authorities working within and across regional economic boundaries to deliver improvements in economic prosperity. This was to be achieved through the creation of ever larger single-tier unitary or amalgamated authorities, which proved unpopular in rural shire authorities because it was perceived as a model of reform more suited to metropolitan areas than diverse urban and rural population settlements. This point was recognised by former Liberal Democrat Business Secretary, Sir Vince Cable, when he made the following observation: 'Insisting on an elected mayor as a pre-condition [of devolution] wasn't sensible. We'd have got further without insisting on elected mayors' (*Municipal Journal*, Core Cities Bypass Ministers to Meet top EU Brexit Chief, 14/9/17, p.1). For some, but not all, County Council Leaders current devolution proposals seemed more focused on improving financial and 'administrative convenience' rather than appreciating local concerns or needs. For instance, one Conservative County Council Leader, observed how:

> *The government has no concept of the problems caused by trying to force 23 different councils, some with a budget 100 times the size of others, and widely*

differing electorates and powers, into one metropolitan straitjacket. The office of elected mayor is fine for London but universally opposed in shire county England' (*MJ*, George Nobbs, Killing off Devolution, 19/4/16).

While these points require further qualification, they nevertheless highlight how socio-economic geography, history and sense of place can impact on how top-down structural reforms are received locally by ruling party groups. Furthermore, when top-down reforms disrupt rather than add to local preferences, political institutional reform can impact on the perceived legitimacy of newly reformed or amalgamated local authority structures, especially when this results in the election of mayor not from the dominant majority party in a legislative chamber or the severing of long established political institutional and constituency boundaries through the dissolution of lower-tier government organisations.

2.6.3 Local Responses to Austerity

Exactly how reductions in central government funding translate into spending cutback choices within individual local authorities is likely to be affected by the following factors:

- how senior politicians and managers balance competing political and/or corporate priorities within the resource allocation process;
- the political/managerial willpower to drive through tough spending cutback decisions and the challenges this might pose in terms of maintaining political and organisational support for the 'legitimacy' of the spending cutback measures;
- the history of local authority–community relations and how it has affected either changes in the territorial governance structure of the local authority (two-tier versus single-tier), or the ability of local communities and service users to put

political/electoral pressure on a ruling administration to reverse or amend a spending cutback decision;

- the capacity of elite decision makers to overcome political, institutional and cultural obstacles to budget services or financial reform, especially when there is a breakdown in the ability of different vested interests to cooperate or agree on spending cutback measures; and
- the capacity of external groups (e.g. service users, trade unions and/or civic–community and political forums) to force elite decision makers to revise, reverse or postpone controversial spending cutback choices.

The impact of these factors, individually and cumulatively, is likely to vary according to how different interests in resource allocation decisions respond to top-down and bottom-up pressures, within both the council and the local policy environment. However, the institutional structures and processes through which policy or resource-allocation decisions are formulated and implemented can also have consequences for how these decisions are deliberated within councils (MacManus, 1993b, Leach, 2010a, Leach, 2000). A good example of this can be seen from the extent to which differences in the territorial governance structure affect how decision makers respond to internal and external demands to revise or reverse a spending cutback decision. This is a key question that is explored in the two case studies (see Part II). For instance, in the Conservative-run, two-tier shire authority, the county and district councils had distinct, yet overlapping legal, economic and organisational responsibilities for the delivery of services. In the other case study, a Labour single-tier unitary authority, the concept of multi-tier collaboration was reconfigured following the abolition of seven district councils. Although this did not eliminate the need for new partnership agreements (vis-à-vis

the creation of local authority civic–community forums), the political, organisational and economic costs associated with delivering services across county–district territorial governance boundaries lessened some of the transaction costs associated with multi-tier collaboration (Gordon Murray et al., 2008, Warm, 2011).

Earlier in this chapter, I observed that there were political and organisational challenges associated with implementing deep spending cuts to front-facing community services to protect higher priority frontline social and welfare services. This analysis, however, did not examine how local external factors such as the level of socio-economic deprivation within a local authority might affect how spending cuts to services are designed and implemented. The proceeding subsections addresses this issue.

2.7 History of Local Government Reform

Many studies have been conducted, both in the UK and internationally, examining the effect of LGR on economic-efficiency gains/outputs and improvements in the performance agility and responsiveness of public services to meet changing expectations and demands in the 21st century. Indeed, the modernisation agenda for local government and public services in general has typically focused on the impact of top-down structural reforms often initiated by central government to improve resource allocation practices, streamline political policy and managerial-corporate decision-making process through centralising power in a single organisational entity or body through removing layers or tiers of government, and removing political-organisational barriers to enhanced performance (Dollery and Wallis, 2001, March, 1988, March and Olsen, 1989). However, critics of LGR have argued that the disruptive costs and effects often outweigh the economic benefits which themselves are open to question

because of the upfront investment costs required to finance a reorganisation (Dearlove, 1979, Chisholm, 2010, Chisholm and Leach, 2011).

Public administration researchers, including Dollery and Cress (2004) and King and Ma (1998), looked at different measures when assessing the benefits and costs of LGR. Some focused on the economic benefits, questioning whether rescaling how services are provided through the creation of large centralised service departments merely pays for the cost of reorganisation or creates additional economic benefits. Other local government scholars look more broadly at the question of the organisational and cultural benefits of LGR. For instance, whether LGR can help 'unfreeze' established ways of thinking and working to generate new and innovative ways of delivering public services on a cross-county basis, which, in the past, might have been inhibited by district concerns that a cross-county approach to service delivery and/or resource deployment might threaten their political administrative autonomy or identity**.** A good example of this can be observed in the Southshire case study as the County Council searched for new methods of redesigning services. For instance, in a document titled 'Implementing the New Strategic Plan for Divesting Public Services to Local Communities', the former Chief Executive observed how divestment could help Southshire overcome issues deriving from 'organisational politics [which] plays a defining part in a difficult debate about ownership and governance. Divestment gives us the opportunity to bring previously separate services together in a much more pragmatic and practical way' (Southshire CC, Implementing the New Strategic Plan, Dec. 2010, p.46). Although political and organisational conflict is often viewed as a barrier to greater multi-tier collaboration between County and District Councils, few studies have examined how differences in local government structures within shire authorities' impact on how decision makers design and implement spending cuts. This research topic requires a deeper understanding of how new partnership working or

collaboration opportunities might emerge in response to austerity within a two-tier county council which might overcome some of the County-District, political-organisational boundary decisions described above. A good example of this is how District Councils in Southshire sought to protect their (perceived) political or administrative autonomy through merging front and back office service functions with neighbouring local authorities.

Conflicts between County and District Councils are less influenced by political loyalty to a party group or ideology than local identity and geography (Copus 2013). This is because local identity and geography is associated with the preservation of political administrative power or autonomy being kept within local institutions or organisations, which are widely perceived as more able to understand and represent the interests or needs of a local area. For instance, in a submission to a review into local government devolution for County and District Councils, the District Council Network, a body representing District Council Member organisations in England, observed:

> The response presents an overly simplistic approach that treats all counties, the largest and smallest, on the same basis, regardless of the economic geography. Rather than a simplistic approach to boundaries, we would have looked for a more in depth objective analysis of clustering within, or even across county boundaries, to further reflect economic geography and natural communities (DCN, 2016).

These tensions or conflicts were also present in the Northshire case study when six out of the seven former District Council Chief Executives organised a local referendum backed by many elected Labour District council members (former Labour District councillor, 4/2/13, line 188-189, p.4). One of the main concerns was that an enlarged authority could not adequately represent the diverse needs and interests of local communities, which the districts were more able to understand and identify because of their geographic and organisational proximity to

the communities in which the services were provided (ibid., lines 113-120; 153-164; 188-189, p.3-4).

2.8 Variation in Corporate Strategy

How local authorities respond to the associated risks of 'resource scarcity', a situation in which the demand for financial resources exceeds supply, is likely to vary according to the corporate strategies they use, differences in the socio-economic geography (is it an affluent or deprived area?), locality (is it urban or rural?) and spending commitments of the local authority (is it a high or low spending authority?). Although local authorities might draw on private sector strategic concepts and tools to analyse current and future strategic challenges Boyne and Walker (2004, p.231) to argue that 'existing classifications of organisational strategy have limited relevance to public agencies'. The above authors developed a 'strategic content matrix' comprising two dimensions to address this deficit. This included: 'strategic stance' (the extent to which a strategy anticipates events or reacts to them and the orientation towards change and/or the status quo); and 'strategic actions' (the relative emphasis on changes in markets, services, revenues, external relationships and internal characteristics).

However, as previously observed, service cutbacks are not the only option. For instance, local authorities located in more affluent areas might increase 'service user charges' to 'maintain service provision' (former Labour District councillor, 4/2/13, lines 113-120; 153-164; 188-189, p.3-4). Local authorities face the dilemma of having to make tough decisions irrespective of the cutback management approach they take in the short to medium term. Central government cuts were planned for every year between 2014–15 and 2016-17. Beyond this,

additional cuts to the block grant were scheduled for 2015–16 and 2016–17 and into the future. This was despite changes in the policy and fiscal outlook, especially in relation to the impact of the Brexit vote and the political–policy orientation of the Conservative Party's lacklustre performance in the May 2017 General Election, which resulted in part from the Conservative Party's inability to translate a vote for Brexit in many Labour-voting constituencies into an increased parliamentary majority.

Furthermore, not all authorities have the same organisational or economic tools to mitigate the worst effects of cuts to their central government grant. Higher spending social and welfare service departments are likely to experience the highest level of need or demand for services within local authorities with higher deprivation levels. This means that the corporate and organisational response of local authorities can also vary according their social and economic circumstance and the demographic size of their population. These variations in fiscal–corporate response might affect not only the organisational remedies to which local authorities have access but also the very tools they 'self-identify' as having the greatest political utility and/or organisational effectiveness in addressing complex and sometimes wicked policy, or resource-allocation dilemmas. A wicked policy problem can be defined as a social or cultural problem that is difficult or impossible to solve. This can stem from incomplete or contradictory knowledge which derives from four possible sources: (i) The range of opinions or beliefs offered about the problem; (ii) The scale or size of the problem; (iii) The economic or social effects of the problem; or (iv) The interconnected nature of the problem, since interventions are required at multiple levels. Often these reflect ideological bias for policy preferences, which limit the range of service reform choices or options for deliberation because they reflect long-standing, deeply embedded ways of working or thinking (Stewart, 1983).

However, given that the need to reduce costs represents an institutional pressure common to all local authorities across the sector, austerity can also help forge a consensus insofar as it can result in a 'traumatic change in mindset' (Davey, 2010). Likening fiscal austerity to a crisis, Davey describes it as a 'major shock not only in the budgets as such, but also in the expectations of local decision makers and budget planning…. Having to shift from planning spending increases to negotiating budget cuts requires a traumatic change in mindset' (anon). On one level, austerity has broad systemic institutional and environmental effect which led to a paradigm shift in how key decision makers in government or Whitehall talked about the role of the state in providing public services. But how changes in fiscal and policy discourse were mediated within individual local authorities tended to differ according the financial and policy priorities of senior politicians and officers, even though they were subject to similar and (in some cases) differing financial regulatory and budget pressures. The need to find new frameworks to manage public organisations was common to all local authorities and often required renegotiation within and outside the local authority as to the role of local government and how public services should be provided in the future. Reorganising the scope and provision of public services often necessitates changing working practices (doing more for less on tighter budgets), renegotiation of employment terms and conditions with employees and trade unions, and external consultation with service users' local communities and external partners in the third or voluntary sector over how future services and funding arrangements will be provided. Although, like other public organisations, local authorities are ' shaped by their external political environment' (Pandey, 2010); they also exhibit unique institutional and political features distinguishing them from other public entities. For instance, unlike NHS Trust Boards, local authorities are subject to higher levels of democratic scrutiny (via yearly, bi-annual or four-year elections) and greater public accountability, given the range

of public services that higher-tier authorities such as County Councils or unitaries provide. Both the level of scrutiny and the politicised nature of budget or resource allocation decision-making in local authorities increases the likelihood for tension between political and corporate priorities within spending cutback processes. But equally, in a fiscal climate where local authorities are taking responsibility for funding and management responsibilities relating to Joint Clinical Commissioning with the NHS under the Health and Social Care Act (2012), differences in organisational culture and structural decision-making processes can add to the political, organisational and financial challenges of managing increasing demand for social care services**.**

Clearly, low voter turnout can inhibit not only the growth and vitality of local democracy but also political competition (Gosling, 2004, Kavanagh Adrian, 2015, Hambleton, 2000, Denters, 2014, Denters, 2017). This can have detrimental consequences for how political representatives engage with the public and the representation of any conclusions or judgements which might be made from such engagement (Denters, 2014, Denters, 2017, Gosling, 2004). Austerity might bring about a change in political outlook and/or organisational mindset that mirrors the general effect of the transition from a prolonged period of budgetary growth to decline (Levine, 1978, p.317). Differences are likely to emerge over the scope or pace of how spending cuts to services are implemented; and how politicians and officers develop policies and corporate strategies is also likely to be influenced by the degree to which they adopt an incremental/radical organisational pace of reform. Moreover, fear of the electoral consequences of driving through controversial or unpopular cuts can mean that corporate priorities or perspectives advocated by senior officers might be side-lined. Hence, sometimes the political and reputational profile of a service will also affect how politicians and managers design and implement spending cuts. For instance, in high-profile community

or neighbourhood services such as libraries or youth services or school crossing patrols, there might be a greater incentive to maintain the status quo through rationing provision across the board within service areas by reducing the number of opening hours, rather than completely abandoning provision of a service. This is especially true if there are few alternative facilities because of the rurality of the area or public (child) safety concerns (e.g. school crossing patrols). In dealing with these more sensitive issues, local authorities may decide to 'muddle through' the ambiguities or complexities of cutback management decision-making. Rather than invoking grand ideological or strategic narratives as to why austerity necessitates the complete withdrawal or abandonment of X or Y services (due to corporate financial needs/interests being prioritised over civic community concerns), a more pragmatic or iterative approach is adopted. Although this might seem like an incremental or gradual approach to managing change, it does not preclude the use of radical change options at a future point in time when the political or regulatory controversies surrounding such a decision have abated. In this sense, a more transitory or adaptive approach to reform is adopted, which does not rule out a radical organisational change response to difficult resource-allocation dilemmas within the spending cutback process, but which is also potentially more keenly sensitised to more localised micro-level political and organisational demands.

A good example of how disagreements over the scope and pace of reform, often identified in the public administration literature as the difference between incremental and radical reform (Reay and Hinings, 2005, Greenwood, 1981, Gardner, 2017, Townley, 2002), is further discussed in Chapters 8 and 9. In Northshire, a Labour-run authority, a more incremental approach to service reform was adopted prior to austerity, as part of the LGR process. Austerity accelerated this process but not at the expense of maintaining direct control over the delivery of remaining services. Conversely, in Southshire a more radical change approach

was adopted prior to austerity but could not be enacted because of political and organisational barriers to reform. After 2010, however, although some of these barriers remained, the changing external fiscal and policy climate represented a 'crisis' that required an immediate emergency response. In both case studies, significant organisational change was taking place but the logic over its scope and pace differed. Why this is the case is a question that I examine in greater detail in later chapters of the thesis.

In the face of year-on-year cuts, high-spending local authorities might find themselves in the position of having to address resource-spending dilemmas with few, if any, reserves to reduce the impact of cuts on public services. For instance, the IFS (2012) observed that 'cuts to net service spending by local government in England is significant', and this has important consequences for higher-spending local authorities typically located within deprived regions. Consequently, the report's authors observed: 'High spending regions are engaged in larger cuts (in cash and proportional terms)' (ibid.). However, this is a prediction that has not been borne out by the financial data gathered by either the Department for Local Communities or the Local Government Association. Indeed, most local authorities have been able to maintain core social welfare service provision without using reserves or being faced with the threat of bankruptcy, especially during the first phase of spending cuts between 2010 and 2014. Following on from 2014–15, however, there was an increasing trend of local authorities having to use financial reserves accumulated over the intervening years to cover shortfalls in core budgets, due to central government not providing increased resources to cover upwards demand for adult/children's social care services. Despite these bottom-up financial pressures, the overall resilience of local authorities, as judged by the sector's capacity to reduce costs through remodelling how services are provided, and/or the rate of potential bankruptcies in the sector, seems relatively strong (Gardner, 2017).

Nevertheless, the IFS report (2012) raised the question of what type of strategies chief officers and heads of department within deprived authorities used to mitigate the effects of budget contraction on service provision. Chief officers surveyed in the Rowntree report (2012) had 'differing levels of enthusiasm' for 'service remodelling' or 'community self-provisioning' (Hastings et al., January 2012) through 'service co-production' (Fotaki, 2011), endeavours involving service users and community organisations. Variability in enthusiasm can be viewed as either a sceptical response to the Big Society Initiative by left-leaning authorities reluctant to embrace a view of the state that runs contrary to the central planning service provision model, or evidence that local authorities are responding in a diversity of ways to sustained budget contraction. The Rowntree report identified two broad approaches to frontline service reform:

1. 'Significant service remodelling, including reconfiguring and joining up services in 'hubs', or developing shared services' (Hastings et al., January 2012, Hastings, 2012).
2. 'Focus on community self-provisioning and developing more individual social responsibility' (ibid.).

While the second approach is reliant on 'Big Society Initiatives', which encourage bottom-up rather than top-down thinking and planning at the local authority level, the Rowntree report authors drew a second distinction between authorities who participated in the survey:

1. Authorities who intended to use area decentralisation or neighbourhood management approaches as part of their strategy to manage cuts; and
2. Those who planned spatial approaches through amalgamating service provision across council or borough boundaries to achieve reduced overhead costs and economies of scale.

Commenting on these findings, the report's authors observed that:

> *In more than half of the authorities there was a clear impetus to refocus services on the most needy. In the remainder, there appeared to be more service- than client-focused…In around a third of the authorities a neighbourhood approach had been planned, with a spatial approach in place in the remainder* (Hastings, 2012).

Several conclusions can be teased out of the joint Glasgow University and Joseph Rowntree report of 2012. First, in an effort to reduce costs, many local authorities are redesigning their frontline service provision through the development of community-based initiatives; or, second, they are decentralising the control of resources and management to 'street bureaucrat' level (Ouchi, 1991). Third, in a drive to achieve increased efficiency outcomes, local authorities are reorganising how they design and provide public services. As part of the localism agenda, local authorities serve as 'democratic hubs' for the design and provision of public services according to local and service user needs. This change in emphasis is intended to streamline the commissioning of service processes while achieving the desired efficiency savings through the reorganisation of local government services.

2.8.1 Local Government Literature on Politician-Officer Decision-making

Local government cutback management and public administration literature on how politicians and officers respond to competing resource allocation priorities is wide-ranging and diverse. For instance, Guy Peters (2001) observed how the relationship between politicians and bureaucrats (albeit in Western democracies) is affected by two key features within political institutions, such as local government (Peters, 2001). The first feature is the formal power or authority to act, which in representative democracies is conferred upon elected politicians following a national or local election. How or in what way politicians delegate power to make discretionary choices or decisions around the design and

implementation of spending cuts can be affected by formal rules (e.g. legal constitutional rules), working norms and conventions which reflect historical practice or precedent, and a range of psychological/emotional factors (does one side trust the other political/professional competence?). Peters captured some but not all of these factors when he observed: 'Whether by delegation, funding, or acquiescence bureaucratic actions must be legitimated by constitutionally prescribed actors. Often this legitimation comes through inaction and acquiescence rather than through formal action, but it still involves a transfer of authority' (ibid, p.237).

A second important power of political institutions to which Peters refers is the 'power of the purse' (ibid., p.237). Although local authorities are largely dependent on central government resources and have limited fiscal autonomy to offset reductions in funding through increasing local taxes, fees and charges, decision makers have the power to decide where they spend the resources they receive from central government. The power to influence how resources are allocated within a budgetary process is viewed by Peters as an important feature of the political–bureaucratic relationship because 'agencies require money…to survive, prosper and grow…and [bureaucrats] must be able to influence political institutions to provide them with it' (ibid., p.213). The picture that Peters describes is a 'budgetary process', which he likens to the 'politics of survival', in which 'the bureaucracy seeks money and autonomy to spend it, while central and local government institutions seek control of their funds and seek to ensure accountability as [to] how it will be spent'. This, according to Peters, 'led to the development of a number of techniques… to counteract the power of the other' (ibid, p213).

The English local government literature also integrates theoretical and empirical concerns within the cutback management, local government and public administration literature (see

Peters 2001). This gave rise to various policy-making models, which captured in static and dynamic terms the relationship between local politicians and officers and the capacity of interest groups representing employees and civic–community–business interests to influence spending cutback choices (Morrell and Hartley, 2006). Several theoretical and methodological reasons were given for selecting a dynamic decision-making model over other policy-making model. One reason for this was that, rather than viewing the relationship between senior politicians and officers as being driven by a single set of fixed historic, institutional, formal and informal norms or conventions, the relationship between the two groups of decision makers was more fluid. Although this was looked at in more detail later in this chapter (see p.60-69), I argue that rather than assuming that officer technocratic professional expertise prevailed over the interests of politicians in spending cutback decisions, the relationship between the two groups of decision makers is viewed as more dynamic and fluid than previous local government accounts of politicians deferring to the 'superior expertise' of local government officers or professionals might suggest (Cope, 1994, Dearlove, 1973, Leach, 2010a, Wilson and Game, 2011, Laffin, 1986). This is also reflected in the two case studies, where there was mixed evidence suggesting that political decision makers took the lead role in directing the formulation and implementation of policy. For instance, in Southshire, several Conservative politicians explained how their experience as small business owners with private sector/commercial experience of managing large numbers of people and resources empowered them to take a more directive and interventionist approach over policy decisions.

However, a common complaint from Conservative backbenches which affected the leadership fortunes of two Council Leaders (both of whom were forced from power because of rebellion on the backbenches), was that senior officers exercised too much influence over spending cutback choices and decisions (Senior Conservative Politician, 2/3/16, pp.10-11). In

Northshire, there seemed to be a greater level of trust between the two decision-making groups on how spending cuts should be designed and implemented. Table 2.4 summarises the main differences between the various political–bureaucratic decision-making models

Table 2.4 Political-Bureaucratic Decision-Making Model

Policy-Making Model	Description
Formal Model or legal institutional Approach	Power relationships between politicians and local government officers defined in formal terms
The Technocratic Model	Local Government Officers (not politicians) are the dominant force in local politics given their specialist knowledge of the policy-making processes and procedures. This dominance in local government officers is further strengthened by the fact that local politicians only carry out a part-time role.
The Joint elite Model	Policy-making is carried out by an elite local politician and local government officers who make most of the key decisions within a cabinet setting.
A dynamic Dependency model	Policy-making decisions within the local authority is constructed around the formal/informal rules and roles which political or bureaucratic actors adopt at different stages within a decision-making process.
	Source: Adapted from Game (2011, pp.333-336)

A core problem with the joint elite model is that it does not provide detailed insight into how policy consensus is achieved and/or maintained, especially when a spending cutback decision is viewed as controversial and subject to a range of divergent pressures and influences, both within and outside the local authority. A good example of this can be seen in the Southshire case study. Although there was elite consensus (especially between the former Council Leader and Chief Executive to divest the cost and risk of providing neighbourhood services to local communities), external political pressure from backbench Conservative councillors, MPs and parish and town councils forced Southshire's political–administrative leadership to rethink

how services were provided. Thus, the director of a voluntary sector organisation observed how the decision to divest all but a few core services in response to austerity was opportunistic and political and had broader consequences for how the new strategic plan was perceived (CEO, 2014).

The capacity of elite decision makers to translate agreement on core policy objectives into a politically–managerially sustainable cutback-management strategy for designing and implementing spending cuts raises broader concerns around how senior decision makers balance competing demands and influences on the decision-making process – a point that I explore in the next subsection (2.8.2).

Returning to the use of a dynamic dependency model to map the fluidity in the balance of power between groups of decision makers, one possible explanation is the difficulty inherent in identifying what impact direct and/or indirect influences have on spending cutback outcomes. For instance, Danziger (1978) observed how differences in resource allocation procedures and processes between spending departments within and across four County Councils (some of which had differences in formal local government structures, e.g. 2-tier county district and single-tier unitary authorities) influenced how politicians and officers responded to competing demands or external pressures on the resource allocation process. In the main, these reflected differences in the organisational culture of the local authority, such as the extent to which there was a strong corporate centre controlling the activities of budget holders within professional officer-led service departments. However, to a greater or lesser extent, officers tended to exercise higher levels of autonomy over how spending cuts were designed or implemented because of the tendency of politicians to defer to the technical expertise of officers. But how such officer discretion was exercised tended to differ

across Danziger's four case studies. This had consequences for how politicians responded to external civic–community resource allocation demands.

Moreover, even within budget systems in Danziger's four case studies, where the balance of decision-making power between politicians and officers was more fluid, communities still lacked the opportunity to influence spending cutback choices directly, leading Danziger (1972, p.226) to conclude that 'these resource-allocation systems seem fully congruent with Amery's observation that [the] 'government of Britain is of and for the people, but not by the people''. Such a system tended to 'prefer' or 'facilitate' elite or technocratic interests over 'direct citizen involvement'. This was partly due to the:

> *mythology surround*[ing] *the* [budget/resource allocation] *process, the apparent fragmentation of decision making, and* [that] *the relative monopoly of most information is consciously maintained since they serve to simplify the pressures of resource allocation on the major budgetary decision makers* (Danziger, 1978, p.226).

2.8.2 Local Institutional and Organisational Factors Affecting Politician–Officer Decision-making Practices

Francesca Gains critiqued the idea that the relationship between politicians and bureaucrats in local government is primarily elite-driven and detached from the outside (Gains et al., 2009, p.51) and from 'cross-cutting influences' (Davies, 2004). This line of argumentation questions the closed nature of elite decision-making in local authorities, observing how both politicians and officers 'exchange resources' to 'achieve policy goals' (Gains et al., 2009, p.52). Although politicians and bureaucrats exchange different 'power resources' (McGuire and Agranoff, 2011) using fixed and varied path-dependent channels of influence (Gains et al., 2005), the 'exchange of resources [is] necessary to make and deliver policy [objectives or outcomes]… in power dependent networks operating within institutionalised settings' (Gains et al., 2009).

These exchanges take the form of 'political, information and operational resources' (ibid.). Some of these resources are derived from constitutional or procedural rules prescribed by statute, whilst others deal with more informal sources of power and knowledge which relate to the relative distribution of power relations between politicians and officers within the individual local authority – the so-called 'rules of the game' (ibid., pp.50-51). The relationship between formal/informal roles, identities and rules is captured in Gains' use of the 'path dependency concept'. Table 2.5 below highlights the principal-agent power resource exchange within local government.

Table 2.5 Principle-Agent Power Resource Exchange within Local Government

Political Resources	**Bureaucrat/Administrative Resources**
Political Authority	**Informational Resources**
Fiscal Authority	**Professional and technical skills on a policy area**
	Organisational knowledge or logistical understanding of policy delivery

Source: Adapted from Gains et al., 2009, p.52

While these 'resource exchanges' are shaped by fluid (rather than static) roles/rules that local authority politicians and officers adopt when deciding the discretionary boundaries between policy design and implementation, politician–officer relations can also be influenced by 'internal' and 'informal' perceptions of actors who adapt their 'role behaviour' to operational 'rules of the game' played out in the local decision-making context (Richards, 2007, cited in Gains et al., 2009, p.52). Conversely, how are the formal–informal internal role perceptions affected by changes in the wider policy–fiscal environment? This is an issue that researchers

such as Howard Davies noted when they talk about the effect (direct or indirect) of austerity as a 'cross-cutting influence' in consolidating or challenging dominant, albeit deeply embedded, political and institutional logic (Greenwood et al., 2014, Hinings, 2012). However, the extent to which austerity mirrors the cognitive change in basic assumptions described above is debateable. Indeed, even in local authorities where austerity results in a commitment to radically changing the operational model for how services are delivered (as was the case in the Southshire case study presented in Part II, see Chapter 6), a logic of incremental rather than targeted and strategic cuts remained in place. Although this was in part influenced by the fact that Southshire had already implemented a wide-ranging programme of retrenchment through efficiency savings prior to austerity through merging back office functions, which helped financially mitigate some of the adverse effects of central government spending cuts, nevertheless, a commitment to incremental spending cuts remained.

Similarly, the historic (path-dependent) nature of the relationship between central and local government is often characterised as centralised and hierarchical (Laffin, 2009, Rhodes, 1999, David Innes, 2014, Keating and Midwinter, 1994). However, officers can both act as 'agents of change on behalf of central government' and resist change when it is perceived 'as threatening their position and, indeed, that of their employers' (Laffin, 1986, p.224). The same point could be made regarding the distinction between policy design and implementation. Moreover, this perspective also questions a static view of politician–officer relations, which is often found in rational choice or econometric accounts that focus on the economic or career incentives for creating bureaucratic–administrative organisational entitles, which might be likened to business empires or monopolies (Gains, 2011, Gains et al., 2009, Gains, 2010, Cope, 2000, Marsh et al., 2000a). For instance, Gains 2010 observe how

the public choice literatures offer a somewhat 'simple model of motivation', citing Niskanen, 1971, Tullock, 1987 p.36, 'arguing that public servants will act in their short self-interest and may use their discretion to work against the public welfare by seeking to inflate the budget of their bureaus' (Gains 2010, p.556). Dunleavy challenges this assumption arguing that there were 'collective action problems' with 'bureaucrats seeking to maximise their budgets' given that such behaviour is likely to 'vary according to the rank of the official, agency, and budget type' (Gains 2010, p.556). In this bureau-shaping model, developed by Dunleavy and others (Aullich 1999, James, 2003), senior bureaucrats would only seek to expand their core budgets to 'shape their working environment', such as the desire of officials to 'work in small, elite and collegial bureaus close to the political centre of power' (Dunleavy 1991, p.202, cited in Gains, 2010, p.456).

However, political bureaucratic decision-making models, such as those proposed by public choice theorists, or even Dunleavy's bureau-shaping model, tend to underestimate the importance of individual autonomy or agency in shaping how politicians and officers navigate the organisational complexities or political ambiguities associated with the design and implementation of spending cuts (Boyne, 1998, Boyne, 1989, Elcock, 1989). Furthermore, the capacity of skilled bureaucrats to erode the political power of politicians to design and implement policy can be equally strong if the perspective is broadened from looking at a specific issue over a limited period of time to a more historical perspective that seeks to understand how such discretionary power has evolved or developed over time (see Carpenter, cited in Pierson, 2004, p.5). This is especially the case when conceptualising the relationship between the political principle (elected politician) and their bureaucratic agent (civil servant or senior local government officer), who is charged with translating party policy into government legislation or implementing wider organisational-administrative reforms.

This boundary can be blurred by the need to change or reform policy while it is being implemented in response to corporate performance and operational data. This is a point that David Blunkett, former Labour Home Secretary, made as Council Leader of Sheffield City Council in the 1970s:

> *It is very difficult to have any clear-cut idea that here are two separate groups, the politicians who get on with the formulation and direction of policy, and officers who are aloof from this, who have nothing to do with the political arena and get on with implementation. And both officers and members know that isn't true; that officers are inherently involved in the formulation of policy because of the nature of information, given that they are very deeply involved in carrying these policies out. And they've got to be, because changing policies is about knowing whether they're working and being able to monitor and evaluate services* (Blunkett, quoted in Baddeley & James, 1987, p.37).

Although Blunkett's comments are autobiographical, his observations how political-managerial relations are affected by current or past ways of working and individual interpersonal relationships (Baddeley and James, 1987). This fluidity does not ignore the importance of historical context suggested by a path-dependent approach. Indeed, as Gains (2009) observed, time and history play important roles in shaping established norms or conventions which are hard to replace because they represent 'taken-for-granted assumptions'. These reinforce a shared history or collective identity and are further validated or reinforced by other norms/institutions. However, these historical forces are not static but dynamic. For instance, Vince and Orr (2009, p.655) described how local authority traditions that shape 'routines, structures and processes', and influence how a senior politician/officers 'organise, prioritize and mobilise action' (ibid., pp.654–6), are affected by a 'melange of voices, interests and assumptions'. Vince and Orr identified 14 different local authority traditions divided across three taxonomic categories or headings, and these are summarised in Table 2.6 below.

Table 2.6 Vince and Orr's Traditions in Local Government

Traditions of Politics	Traditions of Organisation	Traditions of Critique
Localism	Professional	Crisis
Democracy Fragmentation	Regulatory	
Party Politics	Management	Centralisation
Governance	Consumerism	Modernisation
Mayoralty	Partnership	

Source: Adapted from Vince and Orr, 2009, p.653

One problem with Orr and Vince's taxonomy is that while it identifies a different 'web of beliefs', which is influenced by competing/complementary 'traditions' of 'politics', 'organisation' and 'critique', no clear explanation is provided for how these different traditions affect path-dependent decision-making. However, if the above taxonomy is likened conceptually to an à la carte menu, in which it is possible to critically identify different intellectual, behavioural and organisational mindsets of decision-making, Orr and Vince's taxonomy might provide a helpful framework for explaining similarities and differences in how decision makers in Northshire/Southshire designed and implemented spending cuts in response to austerity (Orr and Vince, 2009).

The concept of institutional 'bricolage', the idea that organisational and institutional actors draw on 'dominant, residual and emergent practices' (Newman, cited in Lowndes et al., 2013, p.546), responds to austerity through drawing on the expertise of 'people working in public services (along with citizens themselves)' to redesign how services are delivered. Under conditions of austerity such cooperation represents a 'fundamental source of agency' (Cook and Muir, p.10, cited in Lowndes et al., 2013, p.546). This might provide a useful framework

for deciphering differences in how decision makers in either authority managed top-down central–local financial and bottom-up civic–community pressures to revise or reverse controversial spending cutback choices. Institutional bricolage involves examining how differences in local authority territorial governance structures impact on patterns of policy decision-making at the organisational (meso) and micro (parish/ward/community) level. The concept of bricolage has been applied to a broad range of disciplines, including organisational studies (Freeman, 2007) , and it is cited in local government literature examining the role of formal and informal norms of decision-making within local authorities. Through combining local authority and civic–community perspectives at ward, parish and/or town council level, institutional bricolage can provide an analytical framework for understanding how:

> … *people consciously and non-consciously assemble or reshape institutional arrangements, drawing on whatever materials and resources are available, regardless of their original purpose. In this process, old arrangements are modified, and new ones invented. Institutional components from different origins are continuously reused, reworked or refashioned to perform new functions. Adapted configurations of rules, practices, norms and relationships are attributed meaning and authority* (Cleaver and De Koning, 2015).

Like the dynamic dependency models outlined earlier (see p.62), in which the pattern of decision-making between politicians and officers within a local authority is shaped by fluid rather than fixed roles or rule identities/boundaries, through understanding the interplay between the institutional context and the decision-making dynamics within an organisation, it is possible to see how rules and norms within a local authority organisation create a 'logic of appropriateness'. This is a concept which is frequently used within the new institutionalist literature. This is distinct from old institutionalism, which tended to focus on the governing systems and organisations in terms of formal rules or procedures, rather than understanding how the interaction between formal and informal norms, the organisation and its wider

environment, helped shape power relations between different internal and external stakeholders (Gardner, 2017, Peters, 2011).

Although Cleaver et al. (2015) uses institutional bricolage to further develop a 'critical' institutional perspective to explain how 'institutions dynamically mediate relationships between people, natural resources and society', the concept can also be applied to understanding how 'reworking institutional arrangements' affects 'habitual ways of working' or 'taken-for-granted assumptions' (Cleaver and De Koning, 2015, p.15). This can be a difficult subject to decipher within local authorities because, like other public and private organisations, there might not be one dominant organisational logic or archetype (Greenwood et al., 2014, Hinings, 2012, Reay and Hinings, 2005)**.** Resource allocation might reflect a patchwork of new and old decision-making practices despite changes in process and procedural rules and norms (Cleaver and De Koning, 2015, p.4) associated with the implementation of national reform agendas or locally-based initiatives seeking to improve the effectiveness and transparency of corporate decision-making and resource allocation practices. In this context, the concept of institutional bricolage might provide insights into how decision makers and local communities adapt to reconfigure politician–officer roles and responsibilities during a period of prolonged austerity. Moreover, as observed above, it also has relevance for understanding how top-down (financial/regulatory/legal) and bottom-up (civic community) pressures are mediated in the internal, organisational and external political environment at community level.

The institutional bricolage concept is also relevant when examining the effect of LGR on political and managerial decision-making. LGR has often been linked to modernising how local government works, in the belief that creating ever-larger organisational entities will drive

down managerial and operational costs and improve service performance. Through centralising political and managerial decision-making, it is possible to reduce some of the political, organisational and economic costs associated with multi-tier service-delivery systems. A lack of trust between county and district councils and other public-sector organisations such as the NHS can inhibit the development of multi-tier collaborative initiatives intended to reduce resource duplication and improve efficiency. For example, sharing front- or back-office service functions might undermine merging front- or back-office service capability on the basis that it might threaten the political, organisational and administrative autonomy of smaller district councils or partners who believe their independence is at risk if they enter into such partnerships.

However, some critics argue that LGR imposes additional costs that are not immediately apparent (Chisholm and Leach, 2011, Dearlove, 1979). Sometimes these are based on an over-optimistic assessment of the economy of scale or managerial efficiency synergies that can be achieved if a single-tier unitary authority is created (Chisholm and Leach, 2011, Andrews and Boyne, 2012). Moreover, these assessments can ignore the difficulties associated with reengineering how services are provided within a local territory. These can include disruption to working practices caused by the need to integrate disparate working systems, processes, political and organisational cultures (Cresswell et al., 2014). This has led public administration researchers such as Dearlove (1979) to argue that merging local authorities is driven more by Whitehall concerns around 'administrative convenience' than by direct economy/efficiency gains. This is a criticism that some critics use when questioning the political and economic case for territorial rescaling or resizing brought about through consolidating two or more tiers into a single local authority organisational structure.

Additionally, the external civic–community costs of merging two-tier county district councils into single-tier unitaries must also be assessed. Centralising power in a single institution could result in the marginalisation of local interests previously well represented in a former district council (Saarimaa and Tukiainen, 2013, Voda et al., 2017, Dahl and Tufte, 1974, Lewis, 2011). While some of these concerns might be addressed through the development of local representation or community forums, how open, representative and even effective such consultative forums are in responding to local issues, needs or grievances is a subject of discussion in the local government literature (Chisholm and Leach, 2011, Stewart, 2014)**.** The effectiveness of such public fora can depend on a multitude of internal and external factors, such as the territorial size or space of the new unitary authority compared to previous territorial governance arrangements, and the willingness of local communities to participate in new decision-making structures and arrangements**.**

2.8.3 Differences in How Ruling Party Groups Respond to Austerity

The need to get re-elected is a powerful incentive for shaping ruling party group behaviour. But how this instinctive drive for electoral success translates into party group cohesion and unity is open to question. On the one hand, designing and implementing spending cuts to services resulting in the closure or withdrawal of services can tarnish the political reputation of a party group, especially when it leads to widespread public dissatisfaction with how a spending cutback process is managed. On the other hand, if the search for a political–policy consensus is too open, competing priorities or values can drain the limited time, attention and resources of decision makers. This can further limit the ability of senior politicians and officers to routinise the spending cutback decisions of senior politicians, giving more discretionary power to officers to formulate and implement a cutback management strategy

in line with key policy goals or priorities for fear that it might undermine consensus within party groups regarding the overall direction of party policy in response to austerity. These issues raise a broad range of questions within the public administration and local government literature. In the interests of pushing through a top-down, corporate, managerially-driven efficiency agenda, adopting a non-consultative approach can have far-reaching political consequences, for example, resulting in party groups revolting against Council Leaderships. However, consultation processes can have limited impact in influencing resource allocation choices forming part of the 'hidden agenda' (Bachrach and Baratz, 1970) of elite decision-making between politicians and officers within local authorities. Partly because of potential reputational and public–administrative legal risks, a cloak and dagger approach to decision-making is sometimes adopted.

Conversely, in councils historically ruled by one party, a lack of inter-party competition can also result in smaller opposition parties struggling to win voter supporter. Furthermore, close working relationships between officers and politicians accumulated over successive years can also mean it is hard for smaller opposition parties to have equal access to the same political resources or information as a larger ruling party, especially when the presentation of such information is likely to provoke political or public controversy. Such a perspective would seem to confirm Copus' (2004, pp. 57-58) description of local government policy decision-making as essentially elite driven. Similarly, McKenna (2011) seems to downplay the power of communities to challenge spending decisions once they have been made. The belief that party groups seek to maintain a united front or façade, despite the presence of underlying policy and interpersonal conflicts, is a powerful political incentive to win elections. However, McKenna (2011) tends to dismiss the potential for intra-party conflict to create opportunities for community activist opposition party groups and party members with a localist focus or

agenda to mobilise public opposition to spending cutback proposals, resulting in the closure of local services or facilities.

How party groups are organised politically can vary from one local authority to another, and this can have important consequences for party group culture (i.e. norms of policy group decision-making, history group cohesion/unity) and the relationship between senior politicians and officers (Greenwood, Hinings and Walsh, 1980, p.121). This can be really pronounced in local authorities where a single ruling party has been in power for a long time. Council members within ruling parties, irrespective of the length of time they have held office, often must strike a Faustian bargain between representing the interests of the party and their local constituents. Sometimes these two interests align; at other times, there may be disagreement over the pace and scope of how a policy or strategy for cutting back is implemented, especially if the decision to push through controversial spending cuts causes widespread public and voter opposition (Jones et al., 2015). Under such circumstances, backbench reluctance to accept the political and electoral risks associated with implementing controversial spending cuts, involving the abolition of popular local public services such as youth clubs or library branches, can result in a breakdown in party group cohesion. These tendencies towards party group dissension are likely to emerge during moments of deep political and organisational crisis: in other words, in a situation in which the external credibility of the Council Leadership and party group is challenged. This may result in other leadership candidates (or political rivals) promising to rescue a ruling party from political, organisational and reputational crisis only to find they have to make similar policy compromises on taking office.

A good example of how differences in policy outlook and/or ideological disposition affect how ruling administrations respond to austerity is observed in the two case studies presented in Part II. Senior politicians in the Conservative and Labour-run authorities adopted a pro- and anti-austerity critique or narrative of Coalition and Conservative government policies. This might represent a form of 'political entrepreneurialism' (Hood et al., 2016, Ross, 1997)**,** in which ruling party groups seek to deflect or redistribute blame to a higher tier of government so that it is possible to minimise local decision-making autonomy. Such a strategy can prove politically useful when a rival party is the ruling government in Westminster**.** From here these 'blame-shifting tactics' (Hood et al., 2016) have a national-local orientation. But they can also be marshalled to provide a meta-narrative which is local–national. This might be possible where policy agreement/disagreement around the scope and pace of central government funding cuts can be used to create a local policy narrative referencing policy or ideological differences between rival party groups. Sometimes this takes the form of defending or rejecting a national fiscal policy of austerity. At other times, it takes the form of reviewing recent or past administrative/policy failings. This can also give rise to questions being asked about the fitness of a smaller opposition party's capacity to make difficult but 'prudent' spending cuts to services. For instance, similar reasoning might be used to garner a public image of 'tight fisted' fiscal/budget management principles compared to a rival opposition party.

2.9 The relationship between contingency and local choice, organisational bricolage and dynamic path dependency.

In the previous sections of this chapter several key concepts have been introduced. These include contingency and local choice, institutional bricolage and path dependency. The

purpose of Section 2.9 is to explain the interrelationship between these concepts to develop a conceptual framework.

Earlier in the chapter reference was made to contingency theory. Contingency focuses on how organisations adapt to external change. This traditional focus or understanding is viewed by Greenwood et al as deficient because it insufficiently explains how organisations adapt to a 'constant state of change and flux because of a rapidly changing context in which they operate' (See Ch 4 Greenwood, Ranson & Walsh in Maurice 1980, p51). This understanding has important implications when thinking about the way in which local government organisations respond to austerity. Rather than viewing the local authority as 'simply a shell responding to external pressures', the response of senior politicians and officers is 'mediated through established internal processes… which favour some solutions more than others' (ibid). Similarly, these 'internal processes' are also affected by processes and procedures of decision making within the local authority insofar as they affect the development of 'established objectives, resource distribution, power systems and methods of operation' (ibid).

The influence of past practice is important on several levels. First, it can reinforce a logic for appropriate action. On this point Greenwood et al (1980) observed, 'present responses [to a fiscal crisis or external shock] cannot be divorced from past practices' (p.51). But equally, past practice can also be shaped by various contextual variables such as the organisational size and structure of the local authority and the implications this has for how the local authority is managed (i.e. politician-officer relations). Other factors might include service reform and organisational practice history, and the financial and strategic capacity/readiness to design and implement spending cuts to services at a radical scale and pace.

Second, past practice is also shaped by the adoption of explicit or implicit political and corporate values within the spending cutback decision making process. The expression of these values can reinforce, disrupt and/or legitimise historic or path dependent working practices which are also based on the adoption of roles and identities between decision makers at different organisational levels. Understanding how new cutback management logics emerge, and combine with deeply embedded working practices, can also evolve over time in response to changing levels of organisational resource slack and scarcity. For example, the idea that it is possible to provide the same level of service while designing and implementing spending cuts to services via improving cost and operational efficiency (a more for less philosophy) might evolve into a less service for less resources philosophy to protect high need statutory services.[2]

The above points illustrate the importance of path dependency and organisational bricolage in shaping the roles and identities senior politicians and officers adopt within the spending cutback process. Although path dependency emphasises the importance of organisational history in shaping the politician-officer relationship, these relationships are fluid and dynamic rather than static even when the actions or inputs of either politicians or officers prescribed tradition or convention.

Furthermore, the shift from resource growth to constraint in the UK fiscal context forced English local authorities to re-evaluate spending cutback priorities. Local government dependence on central government for over half its resources means both the duration and severity of austerity can also affect the scope and pace at which organisational change and

[2] This observation mirrors Greenwood, Hinings and Whetten (2014) observe how once dominant organisational or field level logics are supplanted by more marginal discourses or organisational/working practices following a traumatic or profound change in the environment. Indeed, they also contend that it is possible for multiple logics can peacefully co-exist within an organisation prior to a disruptive external event.

service reform measures are designed/implemented. These local choices are also mediated by the contextual variables at an organisational intergroup and even interpersonal level within the spending cutback process. Sehring (2009 cited in Phillimore et al 2016 Working Paper, p6) illustrated this point when observing that bricolage was "situated between path dependency and the development of new, alternative paths, which are not completely new but a recombination of existing institutional elements and new concepts". Through combining a path dependency and organisational bricolage approach it is possible to observe how the resource allocation practices of local authorities changed over time. This was irrespective of whether austerity created a pretext for radical or incremental experimentation with new service delivery models on a comprehensive or phased timing basis.

The ideological disposition of a ruling party group can encourage a preference (even bias) for outsourcing services to third party organisations or preserving in-house delivery based on national party policy or affiliation. But national party orientation or affiliation can be one of many different influences. Interpersonal factors, especially between senior politicians/officers, can further strengthen or weaken a predisposition to adopt an incremental or radical service reform agenda. For instance, in Southshire (see Chapter 5) the shared outlook of the Council Leader and Chief Executive officer played an important role in shaping the development of the new strategic plan to divest all but a few core services.

Changes in the organisational size of a local authority following local government reorganisation can also be important, as was the case in Northshire (the Labour run single tier unitary authority). Here the capacity to drive through economy of scale savings increased the availability of resource slack, which strengthened the adoption of an incremental approach to service reform (see Chapter 6). However, in saying this, pragmatic political concerns were

also an important concern. For instance, the widespread reluctance of the Labour party group to countenance wholesale service divestment to third party organisations.

The relationship between contingency choice and path dependency and organisational bricolage can be summarised in the following terms:

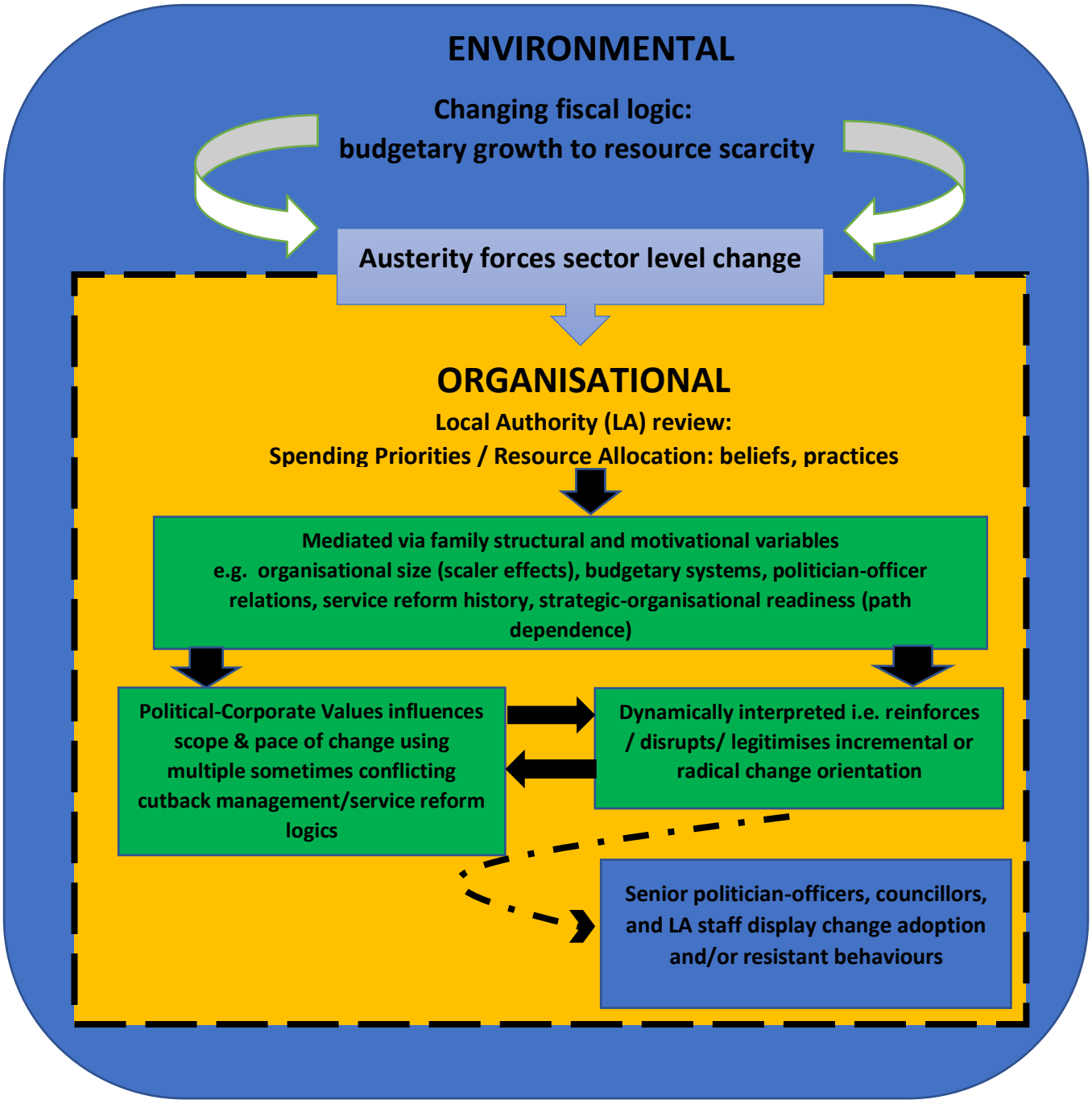
(i) An abrupt change in the fiscal policy outlook forces a change in sector level discourse which is mediated organisationally through various contextual variables.

(ii) Top down financial pressures force decision makers to draw on existing resource allocation practices. Senior politicians and officers draw on and even develop new and emergent approaches that can reinforce, disrupt or legitimise the scope and pace at which organisational and service reform changes are implemented as part of the cutback management process.

(iii) Despite shared concerns around the effect of sector level changes on organisational practices in both the path dependency and organisational bricolage literature there are also differences in emphasis. For instance, institutional logics literature seeks to understand how different values, beliefs and outlooks are reinforced or disappear over time in response to external and internal pressures (Hinings 2012). In contrast, path dependency literature highlights how resource allocation practices are shaped by the procedural rules, roles and responsibilities different actors adopt. The organisational bricolage literature focuses on how the institutional environment and organisational context affects micro level responses and interactions between similar and different decision-making groups within the spending cutback process.

Figure 2.7 (p.82) conceptually maps the interactions between sector level discourse change which result in a shift in the institutional field level logic (i.e. from resource growth to scarcity) in how senior politicians and officers design and implement spending cuts to services. This is consistent with an inside out organisational-environmental perspective in which top down financial pressures force an internal review of resource allocation priorities, budgetary systems and processes, political and corporate values. The extent to which these create the conditions for peripheral or fundamental change depend on the extent to which incremental or radical organisational change initiatives can reinforce, disrupt or legitimise emerging cutback management practices or logics. It also depends on how senior politicians and officers interpret and respond to the political and organisational risks/opportunities in adopting a radical or incremental change orientation. This melange of influences on the spending cutback process within local authorities is consistent with the contingency theories force on the "presumption of difference" (in size, range of services, and governance approaches) (Greenwood, Hinings, Wheeten 2014, p1212). Although some of these structural and organisational characteristics are fixed others have the capacity to evolve. For example, how decision makers interpret and respond to the political and organisational risks created by austerity. In this regard the relationship between the local authority and its environment is dynamic. It can force local authorities to respond with resilience, creativity and flair in terms of how they rethink the mission identity or purpose of the council and/or provoke a tendency to batten down the hatches as they seek to fend off public and political attacks.

Figure 2.7: Conceptual Framework for Internal Decision Making



2.10 Conclusion

This chapter explored key themes and issues around resource scarcity, competition for resources and internal and external influences on the spending cutback process within the cutback management and English local government literature. Earlier in this chapter, I

critiqued Jorgensen's view that political and organisational conflict descended in a progressive linear spiral due to increasing competition over an ever-dwindling supply of resources. I observed competition for resources as being likely to increase the longer that austerity lasts (Levine, 1978, Boyne, 1989, Elcock, 1989, Elcock, 1987a) but, unlike Jorgensen (1987, cited in Dunsire and Hood, 1989), I questioned the extent to which such conflict is either inevitable or linear in terms of the correlation between increasing resource scarcity and a breakdown in a shared political–managerial outlook over how spending cuts should be designed and implemented. Nevertheless, resource scarcity can have a profound impact on how senior politicians and officers manage spending priorities. In some cases, it can force decision makers to centralise the decision-making process so that it is possible to reduce the potential for increased conflict, especially if it is not possible to design and implement decremental spending cuts involving 'fair share' (Gardner, 2017).

In such a political–organisational climate, relations can descend into a Hobbesian state of nature, albeit one in which the allocation of resources becomes a zero-sum game in which budget holders maximise their own monetary or careerist interests at the expense of others. On page 62 I argued that such a view was open to challenge because other intervening variables, such as the capacity of elite politicians and officers to use non-economic incentives and inducements, were also important. Furthermore, such factors also depended on the relative balance of power between competing groups of decision makers and interests, and the cumulative effect of this on their ability to increase or diminish their freedom to innovate.

Similar ambiguities or uncertainties may be observed when austerity forces a shift in established ways of working or thinking about the delivery of services due to the need to cut spending. Although various incremental cutback management strategies might be used, such

as retrenching through efficiency savings (a more-for-less philosophy), which is more likely to lend itself to an incremental rather than radical reform approach (Greenwood, 1981), there is also a need to understand how unexpected political or organisational events have a disruptive or transitory effect on how senior politicians and officers respond to cutback management resource allocation dilemmas (Gardner, 2017, Lowndes and Gardner, 2016a). Understanding the political and organisational history of a local authority can be a good starting point for seeking to further deepen and extend an appreciation for how differences in institutional structures impact on how decision makers make local choices or decisions (Lowndes and Pratchett, 2012). This also requires an understanding of how decision makers within local authorities respond to top-down (central–local) and bottom-up (civic–community) pressures within the spending cutback management process. This chapter argued that both a path-dependency and institutional bricolage approach, in which groups of individuals within local government organisations use their knowledge and resources to address difficult or perplexing problems or issues arising from resource scarcity, could provide a broader conceptual framework for understanding how these top-down (financial) and bottom-up (civic community) pressures are mediated locally. On this point, Lowndes and McCaughie observe how the institutional bricolage concept might help explain how 'resourceful and reflexive actors…stitch… together a new institutional fabric from what they have to hand' (Lowndes and McCaughie, 2013) in which 'actors search for their own and others' repertoires from institutional resources' (citing Janet Newman, 2012, ibid., p.546). Thus, a key variable that I will analyse in the case study chapters in Part II is whether differences in territorial governance structure (e.g. single-tier versus two-tier county district) impact how decision makers in local authorities respond to these top-down and bottom-up pressures. This represents a novel conceptual or theoretical approach largely absent in the

English local government cutback management literature or, indeed, the public administration field in general.

Chapter Three

The Financial Context

3.1 Introduction

The UK government's deficit reduction plan involves significant cuts in public spending. So far, for councils this includes £805 million per year in cuts to specific grants (1.5 per cent of the 2010/11 revenue spend) and a further 26 per cent reduction in government support by 2014/15 announced in the 2010 spending review. Furthermore, 2011/12 was the first year of government cuts for local councils. Almost 60 per cent of the total reduction in DCLG spending for local authorities was delivered over the 2012/13 and 2014/15 periods. Moreover, the impact of the funding cuts has also tended to vary according to the type of council and the local authorities' dependence on central government (McKendrick et al., 2015, Greer Murphy, 2016, CLES, June 2015, Brady et al., 2014, Beatty and Fothergill, 2014).[3] For instance, councils that rely more on central government funding, receiving proportionally more per capita central government funding than other localities, also tend to have higher levels of deprivation (Audit Commission, November 2011, p.16). Many of these localities can be found in the following areas: the North of England, the Midlands and Inner London (ibid.). Local political leaders face a fiscal and political challenge in terms of how they translate the need for spending cuts into a political and organisational narrative for changing how services are resourced and delivered in the future (Thomas and Laurence, 2015, Ferry et al., 2018).

[3] For instance, for single-tier county councils the average cut in government funding represents 6.3 per cent of 2010/11's revenue spends. In district councils this is 7.8 per cent. One reason for this difference is that the government provided additional funding for adult social care. This is a single-tier county council responsibility. Overall, councils of all types have faced an 11.8 per cent drop in their budget (Audit Commission, November 2011, pp.10–11).

Chapter 3 is divided into several sections. Section 3.2 compares the socio-economic geography of Southshire and Northshire. Section 3.3 compares the impact of austerity on affluent and deprived local authorities. Section 3.4 examines how changes in the funding formula affect how spending cuts are designed and implemented. Section 3.5 draws on key themes in a unified local government cutback management chapter, and the top-down financial pressures on local authorities presented in Chapter 3, to describe how senior politicians and officers balance competing spending cutback priorities. This is followed by the conclusion in Section 3.6.

3.2 Socio-economic Context of Southshire and Northshire

This section sets out the socio-economic context of the two case studies analysed in this research in order to understand how spending cutback decisions are impacted by the levels of relative affluence or deprivation.

3.2.1 The Socio-economic Context of Southshire

Southshire has a mixture of urban and rural communities. The abundance of arable land has helped shape the development of its agricultural economy, which, over the years, has expanded to include food manufacturing and related industries (i.e. food processing/packing and transport infrastructure). Southshire's coastal geography has also enabled its main port town to become an international shipping/transport hub, while some of the county's coastal towns and villages attract large numbers of tourists. The steady decline of the fishing industry has meant that many seaside towns (especially those located in east Southshire) suffer from high levels of unemployment and socio-economic deprivation. While Southshire's promotion

of ‘green industries’ (e.g. wind farms, solar, biofuels) recently aimed to rebalance the local economy, especially in coastal areas, urban and rural poverty remains stubbornly high.

Various reasons might account for this. One contributory factor was the low levels of educational attainment within the county. In 2013 OFSTED placed Southshire in the bottom 10 per cent for GCSE results and third from bottom for primary school performance (BBC News website, 2013). One politician described the presence of poor schools in deprived neighbourhoods as a ‘scandal of the highest order’, given the proximity of many of these schools to a world-class academic institution:

The contrasting socio-economic fortunes of affluent/deprived communities near one another in urban/rural areas have also impacted the capacity of the county (and even districts) council to develop an agreed approach to how resources should be targeted in deprived areas. Within deprived areas of Southshire, these attitudes signalled growing resentment between communities of different socio-economic status or outlook. For instance, MB, who replaced JP as council leader following his retirement in April 2011, observed how the targeting of resources at an unparished, deprived coastal town community caused more affluent areas surrounding the coastal town to resent the fact they were paying for services, via their district council, that they could neither access nor directly benefit from:

> *Obviously, there has been greater money put into socially deprived areas. Our problem with Waveney in particular is that X coastal town isn’t parished, so it doesn’t have a town council; therefore, money raised by X district council as a whole is spent in X coastal town. So people in Hobbsworth, Beatles and Bundy are paying for services in X coastal town that they will never use, because there isn’t a town council that raises money through precept* (MB, 23/2/16, pp.7–8).

The absence of a town council within the deprived coastal town meant there was no precept to pay for local services and facilities. This resulted in council-tax-payers in the more affluent

coastal district council having to pick up the cost. Did similar conflicts arise between wards and neighbourhoods elsewhere in Southshire, and how did this affect the capacity of the county to divest services, especially within deprived urban/rural wards/neighbourhoods? While it is hard to make a decisive judgement on this matter, because most areas within the county had either a town or parish council, one can observe that socio-economic differences between urban and rural communities meant it would have been difficult to develop a 'one-size-fits-all' approach to implementing the new strategic plan. However, this seems to be the approach that the previous political administration adopted when JP and AH were in charge. For instance, in response to a question about what factors contributed to the new strategic plan going wrong, the current council leader (MB) observed how:

> *It did not fit with the culture of Southshire. It was very much an urban philosophy, which could work in a metropolitan area. Not within a county like Southshire with a variety of communities: all valuing their public services. It would be very difficult to impose a one-size-fits-all system for the whole of Southshire* **[page 2] [continuing p.4]** … *Which is why I go back to this whole idea of working… potentially in an urban situation. Where you've got a community, a few tube stops away from where you are based. But if you look at Southshire* **[MB points to the map of Southshire county]**… *Southshire is a lot more complicated than that* [MB 23/2/16 p.2 and p.4)**.**

The threatened closure of local facilities in rural communities added to concerns that Southshire CC was prepared to sacrifice the provision of local public services in rural communities to protect the delivery of services in more urban population settlements. The idea that Southshire simply did not care about issues of rural isolation and deprivation fed into a wider political narrative that the new strategic plan was just another excuse to do away with public services. This also negatively impacted how messages around service divestment and spending cuts were publicly received. For instance, one senior officer sitting in on the interview with the council leader observed how the wholesale divestment of services was interpreted by communities at risk of losing their rural community library, open access youth

centre, or school crossing patrol as a de facto policy of 'disinvestment'. In this regard it gave the following impression: *'Southshire County Council did not care about public services. It was the wrong message. But once there is a feeling that is the message it is difficult to get it back* (CB, 23/2/13 p.2).

3.2.2 The Socio-economic Context of Northshire

Northshire County Council is the sixth largest unitary authority located in the North of England. In terms of size and urban/rural mixture of communities, it is similar in size and demographic profile to Cornwall and East Riding unitary authority in Yorkshire. Prior to 2008/9, politicians and managers from Northshire undertook a fact-finding mission to Wiltshire County Council to understand the financial, organisational and political challenges posed by LGR. Although it is a largely rural county, with 90 per cent of the population living east of the main arterial transport route, the remaining 10 per cent live in remote and sparsely populated areas in the western part of Northshire, in ex-mining and coal-field communities. This presents logistical and financial challenges, which have organisational and political consequences for how the council organises services and addresses long-standing territorial grievances between urban and rural communities – both of whom complain about the perceived remoteness of the council in terms of understanding local needs.

Historically, Northshire was economically reliant on mining, steel and ship-building. However, global economic trade pressures in the 1960s had a negative impact on the economic development of urban communities, and isolated communities in particular. For instance, an economic strategy document in 2008/9 observed: 'The long-term decline of traditional industries has created an economic, social and environmental legacy in parts of the county'

(Northshire Economic Partnerships, 2008, p.1). The socio-economic legacy created by the decline of traditional industries has also made it harder to attract private sector investment into urban and rural communities. Within deprived rural and urban communities, welfare payments are the main source of household income. This has also affected the attitude of deprived communities to the council as the main provider of public services and employment opportunities.

Northshire also has a history of electing Labour majorities. A sizeable Liberal Democrat presence in the council chamber, however, provided a partial political counter-balance to Labour's majority. Many ex-Labour members who had been excluded from the Labour group also sat on the opposition benches as independent council members. This political grouping also included council members with Liberal or Conservative Party leanings, who did not want to be bound by the machine-type politics of the three main party groups. Following the May 2013 local government elections, the number of independent council members sitting on the opposition benches surpassed that of the Liberal Democrat and Conservative parties. This change in the electoral composition of the council chamber also resulted in the Liberal Democrats being relegated to be the third largest party. There were many reasons for this change in political fortune, with the impact of the party entering into a coalition with the Conservatives being foremost, which seemed to tarnish the local reputation of the party among floating Lib Dem voters.

Northshire faced several problems when redesigning services. One of the first problems concerned the rurality of the county, an important issue in how services could be redesigned. Both the pattern of population settlement and the presence of high levels of socio-economic deprivation in urban and rural ex-mining communities added to the financial, logistical and

infrastructural costs of providing services to population settlements – many of whom were geographically diffuse, rural and deprived. For instance, the council leader observed:

> *I've argued that* [Northshire], *because of its combination of deprivation and rurality, is by far the most deprived shire county. By a distance it means that the challenges for us are greater than anyone else because we don't receive extra funding for rurality; in fact, we get less. There is still extra funding for urbanness, but we lose because of rurality… There are 300 settlements across Northshire, which are in fact deprived. We got to provide service in a time of cuts – that's an almost impossible thing to do. Some of our biggest challenges have been when some of these services have been reduced in these individual settlements. This means you are going to have to travel further to access local services because we've got this settlement pattern. So, rurality is without question the biggest of those challenges apart from the sheer scale or size of the* [unitary authority] (council leader, 15/11/12, lines 255–64, p6).

The description of 'rurality' as one of the 'biggest challenges' within the resource-allocation process can be observed on two levels. First, in common with other shire authorities, the additional financial, logistical and infrastructural costs associated with providing services to remote communities raise funding equity issues, which are ignored by central government. The council leader observed how shire authorities 'don't receive extra funding for rurality; in fact, we get less'. Second, to emphasise the differences between Northshire and other shire authorities the council leader commented how, in contrast to more affluent authorities, many rural communities were economically dependent on the unitary authority to provide highly subsidised services and facilities.

Two examples cited by the council leader include subsidised transport and rural library facilities. The dependence of local populations on public transport to access social welfare and health services during peak and off-peak times added to the unitary authority's transport costs. Similarly, as observed earlier, Labour council members representing rural communities opposed a council plan to concentrate resources in library branch services within town centre

locations. It is worth pointing out that in other service-provision areas (e.g. community buildings and leisure centres) changes in either the model or scope of service delivery did not result in spending cutback proposals being reversed or revised. While differences in the strength of political feeling or opposition might explain why public appeals to keep leisure site facilities open fell on deaf ears, it would be wrong to conclude that the lack of effective organised political opposition to this spending cutback issue was indicative of a deeper civic malaise regarding the capacity of external groups to challenge spending cutback decisions. Indeed, in the case of leisure services some facilities targeted for closure remained open because of the willingness of service-users and community groups to take responsibility for their management or operation.

This community response was rare in Northshire. Socially isolated and poor urban/rural communities typically looked to the unitary authority to act as the main provider of services (external consultant to Northshire CC, 17/9/16, p.5). This affected the ability of the unitary authority to redesign front-facing neighbourhood-type services where service-user participation in the delivery of social or welfare services was required. However, in other service areas, such as supporting a community-run leisure facility, involvement in an Area Action Partnership community development initiative, or manning a tourist kiosk in Northshire's city centre, there was greater willingness to volunteer time and talent. Thus, while educating the public about the magnitude of the spending cuts was politically successful, altering the way in which local communities perceived the traditional role and responsibility of the unitary authority proved a more enduring challenge (Northshire council leader, 15/11/12, lines 467–86, p.13). In part, this reflected the spatial diversity of the county and the different expectations and needs of urban and rural communities regarding the scope and quality of service provision. The sheer geographical size of the county also contributed to

some of these territorial tensions and conflicts insofar as it increased the infrastructural and logistical costs of providing services.

> *Northshire, in terms of the amount being spent on subsidised transport, is completely different from somewhere like Wiltshire or Shropshire, where the population pattern is completely different. You just don't have what we have, which is a settlement pattern based around mining in the county that is regionally deprived. So, therefore, that is what has led to our approach on things like transport and libraries, and so on. That would not necessarily be the case in those other unitary councils* (council leader, 15/11/12, lines 241–7, p.6).

Indeed, the council leader's contention was that this represented a higher cost than other unitary authorities of a similar size. However, it is possible to make the following anecdotal observations. Census data collected in 2011 indicated that 11.4 per cent of Northshire's population inhabited areas in the top 10 per cent of deprived localities in England and Wales. Communities listed in the top 10 per cent of deprived neighbourhoods or wards on the deprivation index for England and Wales were in the east of Northshire. Traditionally, these communities had long-standing historical associations with traditional mining industries. The one exception to this was socio-economic areas located in smaller clusters around less deprived communities (i.e. those in the top 20 to 30 percentile range on the deprivation index). The latter category represented 45.4 per cent of Northshire's total population. In 2012 Northshire produced a map identifying which areas, according to 2011 census information, were in the top 10 to 30 per cent of deprived communities in England and Wales. Population settlements in the top 10 and 30 per cent were more spread out than communities that scored less highly on the deprivation index. This would seem to indicate that rural communities were more likely to score more highly for deprivation than population settlements that were less isolated and connected to more urban locations or towns.

3.3 Impact of Austerity on Affluent and Deprived Authorities

The potential impact of reductions in central government funding for local authorities had the potential to be profound. Councils had to find another £10 billion of savings between 2014 and 2016, which would affect 'councils in many areas', meaning that they might not have 'enough money to meet all their statutory responsibilities' (LGA, 2014, p.3). Concerns that councils might not able to deliver all their statutory responsibilities did not affect their ability to deliver front-line social and welfare services. It did mean, however, that 'local authorities may find it harder… to absorb funding reductions and maintain services' (NAO, 2013, paragraph 8, p.6). A graph produced by the LGA in June 2015 on long-term funding and net expenditure trends for local authorities highlights the growing gap between income and expenditure.

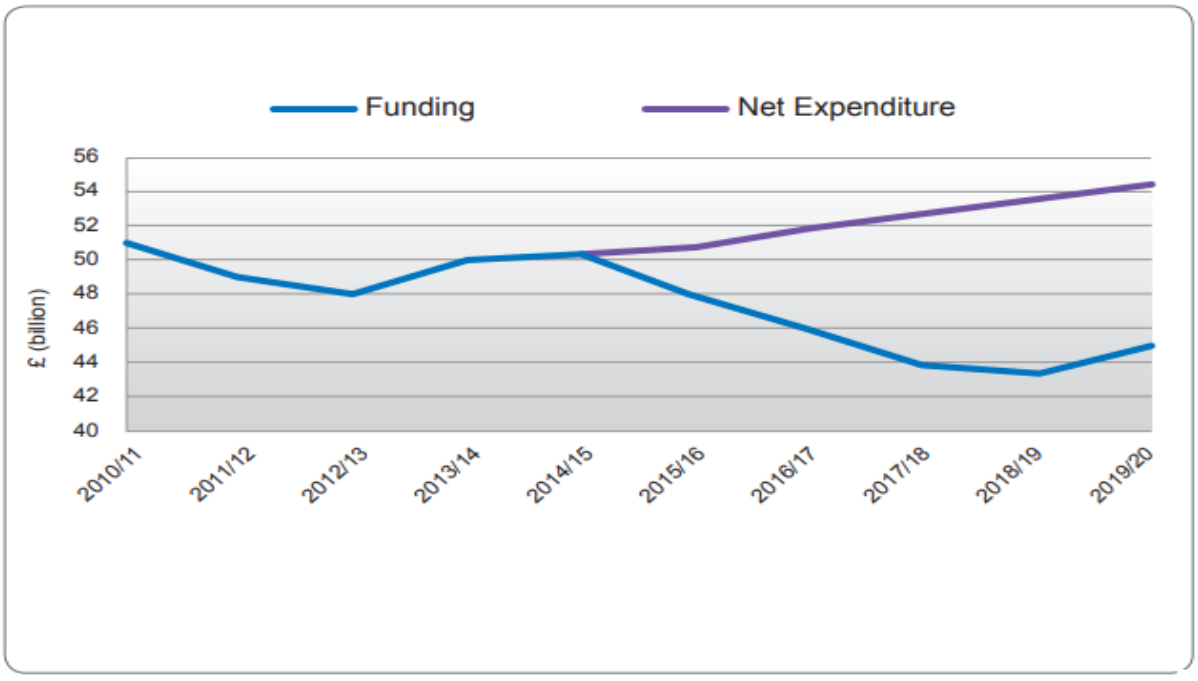


Figure 3.3: Income against expenditure, 2010/11 to 2019/20, LGA, June 2015, p.13

The National Audit Office (NAO) has offered various suggestions as to why there is an increasing gap between net income and expenditure. These include increased 'demand for high-cost services such as adult social care and children's services… the scope for absorbing cost pressures through reducing other lower cost services is reducing, as authorities have already reduced spending on these services' (paragraph 9, p.6). Furthermore, the longer austerity lasted, the harder it would be for local authorities to subsidise the cost of providing front-line social and welfare care services through retrenching via back-office efficiency savings or identifying 'easy savings'. As these financial pressures to cut spending compounded year on year, cumulatively, they adversely affected the ability of local authorities to deliver core services**.** The NAO (2013) report also observed how the capacity to retrench through efficiency savings might be negatively impacted the longer austerity lasted: to protect higher-priority services such as front-line social and welfare services, local authorities were designing and implementing significant reductions to lower-priority statutory or non-statutory services. For instance, the NAO highlighted how there was a 36 per cent cut in planning and development versus a 6 per cent cut in adult social care (paragraph 9, ibid.), despite this service area consuming (on average) up to 40 per cent of a local authority's resources (LGA, June 2015)**.**

This lack of fiscal independence also meant that, in the absence of an increase in central government funding, a local referendum would be necessary if a local authority wanted to raise council tax above a 2 per cent national ceiling (Norwood et al., 2011). Holding a local referendum might prove politically divisive locally, especially regarding the refusal to increase the burden of taxation on residents for the delivery of high-priority services (e.g. social care), which an ever-increasing number of local authorities were struggling to fund the longer austerity lasted. This represents a fiscal, as well as political, dilemma, which can be affected

by the 'timing' of local government elections and the reluctance of local authorities to apply a 3 per cent increase in the social care precept element of council tax to fund an increasing demand for social care services. James Evison (*MJ*, 9/1/17) observed how 'looming elections raise doubts over the use of the social care precept':

> *A half-a-billion pound 'black hole' in* [the] *adult social care budget could be created because of looming elections in May, according to new research* [carried out by the] *Consultancy Inclusive Health.* [Although] *promises of council tax freezes could be vital for councillors to be re-elected, Inclusive Health suggested this created uncertainty around whether the full 3 per cent social care precept could be used by all councils. The firm said freezing council tax had been a common feature of local election campaigns in the last decade and suggested* [this was] *likely to continue as a tool for election… Leader of Southshire CC and spokesman for the County Councils Network, Cllr Colin Noble, said councils were already shouldering an unfair burden and would be reluctant to ask residents to pay more*.

Although party groups with a left-of-centre ideological outlook might use council tax increases locally to fund the rising demand for social care, increasing public concern over the ability of local authorities and the NHS to deliver core social welfare and housing services has resulted in some Conservative politicians calling for an end to 'permanent austerity' (McBride, 2015, McKendrick et al., 2015). In part, this represents an attempt to take back some of the political ground gained by Jeremy Corbyn following the May 2017 General Election, in which concerns about the cost of living and public services were prominent (Asthana and Mason, Friday 2nd June 2017). However, some Conservative council leaders are finding it hard to square a commitment not to increase council tax with the Conservative government's belief that it is possible to continue to reduce funding to local authorities through reallocating efficiency savings gained elsewhere in the organisation to fund the delivery of high-demand social and care services (Mooney, 2012, Chinn et al., 2016). Consequently, in February 2017 the Conservative council leader of Surrey County Council threatened to increase council tax by 15 per cent unless central government provided additional resources to mitigate the impact of

increases in social care demand and costs (Walker, 7th February 2017). The threat by the Conservative council leader to hold a local referendum on the question of whether council tax should be increased by 15 per cent was later withdrawn (ibid.).

3.4 Impact of Changes in Funding Formula

First, the introduction of business rate retention, the idea that local authorities should keep more of the income raised from economic growth, formed part of the Coalition government's fiscal devolution agenda. Deprived local authorities viewed the scheme with suspicion because it challenged a previous assumption that resources should be redistributed from income-rich areas to poor localities (Muldoon-Smith and Greenhalgh, 2015).

Concern was also expressed that business rate retention represented another form of 'risk shift' (Kennett et al., 2015), in which central government passed more responsibility for resourcing the cost of providing local public services on to local government while withdrawing the necessary resources to finance the provision of such services (Muldoon-Smith and Greenhalgh, 2015). Furthermore, the financial risk and uncertainty associated with such reform were greater for councils where the demand for social and welfare services was high and there was less possibility of accessing increased sources of local revenue to mitigate central government funding cuts (ibid.). Consequently, in a joint survey of senior officers carried out by the Institute for Fiscal Studies, it was observed that there were:

> …*significant doubts within large numbers of councils about the impacts of extending the business rate retention* [from the current 50% to 100%]*, and imply it may be difficult to design a scheme that can meet the expectations of local decision makers, whose preferences for incentives versus redistribution differ systematically around* [the] *country* (*Municipal Journal*, IFS Study Casts Doubt Over Backing of 100% Business Rate Retention, 14/9/17, p.1).

Furthermore, in evidence gathered by the *Municipal Journal* and Local Government Information Unit, almost half of senior politicians and directors of services surveyed observed that 'councils would lose out from a 100% scheme [with] only 23% [seeing] any benefits' (*Municipal Journal*, IFS Study Casts Doubt Over Backing of 100% Business Rate Retention, 14/9/17, p.1).

Despite these concerns, both the then Coalition government and David Cameron's Conservative government promised to continue to fund big-ticket budget items such as child and adult services. Irrespective of this commitment, many local authorities, including some Conservative-run administrations, argued that the actual cost of providing social care services was not fully reflected in funding settlements (Mooney, 2012, Anonymous, 2017)**.** This was due to the demand for services outstripping supply – something that Whitehall census statistics did not fully capture, especially in larger metropolitan authorities such as London (Fitzgerald and Lupton, 2015, Brady et al., 2014, Fitzgerald and Lupton, 2014) because of greater fluidity in population numbers between census surveys (McKendrick et al., 2015). However, over the short to medium term (at least) for poor local authorities, business rate retention added to financial risks and uncertainties, especially for local authorities with higher rates of deprivation, for example, intergenerational joblessness, disability, and fluid or unpredictable population numbers in metropolitan or urban authorities (McKendrick et al., 2015, Hastings, 2013)**.** These councils were more likely to depend on central government for much of their income compared to more affluent (cash-rich) authorities, while also experiencing lower service-user demand for front-line social and welfare services (Beatty and Fothergill, 2014). This was despite that fact that the demand for adult social care services was likely to be similar, especially in rural shire authorities, which attracted large numbers of retirees.

In an article discussing increasing uncertainty around revenue following the Treasury proposal for local authorities to keep 100 per cent of business rate retention to fund local public services in lieu of existing funding arrangements (in which a large percentage of resources are provided by central government), Paul Blatern, Northamptonshire County Council Chief Executive, observed how increasing demographic pressures (an ageing population) were 'placing real pressures on social services as more people present with complex needs' (*MJ*, County Funding Plans Under Threat Amid Uncertain Budget, 28/9/17, p.3). Added to this were concerns about crime and disorder, 'gang conflicts' and a 'rising number of unaccompanied asylum seekers… many of the same urban issues that London boroughs deal with', but without additional funding being provided to rural shire county councils (ibid.). This is a point that was echoed by county council chief executives when they also talked about the lack of clear 'long-term funding policy which enables local government to meet local needs' (Essex County Council leader, quoted *MJ*, County Funding Plans Under Threat Amid Uncertain Budget, 28/9/17, p.3). Given these uncertainties, Northamptonshire's chief executive described the consequences of expecting local government to continually engage in a never-ending cycle of retrenchment through efficiency savings to resource the provision of services subject to 'rising demand'. He commented: 'There comes a time when you can no longer efficiency out rising demand' (ibid.).

Moreover, the ability of local authorities to mitigate the impact of austerity through increasing council tax, other fees and charges was also limited by the fact that an increase in council tax above 2 per cent would have triggered a local referendum. This was politically problematic: if residents voted against a council tax increase, the political legitimacy and stability of a governing administration might be undermined. Consequently, although councils could keep more of the proceeds of local economic growth through retaining business rates,

cuts to net spending impacted areas with a 'high level of spending need relative to their local revenue-raising capacity'. Tetlow and Innes (2015) observed that:

> *Cuts to net service spending have tended to be larger in those areas that were initially more reliant on central government grants (as opposed to locally raised revenues) to fund spending – these are areas that have, historically, been deemed to have a high level of spending relative to their local revenue-raising capacity. The cuts to spending per person were also higher on average in areas that saw faster population growth* (2015, p.2).

In contrast to income-rich or affluent authorities, deprived councils face a complex range of challenges when designing and implementing spending cuts to services. Greater dependence on central government grants to fund the delivery of high-demand social and welfare services means they are subject to deeper spending cuts than more affluent authorities. Although it is questionable whether over the short to medium term this has impacted the ability of deprived authorities to resource front-line social and welfare services (Innes and Tetlow, 2014), the capacity to absorb top-down spending cuts through using locally raised sources of revenue has diminished (ibid., p.2). Consequently, Innes and Tetlow (2015, p.312) also observed changes in how the formula grant was calculated by the Coalition government, resulting in uniform reduction in which the costs and risks of providing services were devolved to local authorities:

> *Prior to 2013/14 LAs (local authorities) received a general formula grant and specific grants intended to be used for particular services. The formula grant was set each year based – in principle, at least – on an assessment of authorities' 'needs' – where 'needs' included, for example, population size, measures of local deprivation, revenue-raising ability and local costs. The stated intention was that the formula grant would equalise authorities' spending power, conditional on an area's needs… Under the new allocation mechanism, a core element of central government grants – which made up just over half of the grants to LAs in 2015/16 (although the proportion varies across LAs) – is determined by a uniform per cent reduction in the amount allocated in the previous year… In other words, going forwards the formula will no longer adjust to changing relative needs across areas such as different population growth areas, until needs are reassessed in 2020*.

UK local government literature offers various explanations for how changes to the funding formula have negatively impacted deprived authorities. These include deprived local authorities experiencing higher levels of intergenerational joblessness, which has had a cumulative negative impact on the socio-economic, physical and mental wellbeing of local populations, causing deprived authorities to have higher rates of disability welfare recipients than more affluent areas or localities (Hastings, 2013, Beatty and Fothergill, 2014). Changes to welfare entitlements, such as a 10 per cent reduction in working council tax credit, changes to housing benefit rules (e.g. bedroom tax) and the removal of disability welfare entitlements following a mandatory reassessment of employability, could also negatively impact the local economy. Equally, changes to welfare entitlement have had a downwards negative effect on economic growth in local economies in which there was high welfare dependence and low council tax due to low property valuations. Innes and Tetlow (2011) observed how a uniform net cut in spending disadvantaged deprived authorities because of their greater dependence on central government funding to pay for social and welfare services. Furthermore, as observed earlier, cuts to net spending tended to disadvantage local authorities that depended more on central government grants and poor sources of local revenue:

> *Cuts to net spending have tended to be larger in those areas that were initially more reliant on central government grants (as opposed to locally raised revenues) to fund spending – these are areas that have, historically, been deemed to have a high level of spending need relative to their local revenue-raising capacity. The cuts to spending per person were also higher on average in areas that saw faster population growth. As a result, London boroughs, the North East and North West have seen the largest average cuts to spending per person across the region over the last five years… Since central government grants were cut more deeply than council tax revenues, it is perhaps not surprising that those authorities for which grants made up a larger share of income saw larger cuts to their overall spending power* (Tetlow et al., 2015, p.2).

Although deprived councils faced larger reductions in 'spending power', there was no evidence to support the argument that funding 'mechanisms for allocation government grants… [considered] differences in local need and local revenue-raising capacity' (2015, p.2). Consequently, Innes and Tetlow concluded: 'There seems to have been no greater protection of the needier areas over this period, than there was in 2014–15 when the new system for allocating grants – which explicitly does not take account for changing relative needs – was introduced' (ibid.).

Other academics in the wider literature reached similar conclusions for a variety of reasons. For instance, Goodby and Stoker (2013) observed that cuts to benefits and public services affected the poor more than other sectors of society. Other social scientists support this finding, pointing to regional and gender disparities in how spending cuts were applied (Greer Murphy, 2016). For instance, drawing on analysis submitted by Crawford and Phillips (2012), Hastings et al. (2013 and 2015), the National Audit Office (2014) and Innes and Tetlow (2015), Jones et al. (2015, p.7) observed that:

> *Spending has reduced in the most deprived urban authorities experiencing faster population growth, concentrating in the London and metropolitan North West and North East of England… While some councils have made deeper spending cuts on services than others, overall there has been a convergence between formerly high and low spending local authorities. This is because spending per person has been highest and the cuts have been largest (in absolute and proportional terms) in deprived areas and urban areas… Analysis of service levels shows that social care spending was reduced by 14% (£65 per person) in the most deprived quintile but increased by 8% (£28 per head) in the least deprived. There is a similar pattern for other services such as planning, environment and culture, where spending per head has decreased among poorer authorities, leading Hastings et al. to surmise that the cuts are likely to increase inequality.*

Similar problems of analysis were identified in the UK Treasury's use of net reductions in spending power to assess the socio-economic impact of spending cuts. Cuts to pro-welfare

and civic and cultural services were treated as having the same impact on personal spending power despite welfare recipients lacking the independent financial means to access alternative (paid-for) sources of service provision. Disputes over how to analyse or quantify the socio-economic impact of cuts to social and welfare services also transferred to the fiscal consequences of central government cuts on distinct types of local authority. Hence, Fitzgerald and Lupton (2014, p.2), in an LSE social policy research note, observed how 'the size of the cuts has been contested, with local authorities and central government counting them in different ways'.

Third, these regional socio-economic disparities provided evidence that political geography influenced spending cutback outcomes for Conservative and Labour voting areas. Wilke-Clegg (2011) noted how affluent Tory shire councils were better able to mitigate the impact of spending cuts because Labour-run councils in the North East, West and Midlands, as old industrial areas, were less able to mitigate the impact of deep cuts in central government funding. Although Wilke-Clegg's data covers only the 2011/12 period, other scholars have observed a similar phenomenon elsewhere. For instance, they argue that deprived councils between 2010/11 and 2014/15 were worse off than more affluent localities and regions because of the uniform way in which spending cuts were implemented by the Coalition government:

> *Reductions in spending power are concentrated most on those local authorities, typically Labour-controlled, which spend significantly more than their counterparts. Thus, Table 3 shows that Labour-run single-tier authorities will spend approximately £10,000 per head in 2011/12, compared to around £855 among Conservative-controlled authorities in this* [county council] *category* (Wilke-Clegg, 2011, p.639).

Based on statistical analysis presented in Table 3 of the journal article Wilke Clegg argues:

> *[This] undeniably reveals that Conservative-controlled local authorities typically spend less per capita than Labour or Liberal Democrat councils; it is crucial to underline that party-political control cannot be divorced from the pressures that contrasting levels of social need place on local authorities. Labour-run councils inevitably spend more when, as is typically the case, they are operating in the context of higher-than-average levels of social deprivation. Indeed, governments of all political persuasions previously have provided higher levels of grant to local authorities in deprived areas in recognition of this reality*' (ibid.).

Despite this observation other researchers have argued that any overlap with 'political geography' and austerity is 'incidental' rather than 'intentional'. Beatty and Fothergill (2013, p.73) argued:

> *The parliamentary constituencies in the South and East of England outside London have traditionally elected Conservative and Liberal Democrat members of parliament – the two parties making up the post-2010 Coalition government… By contrast, the older industrial areas that are so hard hit by the welfare reforms have traditionally voted Labour*.

Consequently, Beatty and Fothergill (2013, p.77) concluded:

> *It was not necessarily the intention of the welfare reforms that they should target Labour voting areas – rather, this is mainly the by-product of higher benefit claimant rates in those areas – but the effect is that the Coalition government is presiding over national welfare reforms that principally affect individuals and communities outside its own heartlands*.

Irrespective of whether Coalition welfare reform could be described as politically biased, or simply a 'by-product of higher benefit claimant rates' in Labour voting areas, is less important than understanding the 'downward spiralling effect' (ibid., p.77) that austerity had on deprived local economies. For instance, in a TUC-sponsored report published in June 2015 the Centre for Local Economic Strategies observed how the economic geography of an area could have 'knock-on consequences for local spending and thus local employment' (CLES, 2015, p.25). Hence, post-industrial northern economies have typically had a higher dependence on

public sector employment than the South East (450 public sector jobs per 100,000 versus 266). General national trends also indicated that between 2011 and 2014, the private sector created 1,807,000 new jobs, with much of this (547,000) concentrated in London, compared to 549,000 public sector job losses. Some of these redundancies were concentrated in the old industrial-type economies of the North East, North-West Yorkshire and Humberside. For instance, based on a TUC analysis of job growth statistics from the Office of National Statistics (Q2 2010 to Q2 2014) and the Business Register and Employment Survey data (2013), the North West (88,000k), South West (78,000k), London (77,000k), Yorkshire and the Humber (73,000k) suffered the highest net loss in public sector employment.

Public economists and local government researchers have also observed a similar geographical effect when assessing the impact of benefit cuts on the local economies of deprived coastal towns in the North and South of England and post-industrial northern economies (CLES, June 2015, Greer Murphy, 2016, McKendrick et al., 2015). For instance, Beatty and Fothergill (2013) identified three types of locality that were hit hardest by Coalition government welfare reforms. Although older industrial areas located in the North of England, such as the North East/West, Yorkshire and Humber, are the top three regions affected by welfare reforms, this North–South divide was not replicated when they studied the impact of welfare reforms on seaside towns such as Blackpool, Torbay, Hastings, Great Yarmouth, Thanet, and even the London Metropolitan boroughs. Between 2010 and 2013, the authors documented the following changes to the welfare system: changes to Local Housing Allowance for under-occupation (e.g. bedroom tax), the introduction of a household benefit cap, a 10 per cent reduction in council tax benefit for low-income families, changes to Disability Living Allowance, incapacity, child benefit and tax credits. Furthermore, Beatty and Fothergill (2013) used 'financial loss per working age adult' as a key measure. This highlighted

how two-thirds of older industrial areas were affected by reforms to incapacity benefit (Beatty and Fothergill 2013, p.68), which was significant because 'incapacity benefit [was] set to deliver the largest financial saving to the Exchequer' and therefore more likely to impact deprived old industrial towns (where the claimant count was higher) than 'prosperous parts of the country' (Beatty and Fothergill 2013, p.73). Rural coal-mining districts such as those located in the North East were equally affected in this way. Consequently, Beatty and Fothergill (2013) concluded that the geographical impact of the Coalition government's welfare reforms was 'more complex than simply an urban–rural continuum'. A good example of this is Durham, a rural shire authority located in the North East, which came eighth out of 20 local authorities that experienced the highest per capita loss attributable to the welfare reforms. In addition, account should also be taken of local wards or areas with elevated levels of socio-economic deprivation within high economic growth regions, such as those located within the South East or East of England economic corridor.

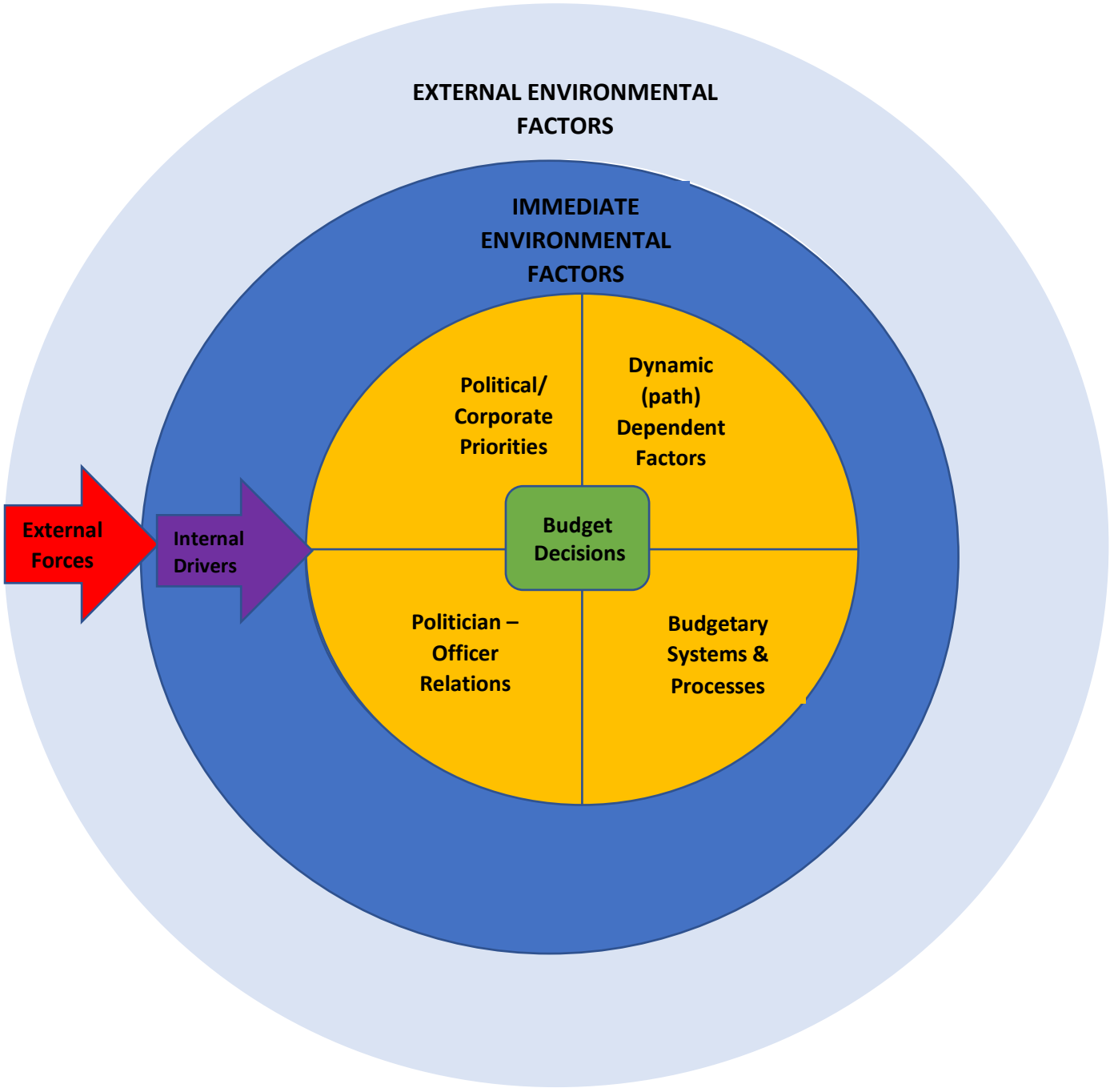
The above point will be explored in greater detail when comparing the responses of senior politicians and officers in Part III. Northshire, the Labour-run authority, is in a historically deprived part of the UK, while the other, Southshire, a Conservative-run authority, is in a region of high economic growth located in the South East of England. One key finding is that in Southshire some localities or wards have equal levels of deprivation, as measured by Young People Not in Education, Employment or Training (NEET), and intergenerational unemployment, as measured by the Labour-run unitary authority located in northern England (William Stoten, 2014). This suggests the importance of examining the diverse socio-economic histories and rates of economic productivity and performance on a ward-by-ward or community basis, rather than thinking in terms of whole territorial economic geographies. This focus on micro, as well as macro, social–economic factors calls for a more nuanced

understanding of how local policy decision-making processes are affected by ward-level differences between areas, especially in affluent rural communities, when they deviate from other local, regional and even national trends.

3.5 Analytical Framework

Figure 3.5 captures the different types of internal and external influence affecting spending cutback decision-making within my two case studies. This analytic framework is divided into three circular sections, with four quadrants in the centre of the third circle. These represent the different key internal drivers for decision-making within the local authority, which are in turn also influenced by external factors in the immediate (civic/community) and external (central/local) institutional environment. This analytical framework summarises key themes in the cutback management and local government literature relevant to my two case studies. The diagram is divided into three circular segments. The outer circle identifies external environmental, fiscal, regulatory or policy factors outside the local authorities' immediate policy and operational influence. The second outer circle refers to immediate environmental factors shaping the relationship between the local authority and its external environment. Although these represent distinct policy domains, there is some overlap. For instance, while local government decision makers have little or no direct control over national UK fiscal or public policy, local discretion can be used to determine how they respond to these top-down pressures. The third inner circle represents internal drivers that impact budget decisions. These include political values, politician–officer relations, budgetary systems and processes, and how each of these factors interact in a dynamic way to reinforce or create particular decision-making 'paths' or 'channels' (Gains et al., 2005)

Figure 3.5: Conceptual Framework



EXTERNAL ENVIRONMENTAL FACTORS	IMMEDIATE ENVIRONMENTAL FACTORS
• Austerity • 'Top Down' budget constraints • Statutory and legal obligations	• Socio-economic climate • Population demography • Rural geography • Service Demands / Pressures • Civic / Community Pressures • Territorial Governance Structures

3.6 Conclusion

Chapter 3 identified how top-down financial pressures and changes to the funding formula affected how local authorities with differing socio-economic fortunes and urban/rural geographies responded to the onset of austerity. This chapter has shown how regional and local deprivation can impact the capacity of local authorities to mitigate some of the effects of spending cuts. However, this observation needs to be qualified against the assertions of those who argue that political bias on the part of the Conservative-led Coalition government might explain why funding inequalities between 'Tory-voting' affluent areas and Labour-run deprived metropolitan authorities exist (Wilks-Heeg, 2011). A more plausible explanation seems to be that austerity had a 'downwards spiralling impact' on localities and regions, which had experienced decades of sluggish economic growth and high unemployment. Austerity in this sense was not necessarily the result of a political Machiavellian plan to render deprived communities even poorer (Hastings et al., January 2012, Bailey et al., 2015). However, it was the inevitable consequence of prioritising cuts in public expenditure in order to reduce the national deficit over funding for public services to meet the needs of vulnerable communities and citizens (Beatty and Fothergill, 2014, CLES, June 2015).

Chapter Four

Research Methodology

4.1 Introduction

The previous chapter (Literature Review, Chapter 2) presented key issues and themes in the cutback management and English local government literature. Chapter 3 will set out the research methodology approach adopted for this research and further describe how I operationalised my five research questions within a methodological framework in which the process of data collection and analysis ran in parallel. This provided the basis for developing distinct and overlapping themes. When these themes were compared against primary and secondary documents or accounts of past events (be they official council or newspaper reports, radio/TV interviews, or Internet blog entries), coding themes or categories were merged together, resulting in the development of a conceptual model that is presented in Part IV (Chapter 9).

To clarify, the research questions that form the basis of this thesis are: **RQ1:** What are the local internal and external demands on the spending cutback process, and how does this affect how resources are allocated between different spending priorities locally? **RQ2:** How do decision makers balance top-down and bottom-up budgeting when managing competition between local vested interests in the spending cutback process? **RQ3:** How did elite decision makers balance corporate and political priorities within the spending cutback process? **RQ4:** What political and organisational strategies were used to dampen conflict within the spending cutback process, and what role did they play in preventing the postponement or reversal of spending cutback choices? **RQ5:** What impact, if any, did differences in the territorial governance structure of the authorities have on the design and delivery of spending cuts?

4.2 Overview of the Research Methodology Approach

This section focuses on setting out an overview of the research methodology approach adopted here to evaluate how two local authorities located in similar institutional and regulatory environments, but with differing political and administrative outlooks and territorial governance structures (single-tier unitary versus a two-tier county/district shire authority), responded to the financial, organisational and political challenges posed by austerity. It required an understanding of how top-down and bottom-up pressures affected the response of senior politicians and officers to resource-allocation dilemmas, such as how to manage competing internal and external resource demands.

Chapter 4 provides an overview of how I collected and analysed the data. This includes addressing the following issues: Chapter 4 provides an overview of how I gathered, collected and analysed data. In section 4.2, I address the following issues: (i) epistemological stance; (ii) the positionality of the research, and how it affected the research design and processes, as well as the ethical dimensions; (iii) case studies; (iii) interviews; (iv) desk-top-based textual analysis (of key council/government documents, extant research); and (v) a mixed-methods approach to leverage the differing strengths of the first three methods. Information from these different sources were triangulated and a mixed-methods research approach adopted to bring together the different strengths of my research approach. Furthermore, I evaluated the strengths and weaknesses of each approach.

4.2.1 Epistemological Stance

Before describing my epistemological stance, it is necessary to explain what I mean by the term epistemology and how it differs from other philosophy of research concepts such as ontology. While ontology questions whether reality can exist independent of 'our own

observation and classification of it' (Talbott, 2010, p.54) epistemology asks us to 'consider the status of our knowledge' (Cairney, 2012, p.84). How do we know what we know? Should we treat our interpretation of reality as "correctly perceived by our senses (empiricism) or whether the things we perceive are rather the product of our conceptual construction" (Kvatochvil 2008 cited in Cairney, 2012, p.84). Several factors influenced the adoption of a constructivist epistemological stance. First, the purpose and scope of my research meant that I was focused on comparing how spending cuts and different models of service reform were adopted in two local authorities. This research relied extensively on qualitative interviews with senior and middle ranking politicians and officers. Early in the research I was more focused on understanding the value or meaning different individuals attributed to notable public and behind the scene interactions within the spending cutback process rather than seeking to provide an authoritative account of past events. Whilst I relied heavily on documentary evidence such as official publications and documents to triangulate findings against different information sources, my capacity to maintain access was also dependent on the continued sponsorship of key institutional gatekeepers.

Second, rather than seeking to produce an authoritative account in which I prove or disprove a scientific hypothesis, my focus was on understanding how the political and organisational climate within either authority shaped decision-making outlooks and spending cutback outcomes. This meant greater focus was placed on understanding the meaning which different individuals attributed to notable public (and, in some cases) behind the scene interactions on key spending cutback choices or decisions. Through comparing these accounts, it was possible to identify 'plausible' connections between past spending cutback choices involving (sometimes) contested descriptions of past events. Prior to entering the fieldwork phase of my research, I aimed to develop a conceptual framework that sought to

relate potential findings in my case studies to a rudimentary theoretical framework that could establish a plausible connection with relevant theories within the cutback management and local government literatures (Hartley Ch 26, in Lassell and Symon 2004 p323). In seeking to develop a conceptual framework which could link my findings with key ideas in the cutback management literature I prioritised "plausibility" over "accuracy" (Wendt citing Bacharach and Whetten and Hannan and Freeman, 1999, p798). My goal was not to create a scientific authoritative representation of reality within either case study. Rather, to show how my conceptual frameworks and case study findings related to key theories or propositions in the cutback management local government literature.

This approach aligned more closely with a cognitive view of social constructivism as expressed by Richard Scott (2014). Scott observed how in contrast to the 'social realist position' which argued that "reality is given, 'out there' in the world, a social constructivist position insists that reality is constructed by the human mind interacting in social situations" (ibid, xv). This cognitive view is combined with a new institutional literature focus on how formal and informal rules can create organisational incentives and punishments (North 1990 p4 cited by Scott 2014, p36). Over time informal rules or norms of thought and action become institutionalised; in turn, they can reinforce or deviate from existing dominant organisational logics or narratives for individual/collective action. However, unlike Hinings (1999), I do not assume there will be peaceful coexistence between existing and emerging organisational norms or logics.[4] Under conditions of prolonged and severe public-sector austerity conflict

[4] For instance, Hinings observed how it is possible for public sector organisations to "hold two (or more) logics which do not compete with each other or come into conflict" (2012, p99).

between existing and new service reform logics[5] is likely to increase rather than diminish. Further, I do not assume a linear relationship between increasing resource scarcity and the ability to seek and maintain political and organisational consensus. As observed in Figure 2.7 (p82) and Table 8.1 (p320-322) various contextual variables mediate the scope and pace of change. These include senior politician officer relations, political-corporate values, and past and recent service reform history

External changes in the fiscal and policy environment force a re-evaluation of resource allocation beliefs, working practices, and service reform logics which create a top down and/or (potentially) bottom up impetus for change. Where these changes involve fundamental rather than peripheral change to the mission role and identity of a local authority competition between political-corporate values, resource allocation beliefs or logics, will be a key feature of the cutback management process. Competition between institutional and organisational logics means that conflict is an inherent part of the decision-making process even though there may be an uneasy truce between existing and new emergent logics. But this does not preclude the possibility of win-win consensus solutions to increasing resource scarcity.[6]

This raises a third point – namely the contingent nature of decision making in either local authority. The concept of contingency reinforces the value of understanding how individual decision makers adapted (or maladapted) to the internal and external political and organisational pressures they were subject to. Contingency can also affect how decision

[5] These include: comprehensive versus piecemeal coverage, immediate versus phased timing, planned as opposed to emergent, learning from past or by doing. See p28.

[6] As will be noted in Table 8.1, fundamental organisational change may be implemented through slowing down its pace rather than narrowing its intended scope. Doing so can create conditions for a win-win political and organisational solution especially when this addresses financial organisational capacity issues which was one of several factors in explaining the failure of the New Strategic Plan to divest all but a few core services.

makers within local authority's 'frame' their financial organisational and political responses to austerity. As Wendt (1999) observed, the creation of "interpretative systems" (ibid, p285) within organisations affect how "information about the external world must be obtained, filtered, and processed into a central nervous system of sorts, in which choices are made" (ibid). Pfeffer and Salancik (1978 cited in Wendt 1984, p.285) liken this process to "environmental scanning" in which an organisation scans its environment for information and in doing so becomes "capable of detecting trends, events, competitors, markets and technology relevant to their survival" (Wendt 1984, p.285). The resulting interpretative frameworks affect how senior politicians and officers responded to spending cutback crisis or dilemmas.

Equally these very same frameworks feed into the development of cutback management and service reform logics or narratives, which also influence the roles/identities politicians and officers adopt when designing and implementing spending cuts to services. But these logics and the meaning or interpretation different decision-making groups attribute to them are not static or predetermined forces. Rather they are influences which can change shape and form over time in much the same way individual political and administrative preferences can give rise to contradictory and counterintuitive political and organisational actions or behaviours. It is worth reflecting on what Wendt observed of "organisations": they "are vast, fragmented and multidimensional" (Wendt 1984, p.284).

Based on the above points, my epistemological position as outlined above can be summarised as follows. Given the heavy reliance on qualitative interviews to understand public and behind the scene dynamics shaping spending cutback choices, my focus was not on using theory to generate scientific hypothesis or propositions which would be proved or disproved. My

conceptual frameworks (see Chapter 2, p82 & Chapter 3, p.108) married theoretical ideas from the cutback management and local government literature. Whilst theory from these two literatures informed the development of my research questions, epistemological stance, and the research method adopted, the iterative interaction between theory development and findings was further strengthened through blending storytelling and analysis together. Through adopting this approach, I was able to draw on a large volume of data exploring some of the front facing and behind the scene human dramas present within the spending cutback management process in both case studies.

4.2.2 Case Studies

Case studies provide an opportunity for social scientists to study complex issues. For instance, Robert Yin (2009) observed how the 'case-study method' can provide an 'in-depth description of the social phenomenon' (Yin, 2009, p4). Through seeking to understand how or why specific actions or reactions occurred, it is possible to describe or analyse the causal mechanisms influencing the growth or development of a social phenomenon. A case-study method can also be helpful in 'gathering evidence through direct observation of events being studied and interviews of persons involved in events' (ibid.).

An essential task is defining the scope of the case-study research. Yin identified three questions that are essential in determining scope. First, how is the case study defined? This depends on the type of research questions being posed. Second, how is the relevant data collected? Does it investigate historic or contemporary events? I responded to both questions through the type of research question I posed and the methods of data collection and analysis that were used. A crucial distinction within the research methods literature is the distinction between explanatory and descriptive research:

> *How and why questions are more explanatory and more likely to lead to the use of case studies, histories and experiments as the preferred research methods. In general, 'what' questions may be either exploratory (in which case, any of the methods could be used) or about prevalence (in which surveys or analysis of the achieved records would be favoured). 'How' and 'why' questions are likely to favour the use of case studies and histories* (Babbie, 2016, p.145).

Another critical distinction is between descriptive and exploratory case studies. Exploratory case-study research investigates issues in which there is a lack of detailed preliminary research, such as formulated hypotheses to be tested or a research context that cannot be limited by choice of a methodology prior to, or while, undertaking the case-study fieldwork (Mills et al., 2010). A descriptive case study involves the examination of critical theoretical propositions from the outset of the research process. These propositions are formulated on the basis of 'what is already known about the phenomenon' (Mills et al., 2010).

Early on during my fieldwork I had to decide whether to pursue single or multiple case studies (George, 2005). This decision was guided by the type of research question I was asking and the truth or knowledge claims (if any) about the generalisability of research findings. For instance, while Yin (2009) does not impose a rigid criterion for deciding whether a single or multiple case-study method is used, researchers such as Baxter and Jack (2008) and Stake (1995) observed that a multiple case-study approach is better suited to understanding the similarities and differences between cases, while Eisenhardt (1991) argued that the number of cases will depend on the amount of information that is known and how much new information additional cases will bring.

Comparative case studies are helpful when examining the impact of policy interventions or outcomes across different organisational, social/economic or geographic contexts. A comparative case-study approach may also be helpful when seeking to understand why X or

Y decision, action or policy intervention failed in one context but not another. Multiple case studies provide opportunities to investigate how differences in socio-economic, cultural, political or organisational contexts can shape the outcome of a policy intervention or action (Campbell, 2010, Zartman, 2005).

There are various advantages to using case studies over other research methods. As observed in the discussion above, case studies provide opportunities to collect more detailed contextual specific data involving rich or thick descriptions of a phenomenon. This also means there can be greater opportunities to blend qualitative and quantitative data sources together. The use of such a mixed-method approach can also enhance the depth and quality of the case study, in as much as the development of a narrative can be blended with more quantitative data sources (Wolcott, 1980, p.28).

Another advantage to using case studies is the flexibility of the method. Case studies per se do not need to be rigorously planned. This means that researchers can adapt their case studies to key data or observations that they make when conducting fieldwork. For instance, Becker (1970) observed how the case-study research method allowed for a more iterative discovery-oriented approach to research – one in which the 'investigator' must deal with:

> …*unexpected findings* [that] *require him to reorient his study in light of such developments… And it saves him from making assumptions that may turn out to be incorrect about matters that are relevant, though tangential, to his main concerns. This is because a case study will nearly always provide some facts to guide those assumptions, while studies with more limited data-gathering procedures are forced to assume what the observer making a case study can check* (Horowitz and Beck, 1971, p.70).

This flexibility provided opportunities to develop new lines of enquiry as and when they arose. This also meant that the selection of problems, hypotheses or concepts was also guided by the need to relate concrete findings to theoretical implications. Rather than entering the field

with a fixed set of theoretical propositions there was greater possibility to relate findings to theoretical implications.

The above advantages need to be counterbalanced, however, against the following disadvantages. Bent Flyvbjerg listed four main criticisms (what he terms 'misunderstandings') of case-study research. These include the following:

1. *General, theoretical (context-independent) knowledge is more valuable than concrete, practical (context-dependent) knowledge.*
2. *One cannot generalise based on an individual case: therefore, the case cannot contribute to scientific development.*
3. *The case study is more useful for generating [a] hypothesis; that is, in the first stage of a total research process, whereas other methods are more suitable for hypothesis testing and theory building.*
4. *The case study contains a bias toward verification, that is, a tendency to confirm the researcher's preconceived notions.*
5. *It is often difficult to summarize and develop general propositions and theories based on specific case studies* (Flyvbjerg, 2006, p.221).

A case-study method was favoured over other methodological approaches because it allowed for the development of theory alongside data collection and analysis (see Stake, Chapter 14, in Denzin et al., 1994). Although such reflexivity is present in other research methods (see Janesick, Chapter 12, in Denzin et al., 1994), it is particularly important within a research context where changes in the organisational and political environment can affect how spending cutback decisions were reached. For instance, the decision-making dynamic between lead politicians and senior officers was also shaped by their ability to protect certain spending priorities over others. Blending case-study narratives with the interpretation of interview data and documents meant I was able to develop a more nuanced and multi-layered account of how senior politicians and officers designed and implemented spending cuts.

A case-study research method approach also enabled me to combine different sources of evidence. These ranged from in-depth interviews with senior politicians and officers and

research participants on the periphery of the spending cutback process to a textual content analysis of official documents relating to the reorganisation of services and local newspaper accounts of controversial cutback decisions. Furthermore, this methodological flexibility also enabled me to combine qualitative and appropriate quantitative data sources, for example, analysing budget resource-allocation trends in both case studies over a five-year period.

The potential political and organisational sensitivity of my research topic (spending cuts in local government) meant that access to elite decision makers in both case studies depended on the willingness of either organisational actors within the organisation or individuals who had a strong historical association with it to vouch for the legitimacy of my research. While my university affiliation conferred some level of third-party institutional legitimacy (especially in the Northshire case study), most local government organisations I approached either in the region in which my university was located, or where I was currently domiciled, argued that they had neither the time nor the resources to facilitate face-to-face interviews. There are various possible reasons for why I received such a response. The need for an organisational actor who could vouch for the legitimacy of my research and its potential wider political or organisational benefits seemed to be an important factor affecting this response (Denzin et al., 1998, Cassell and Symon, 2004). In the absence of such a contact, the frequent response was that, given the 'challenges the organisation currently faced we have neither the time nor resources to support you with your research' (anonymous email, 2/8/13). Crucially, in both the Northshire and Southshire case studies the presence of such an intermediary was an important condition for gaining access. In Northshire a local Labour Party activist provided an opportunity to a senior labour politician, who then helped to arrange a meeting with the unitary authority's council leader. Similarly, in Southshire a chance meeting with the council leader at a local government event in London provided an opportunity to arrange a follow-up

meeting at council offices a month or so later. Without such sponsorship it is likely that I would have been unsuccessful in gaining access to key individuals and financial data on internal spreadsheets in either organisation. For instance, permitting access to an outside researcher at a time when spending cutback decisions were subject to increasing public, political and reputational scrutiny seemed difficult to accept unless the political outlook and research motivations were internally scrutinised and approved prior to a formal request for access being made.

Beyond the element of serendipity associated with seeking to win institutional sponsorship or support for conducting research in either case study, other factors played an equal (if not more significant) role. First, to ensure some level of consistency between case studies I decided early on to focus on county councils because they provided similar services across urban and rural population settlements and were therefore more likely to face similar financial, strategic and logistical challenges. However, I argue in Chapter 4 that significant socio-economic differences between the two case studies meant that the financial and operational pressure of seeking to maintain services while cutting back spending also differed according to differences in socio-economic regional/local circumstances.

This raised a second issue. As a result of limitations in time resources and opportunities, I was unable to identify an appropriate third case study. This led to some discussion with my supervisory team about the merits of examining two case studies, which seemed to present more differences than similarities in terms of political outlook (Labour/Conservative), strategic disposition (maintaining in-house service provision versus radical divestment of all but a few core services) and territorial governance structure (single-tier unitary versus two-tier county district council). These differences could have challenged the representativeness

of the case-study selection and therefore negatively impacted my ability to make generalisable statements regarding the relevance of my findings to local authorities with similar and differing political, organisational and institutional/structural features. Despite these noticeable differences, there were also similarities. For instance, in both case studies there was a focus on maintaining front-line provision of social and welfare services despite differences in the socio-economic profile of urban and rural geographies. There were also similarities in how decision makers designed and implemented spending cuts across densely and sparsely populated communities. Understanding how these contextual similarities and differences affected spending cutback choices was central to identifying key themes within the data through a process of coding using NVIVO software.

There are differences in the time periods covered in the two case studies. Interviews conducted in Northshire relate to the 2008-2013 time period. Although reference is made to the decision to divest the library museums and cultural services in 2016, this has received only brief coverage because the focus in either case study was on understanding how the initial response of either authority to austerity changed over a three-year period. In Southshire, much of the interview material and case history dates to between 2005-06 to 2010-13. Much of the focus here was on gathering material relating to the pre-political and administrative context prior to and following the new strategic plan for divesting services. Despite these time frame differences much of the budget and financial analysis covers the 2010-2016 period.

4.2.2 Types of Question Used

From here the methodology literature distinguishes between structured and unstructured interview approaches. An unstructured interview does not follow a fixed series of questions even though question prompts may be used (Saunders, Lewis, and Thornhill, 2007). This interview style might be likened to natural conversation, although sometimes the interpersonal dynamics present within an interview context can range from a very formal format in which one is told at the very start of the interview the exact time, allocation and types of issue an interviewee is prepared or not prepared to cover, to a much more loosely structured social conversation.

Structured interviews involve the use of a schedule of questions, which are sequenced in a fixed order. They may follow a pattern that is similar to a survey questionnaire in which yes and no answers, or Likert rankings from 1–10, might be used to indicate a bias or preference for X or Y. However, even in a fully structured interview there are opportunities for an interviewee to clarify questions or answers and to adapt the interview to the context so that the researcher is better able to cope with different interview situations (Bartholomew, Henderson, and Marcia, 2000).

Semi-structured interviews also provided an opportunity to ask deeper, more probing questions about a topic. These opportunities normally arise through striking a conversational tone when talking about different issues relating to the research. Although this might be viewed as unstructured, it forms part of a deliberate strategy to encourage interviewees to share their subjective experiences, thoughts and reflections on different issues.

A final advantage is that a semi-structured interview is sufficiently flexible that it need only have a few pre-set questions. This is important because some very important data may be

captured in those moments when there is a willingness to share subjective thoughts or impressions on a subject. These moments within an interview cannot be pre-scripted or predicted because they depend on the quality of the interaction between interviewer and interviewee. For instance, Oppenheim (1996, p.62) observed how in an exploratory interview the interviewer:

> *…must note not only what is being said but also what is being omitted; must pick up gaps and hesitations and explore what lies behind them; and must create an atmosphere which is sufficiently uncritical for the respondent to come out with seemingly irrational ideas, hatreds or misconceptions*.

Moreover, a semi-structured interview complements the exploratory case-study research method, albeit one in which I did not explicitly pre-judge which information was important or unimportant based on a fixed set of questions.

However, there are also weaknesses and limitations associated with adopting a semi-structured research method. First, the quality of the interview depends on the skill of an interviewer to improvise and ask additional follow-up questions. However, the quality of the response one might receive also depends on the articulacy of the interviewee in terms of responding in a creative and coherent way to subjects he/she had not planned to speak about prior to the interview.

A second disadvantage of using a semi-structured interview is the potential for the interviewer to give out unconscious signals regarding the answers he/she expects the interviewee to give. This was less of a concern for me because in general most research participants were experienced political and administrative decision makers capable of drawing on a range of verbal negotiation strategies to control the direction of the interview. This repertoire of techniques included (in some cases) quickly changing a topic, especially

when it addressed a current or past controversial issue or imposing tight time restrictions on the interview to limit the capacity to ask follow-up questions, having a second person observing or participating in the interview.

A third disadvantage of using semi-structured interviews is that it can be time-consuming and expensive, because in-depth semi-structured interviews take time to arrange and may be difficult to analyse, especially when deciding what is, and is not, relevant.

A fourth disadvantage is that the personal nature of the interview may make findings difficult to generalise. Respondents may effectively answer different questions in the same way. This can result in difficulty deciding which topics or issues to focus on. A fifth disadvantage concerns validity: the researcher has no way of knowing if a respondent is lying.

The semi-structured interview approach was suitable for my research because it provided opportunities to explore sometimes-controversial issues. Given the sensitivity of the research topic and the willingness or capacity of senior politicians and officers to speak about behind-the-scenes decision-making dynamics, a semi-structured interview technique was adopted because it is sufficiently flexible and structured that a conversational tone could be adopted (Bryman, 2003). Adopting a conversational tone was one of the primary means through which I sought to establish a level of trust. Glassner and McLoughlin (1987, cited in Miller, 2004, p.133) observed the importance of 'establishing trust and familiarity, showing genuine interest, assuring confidentiality and not being judgemental [which] are some important elements of building [a] rapport'. Cochrane (1988) made a similar point in the local government literature when he observed how the negotiation of access and trust is an important feature in how researchers seek to win the trust and support of local government

decision-making elites. This was achieved through researchers presenting a 'respectable' and 'sympathetic' demeanour, which he likens to 'putting on a different skin' (p.2124).

Maintaining a comparative focus can be difficult when the range of issues presented in multiple case studies makes it hard to identify comparable data across the two case studies. I sought to address this problem through rigorously focusing on key themes based on my main research questions (George, 2005, p.69). Using general research questions to produce comparable data can be problematic, however, especially when it tends to ignore the 'idiosyncratic features of a case' (ibid., p.69) likely to emerge from detailed narrative accounts. My exploratory approach to fieldwork was also such that 'idiosyncratic case features' (ibid.) were more likely to arise because of my focus on identifying key events preceding the formal onset of austerity in 2010.

Open-ended questions were used when I introduced a new topic within the interview process. These exchanges were often followed by more probing questions seeking clarification on an issue. At other times, however, such a line of questioning was not appropriate and had to be revisited at a later point in time. Prompts were also used to outline a range of potential scenarios or responses to cutback management dilemmas, which interviewees could rank using a Likert 1–5-point scale. Using different question strategies was important in terms of establishing my knowledge or command of the subject matter, and therefore served as another means of establishing credibility (particularly with elite decision makers). Demonstrating mastery of local government finance or budgetary concepts provided another means of building a rapport. Equally, however, senior politicians and officers in both case studies were adept at using their superior technical knowledge to steer or guide the interview away from a controversial subject matter onto safer research terrain.

The following ethical issues or concerns were addressed prior to and within the interview context. First, a letter was distributed to all research participants via my university email prior to each interview. The letter described my research aims and objectives and the practitioner relevance of the research to local government organisations. In the letter I sought permission for interviews to be recorded and explained how the information would be transcribed and their personal biographical information – or that of the organisation they were employed in or represented – anonymised. Once research participants had agreed to these terms, additional verbal consent was sought before the formal commencement of a face-to-face or telephone interview. Normally, telephone interviews were used to add contextual detail to data I had already gathered from individuals who had inside knowledge of past crises that they were more willing to share following their departure from a senior politician/officer position. This was certainly the case in Southshire, where I was able to interview a senior politician for a second time.

Anonymising the data in this way formed an important part of the process of demonstrating the ethical integrity of the data-collection and analysis process utilised here. This was important in terms of protecting the identity of research participants, both within the local authority and externally. It was also intended to give research participants trust and confidence in how the data that was gathered would be disseminated. Protecting the identity of research participants was also important in enabling research participants to speak openly about politically and organisationally sensitive subjects. Furthermore, through offering blanket rather than selective anonymity to research participants, both inside and outside Northshire/Southshire, I also sought to alleviate concerns regarding the potential reputational consequences that might flow from revealing 'backstage dramas' or crises, irrespective of whether they were current or past.

4.2.3 Desktop-based Textual Analysis

As part of the research collection and data-analysis process I conducted a desktop-based textual analysis. Council documents both prior to 2010 and after the onset of austerity were analysed over a five-year period (2010/11 to 2015/16). A complete itinerary of official documents analysed for thematic content across both case studies is provided in Appendix C.

This involved a detailed and systematic examination of council documents both prior to 2010 and over the proceeding five years (2010/11 to 2015/16). Similar types of documentary evidence were collected across both case studies. These included cabinet and full council meeting minutes, Medium-Term Financial Planning (MTFP), corporate management service review reports and external or third-party commissioned reports relating to service reviews or service quality monitoring from such organisations as the National Audit Office. Also included were radio and web-based news-related material.

Another important source of textual data in the Southshire case study was a senior local politician's diary blog. The information presented here was cross-referenced against other sources such as news and media reports and interviews to further understand how behind-the-scenes political dynamics influenced spending cutback priorities and outcomes.

There are several advantages to using textual data that are relevant to my two case studies (Silverman, 2014). First, the use of presentational strategies within official or formal organisational documents can highlight the subtlety or skill with which difficult or controversial choices are selectively ignored or airbrushed out of the historical record of past events (ibid., p.276). Second, publicly accessible official or organisational documents can provide insights into the issues facing an organisation without having to ask permission to gain access (ibid.). Third, readily accessible official or textual documents are less affected by

access or ethical constraints. In this sense, information can be quickly collected, and data analysis can begin prior to entry into the field (ibid.). This can have significant advantages, especially when seeking to understand the political and organisational context in which resource-allocation problems were managed or resolved in my two case studies.

These advantages must be counterbalanced against the negative consequences of using official documents. A first disadvantage is that meeting minutes and other official documents might only present a sanitised version of political and organisational life within either case study. Atkinson and Coffey (2004, p.58) observed how documents are not 'transparent representations of organizational routines, decision making processes or professional diagnoses. They construct particular kinds of representations using their own conventions.' Official documents were supplemented by other data sources. However, Atkinson and Coffee (2004) also observed how documentary data represent 'social facts (or constructions) [which] alert us to the necessity to treat them very seriously' (ibid.). However, there are negative consequences of relying too much on text-based analysis to understand the political and organisational influences affecting how spending cuts are designed/implemented.

Hence, official documents generally did not provide a detailed account of the political and organisational dynamics shaping the spending cutback choices of senior politicians and officers. This meant that I relied heavily on data provided through face-to-face and telephone interviews. Nevertheless, council documents in both case studies were important in helping to identify key financial/budgetary data, relevant local authority policies and corporate management or scrutiny reports, and event timelines. These were important in helping to construct a thematic narrative across both case studies. Official documents provided some

insights into how competing resource-allocation pressures shaped the design and implementation of spending cutback choices/priorities.

4.3 Limitations of the Research Methodology Approach Adopted

Frequently, interviews with senior decision makers took place in council offices. These surroundings tended to reinforce the authoritative status of the senior politicians and officers I interviewed. The visiting routines and protocols involved in gaining access to council buildings (e.g. signing a visitor's book and receiving a badge or being escorted to and from the office of a senior politician/officer by a secretary or administration assistant) also tended to reinforce my 'outsider status'. This prohibited opportunities for behind-the-scenes participant observation using ethnographic and grounded theory research methods. Indeed, failure to adhere to the social expectations of the senior politicians and officers I interviewed could have resulted in institutional access being withdrawn. Maintaining a positive and affirming demeanour when eliciting the views of senior decision makers was therefore necessary in seeking to maintain cordial and trusting relations between myself and interviewees, either within either local authority or closely connected with it.

This was especially the case when questions strayed beyond the implicit knowledge or research boundaries that senior decision makers in either case study deemed permissible. Access barriers within each case study also took different forms. In one local authority my request to interview the head of a back-office support department was viewed as off-limits. The explanation given was vague yet also illustrative of the political and organisational sensitivities my research could provoke. For instance, a senior officer denied the request on the basis it was not in the 'best interests of the council'. Similarly, in the same case study,

when a request was made to interview employees in front-facing roles within the library service this was rejected because of the potential impact on 'staff morale'. Concern about this issue was also linked to the risk of undermining political and corporate messages that the council had worked hard to maintain. The potential that I might disrupt the 'consistency of the top-down messages within the organisation' was an issue I had not anticipated when commencing my fieldwork in either case study. Given the political and organisational sensitivities of my research, maintaining access also involved not challenging contradictory explanations or insights because of concern that doing so might elicit a defensive posture or response (Mikecz, 2012). This is an issue that Alan Cochrane (1988, p.2023) also raised when he asked the question: 'Who has power within the research process?' (when the 'research agenda' must be 'negotiated' with powerful organisational actors who can refuse and limit current/future access). Moreover, what impact do these constraints have on the capacity of the individual researcher to 'maintain an attitude of critical engagement?' (ibid.).

4.4 Research Activities

In Northshire and Southshire there were 33 and 21 research participants, respectively. Fieldwork in Northshire was conducted over an 18-month period, between January 2012 and June 2013. In Southshire, the timeframe was slightly longer. Although interviews commenced in Southshire in early 2013 they continued up to 2016.

In Northshire 7 elite decisions 33 were interviewed. These included 4 cabinet members and 3 senior officers, were interviewed. This included the council leader and his deputy, the assistant chief executive, head of resources and two senior finance professionals, who were also members of the senior management team. To triangulate information, 5 middle

managers, 12 Labour council members and 2 leaders of the opposition were also interviewed. In order to facilitate the development of a more in-depth understanding of how LGR and the onset of austerity impacted how Northshire responded to different pressures within the local policy environment, 12 civic/community leaders were interviewed. These included parish councillors and managers/leaders of prominent community organisations. Civic/community leaders from urban and rural localities were evenly represented so that it was possible to ensure some level of balance between the different types of community within Northshire.

In Southshire, 7 senior politicians and cabinet members within the ruling Conservative administration were interviewed. 6 senior and 2 middle-ranking officers were interviewed. 3 parish councillors and 2 representatives of civic/community organisations were interviewed. Although fewer research participants were interviewed in Southshire, both the depth and quality of the insights provided by senior decision makers meant less time had to be spent interviewing a broader range of individuals. Unlike in Northshire, I also had the opportunity to re-interview two former council leaders. One was council leader when the NSP for divesting services was being implemented. The second had stepped down following a second leadership contest within the ruling Conservative group. The second council leader was someone I initially interviewed in 2013 while he was still in office. Another interview followed in 2016. Both the opportunity to re-interview and to ask follow-up questions, as well as interview new research participants, enabled me to engage more critically with, and triangulate the reliability of, data provided in earlier interviews.

Across both case studies the interviews lasted between 40 minutes and 1 hour and 30 minutes. They were transcribed and coded using NVivo software. (See Appendix D for a comprehensive list of interviewees in Northshire/Southshire.)

4.5 Effect of Research Setting on Overall Data-collection Strategy

This PhD asks how local authorities in two similar institutional, but distinctive local policy-making contexts manage the design and implementation of spending cuts. Exploratory case studies involving a unitary and two-tier county council are used to explore similarities and differences in the decision-making process. This was important because there are currently few (if any) in-depth qualitative case studies comparing the responses of senior politicians and officers in two local authorities with differing territorial governance structures, ideological outlooks and service-reform/policy preferences.

During the initial exploratory phases of my fieldwork I approached several local authority organisations. Of the five or more authorities that I approached, which were similar in size and territorial scale to my two case studies, only Northshire and Southshire were willing to provide access to senior politicians and officers. The reluctance of these local authorities to grant access meant that I experienced few opportunities to identify a third case study that was broadly like my two case studies in terms of territorial governance structure, political outlook or socio-economic indicators. Despite these differences there were also points of similarity. How these were expressed politically and organisationally, however, was also affected by the capacity of senior politicians and officers to be persuaded and influenced by internal and external stakeholders to support the implementation of key resource-allocation priorities or preferences – a form of top-down elite intervention that I liken to the concept of stage direction. This theatrical metaphor can also describe how senior politicians attempt to shape and influence the assumptive values and outlooks of other actors in the cutback management process, be they internal, such as party group council leadership relationships, or external, in terms of other tiers or layers of government, civic/community or third-sector

organisations and leaders, and trade unions and service-users promoting an anti-austerity agenda or message.

4.6 Analysis of Data

Early on I decided to let the empirical findings guide the theoretical concepts adopted in the thesis. This inductive approach emphasised the importance of an interactive research model in which data collected from both case studies generated codes or thematic categories, which were then later reduced in number so that broader conclusions might be drawn (see Chapter 7, Huberman and Miles, in Denzin and Lincoln, p.181). This also affected the concepts or issues on which I focused in my Literature Review in Chapter 2, and how I went about collecting and interpreting the empirical data presented in the case studies.

The methodological approach I adopted initially focused on how the assumptive outlooks and beliefs of elite decision makers affected the organisational change or service-reform agendas adopted in the authorities. Moreover, since both the pace and scope of organisational change were shaped by the service-reform agendas or logics used, it was also important to understand how the pattern of local power relations, both within and outside the local authority, affected how spending cuts were designed and implemented. This issue was particularly important when seeking to understand how senior politicians and officers managed competing pressures or influences within the resource-allocation process.

So that it was possible to support the development of such an interactional research model, I used an open coding process that draws upon a template and/or matrix form of thematic content analysis. The benefit of this is that it is possible to link 'emergent themes' between and within coding categories in a cross-case/in-case study. To assist with this process

qualitative research software called NVivo was used. Following initial analysis of my data using NVivo software, 133 distinct themes were identified across the 2 case studies. This number did not include the many sub-themes that could be related to many other distinct themes or categories. A process of consolidating these open coding categories followed a third or fourth re-analysis of the interview transcripts. Through this process I was able to reduce 133 codes down to 14 distinct themes or coding categories, which are presented in Appendix D.

There were, however, several methodological challenges associated with adopting this approach. A first methodological challenge was deciding upon the most appropriate level of analysis for understanding how elite decision makers responded to the political/organisational pressures caused by the need to reallocate resources between different spending priorities described in Chapter 1. Local government researchers have tended to focus on the macro top-down effects of austerity and how these impact meso-level political organisational processes. Of those studies that conducted in-depth case-study research and analysis, the focus was frequently on understanding how elite decision makers responded to top-down financial pressures. At times this resulted in a failure to consider how top-down and bottom-up pressures within the local organisation and environment impacted decision-making norms and practices between senior politicians and officers at the meso (organisational) and micro (civic/community) level of analysis.

This oversight can produce a skewed focus towards understanding surface-level beliefs and meanings without explicitly questioning the validity of such claims. This was made possible by using a range of primary and secondary sources to assess the truth of claims made by elite decision makers and other interviewee participants, even though initially my focus was on

documenting the subjective thoughts, opinions and beliefs of key decision makers within either local authority.

To develop a detailed understanding of how past events might have shaped either the local authority's response to the formal onset of austerity, elite decision makers who were less able or willing to talk about current conflicts or controversies were more predisposed to speaking about past resource-allocation choices or negative events. This was the case in the Northshire case study when one senior officer contrasted the 'uncorporate-like' resource-allocation practices that prevailed in the 'old' county council with the more corporate-like team-based approach to decision-making following unitarisation. Such an approach, however, could result in a failure to appreciate how bottom-up internal organisational and local environment influences affect how spending cutback choices are developed and sustain formal and informal working norms. This form of 'situated' (or context-specific) working practice is also associated with the creation of formal and informal rules and norms that shape the behaviour and attitudes of organisational actors.

Given this focus, a key methodological challenge was how I should interpret or analyse responses to questions regarding the management of resource-allocation challenges or dilemmas. To what extent should elite interviewee representations of routine resource-allocation processes or decisions be treated as unproblematic descriptions of reality? What importance should I give to the use of triangulating interviewee responses in order to verify the robustness or validity of elite-decision-maker representations of front and behind-the-scenes decision-making dynamics between politicians and officers in either case study? David Knight questioned the value of using positivistic or scientific methods when seeking to establish the generalisability of case-study findings. He argued that the underlying beliefs,

attitudes and formal and informal norms that help construct the social and organisational architecture are a 'condition and consequence of a multiplicity of interactional relations' (Knight, 1995, p.237):[7]

1. It cannot compete with more conventional survey research by claiming to produce statistically random samples.
2. Attempts to impose analytical categories can 'impose categories on the phenomena in advance of conducting the research' (ibid., p.236).
3. 'In order to generalise it is necessary to engage in multiple case studies and thereby limit the contextual content of each case study' (ibid.).

In looking at the assumptive outlooks of the actors involved within the cutback management process, I did not assume that all perspectives were equally valid. Nor did I interpret the expression of such views as being purely subjective (Gains, 2011).

[7] On this basis he comments on Eisenhardt's and Yin's focus on emphasising the importance of generalisation within the case-study method in the belief that 'case work cannot be justified based on its power to generalise'.

Part II

Case Studies: Northshire and Southshire

Part II of the PhD addresses the question of how local authorities responded to the onset of austerity. Much of the case-study material that helped form the detailed narrative came from interviews with senior politicians and officers. Points of continuity and change within the two case-study narratives illustrate how the pre-austerity political and organisational context shaped the policy preferences and spending cutback outcomes in later years following the onset of austerity.[8]

[8] This contrasts with the approach taken in other local government case studies, where the general focus is on how politicians and senior officers responded to the impact of central government grants.

Chapter Five

Northshire Case Study Narrative

5.1 Introduction

Chapter 5 presents the first of two case studies examining how two shire authorities (one single-tier and the other a two-tier county district local authority) responded to central government funding cuts. This chapter examines how decision makers in a Labour-run single-tier unitary authority responded to austerity. As observed in Chapters 1 and 2, decision makers face both internal and external pressures at a local and national level, which can also affect how they respond to the design and implementation of spending cuts. Several mini case studies are presented in this chapter, which describes specific spending cutback decisions.

Section 5.1 describes the socio-economic context. This is an important data source because ultimately it can affect how decision makers within a local authority seek to respond to real or felt local community needs during a period of profound change in funding levels and arrangements. Section 5.2 looks at how LGR impacted Northshire's response to austerity. The transition from a two-tier to a single-tier shire authority resulted in the institutional transformation of the local authority. Although this occurred prior to austerity, these structural changes also gave rise to related processes involving the levelling of resources throughout the county and a renegotiation of long-standing partnership arrangements or agreements with third-sector bodies and local communities in terms of the level of financial support provided to disparate organisations and local communities.

5.2 History of Local Government Reorganisation in Northshire

Northshire is a Labour-run single-tier unitary authority located in industrial northern England. Prior to 2008/9, Northshire had a two-tier county district governance structure. Following LGR (2007/8), eight district councils were abolished and merged into a single organisation, which created the sixth largest authority in England/Wales. Debates around LGR are long-standing: for over three decades, proposals for LGR circulated between the Labour-run county and Labour district councils, resulting in sometimes acrimonious and heated discussions with little agreement on whether the county should retain existing arrangements or have a single three- or four-tier unitary territorial governance model. Between 1980 and 1990, a failure to agree on a preferred territorial governance structure resulted in LGR being suspended. Proposals for a single-tier unitary were reintroduced following proposals under a Labour government (1997–2010). These proposals also established regional assemblies, which were subject to a region-wide referendum involving the replacement of traditional two-tier county–district shire structures with single-tier unitary authorities. This should have seen new powers devolved indirectly to nominated or newly elected city or shire authority mayors from the newly created regional assemblies. However, proposals for a regional assembly were rejected since it was conditional upon a positive result from the 2004 local referendum.

Despite this setback to the process of political and institutional reform, the former chief executive won the support of the ruling Labour group to submit a bid to the Department for Local Government (now renamed Department for Local Government and Communities) to create a single-tier unitary authority. LGR also offered opportunities for career advancement because of the prohibition placed on Labour members campaigning for county and district seats. Furthermore, former county council or district council politicians elected to the new unitary authority larger ward or constituency boundaries produced enhancements in council

member pay and benefits. LGR would result in the creation of larger service departments, which would enable some politicians and officers to advance their political/vocational career profile and ambitions. It also offered enhancement in pay and allowances in return for taking on increased responsibilities.

> *Any group of cabinet members would be attracted to an enhancement of their power and possibly their allowances. Of course, they would not admit this. Generally, although there were some* [CC members] *who were twin hatted, there was a Labour move that you shouldn't be on both. So, given a choice between county or district, the higher, more full-time, more influential Labour councillors, wielding much greater responsibility (e.g.) larger engineering departments, social service departments, education departments could see the district councils were sometimes making work* (senior politician, 26/11/12, lines 134–2, p.4).

The centralisation of political/bureaucratic power into larger engineering social service and education departments also provided opportunities to further develop a county-wide approach to the provision of services.

Between 2004 and 2007, LGR reform proposals were linked to New Labour's broader agenda of modernising public services through improving their performance and efficiency by reforming the culture of local government. This also included overcoming overt or implicit barriers to developing a more corporate approach to decision-making in local government using regular inspections and performance benchmarking to embed innovative ways of working (Andrews et al., 2011). Centralisation of political and administrative power in a single organisation formed part of this structural reform agenda, first introduced under the Local Government Act 1999 (of which the best-value management and working practices described above were very much a part). Unitarisation also offered the opportunity to develop a county-wide approach to service reform and develop a more corporate team-based approach to resource-allocation decisions. For instance, several senior officers described how in the 'old

county council' cabinet members and department heads would plot together to extract more resources through exaggerating their resource needs. Equally, however, these transparency issues also affected how the corporate centre managed requests for additional resources. For instance, one senior officer recounted how adult and children's services (at times) had to go 'cap in hand' to request additional resources and even lobbied the public to drum up support for increases in the highways budget (senior officer, 13/9/12, lines 160–79 p.5). Thus, some senior politicians and officers spoke in different ways about the need to 'bang the corporate drum' or underlined the importance of the word 'corporate' in either their job title or reports issued by the '"corporate" management team'. The intention here was to underline how a more collective, evidence-based approach to resource-allocation decisions was to be taken, as referenced in the unitary authority and highlighted in the following quote:

> *All our jobs have the word corporate in them. I am the corporate director of resources, we have a corporate director for neighbourhoods* [etc.] *… All our reports go to cabinet and the council as the corporate management team. That is a very, very clear message that we're giving as lead officers in this massive organisation… That we're delivering this as a corporate management team as the chief executive. No disrespect… this silo stuff would not exist… You would not last in this organisation if there was any sniff of silo mentality… It would just get really kyboshed really, quickly…* (senior officer, 3/12/12, lines 766–70, p.6).

This process was assisted through improvements in the quality, consistency and reliability of corporate intelligence, including the greater use of key performance indicators (KPIs) as part of a broader organisational/corporate improvement strategy based upon a common performance framework, which underlined the importance of addressing inefficiencies and issues of deficient performance as part of the LGR harmonisation process. While this strengthened the capacity of central services to hold departments to account for their performance against key indicators, the tendency towards centralisation of both political and administrator decision-making also exhibited the potential to constrain professional

independence and autonomy of senior and middle-ranking officers in responding to changes in local circumstances, service capacity or need. Changes in organisational structures and decision-making routines also resulted in some staff feeling that their professional or managerial autonomy was diminished, and they had to refer operational or on-the-job dilemmas that they had previously resolved themselves higher up the chain of command:

> *I used to work for X district council…. The problem we had at X district council… I went to my boss in a flustered manner. My boss would say, 'You're paid so much money…. you're this officer'…. give me a solution. I would say, 'This is the solution but also this is the problem'. I had a lot of autonomy… I come to work for this organisation… 'Oh…* [X person] *… Who said you could do that?' 'Well, you needed it, so I did it.' 'But you need to engage with X person.' I think that is the difficulty* (Northshire officer, 12/11/13, lines 242–54, p.7).

Although I did not have a further opportunity to interview front-line staff, this person's experience seems to conform to broader findings in the local government literature of the disruptive organisational effects of LGR. And while the effects of LGR are largely characterised as short term, as seems to be the case here, there is a similar emphasis on disruption in working routines and processes.These resulted in psychological uncertainty and disengagement, arising from changing the manager–employee expectations of job performance and accountability. This point was confirmed by the same middle-ranking officer when they talked about the challenge of integrating disparate organisational and working cultures. For instance, it was described as a 'shock' that had 'passed' despite austerity adding to financial and organisational uncertainties. As the middle-ranking officer commented: 'Nobody [saw] the Comprehensive Spending Review coming around the corner.' This was perceived as an additional challenge because it required LGR and the design/implementation of spending cuts to run in parallel for up to two to three years following the 2010 Comprehensive Spending Review – a point that I address on page 13. For example, the middle-ranking officer observed that:

> *Some places worked slowly and were more condensed…and more methodological…because that was the culture in that organisation. Now that we've all merged…now we've gone down the track where the initial shock of merging has passed. Now we are all trying to find our way forward as a collective organisation… That's where X senior officer is leading us* (middle-ranking officer, 12/11/13, lines 242–54, p.7).

The introduction of MTFP provided opportunities to develop a more corporate, programmatic approach to determining resource-allocation needs. Thus, one senior officer observed how some budget-holders in the past had conspired against other service departments to retain a larger share of the total resource pot than they were entitled to. For instance, one corporate manager observed how previous service departments would 'get a savings target', out of which 'budgetary pressures would be added', which, in turn, would produce a 'savings gap' (senior manager, 23/1/12, lines 114–15 p.4):

> *So, you've got people who overestimate what they need in terms of* [spending] *growth, only to take it back out again so that an easy saving can be achieved. And then they* [the corporate centre] *get the savings, which add up to a sum. They still take the savings, but they increase the contingencies because they didn't need them as part of the budget. So, you have a little bit of that game on both sides. This was pre-austerity. Now that has ended* (ibid., lines 116–22, p.4).

To understand the background history for why these 'creative accounting' methods and practices in the old county council emerged, it is necessary to explain how or why these transaction and transparency issues emerged, resulting in the budgetary process being described as a 'two-way game'. The key participants have different vested interests and/or agendas, which affects the ability to balance competing resource-allocation needs or priorities. One participant is a treasurer, described as 'tight-fisted' because of a desire to control the spending of service departments, some of whom demonstrated a propensity to exaggerate their resource needs. The other participants included service heads and financial and accounting staff seconded from the Treasury Department into spending departments or

directorates. Often there was pressure to 'go native', meaning that department or directorate interest took precedence over maintaining the consistent and transparent resource-allocation decision-making. Equally, however, this behaviour is understandable if the politically competitive resource-allocation environment in which budget decisions were made is considered. Although political competition between service departments reflected a tendency on the part of heads of services to think in terms of their own interests rather than from a holistic, corporate view of resource-allocation decision-making, protecting the financial and administrative autonomy of departments was viewed as essential to ensuring sufficient resource slack to meet fluctuation in resource demands or needs. If this account is combined with information provided by other interviewee sources, who described the resource-allocation process as conflictual, even during periods of prolonged budget growth in the old county council, one might view the treasurer's behaviour as prudent. However, the senior manager who referred to the 'two-way' rule-of-the-game metaphor to describe the relationship between the corporate centre and service departments also intimated that the continuous under-resourcing of high-need, high-profile spending departments (e.g. adult or children social care) probably also exacerbated the two-way transparency issues. For instance, senior officers in these departments were described as having to go 'cap in hand' to the treasurer to ask for additional resources (senior officer, 23/3/12, pp.167–79). This account might also provide a rationale for why attempts were made, especially within high-need, high-profile departments, to maintain or build additional budget contingencies in some, but not all, cases.

In addition, in 2007/8 a National Audit Commission report highlighted this was an area that required improvement (One Place Assessment Services, Northshire CC organisational

assessment, 9 December 2009). An external organisational assessment report in December 2009 also observed that: 'Internal and external financial reporting remains an area for improvement for the council' (One Place Assessment Services, Northshire CC organisational assessment, 9 December 2009, p.3). Although the Audit Commission report did not provide detailed information about which areas of the council's internal and external financial reporting procedures required 'improvement' (ibid.), it appeared to provide a strategic and organisational rationale for centralising finance and corporate management functions, both as part of the LGR process but also in response to austerity given the increased focus on reducing costs and driving up efficiency using benchmarks comparing costs and service outputs against peer county councils.

As observed from the preceding discussion, the introduction of MTFP seemed to help address the two-way transparency issues between spending departments and central corporate services. However, the onset of austerity further complicated the merger and integration process of seven former district councils and one county council into a single organisation. Some senior politicians and officers observed how surprised they were by the organisational scope and magnitude of the task unitarisation presented. In addition, although politicians and officers had anticipated cuts in central government funding, the 'very uneven distribution' of services and facilities also created long-standing legacy issues, which had to be resolved alongside the design and implementation of spending cuts. Austerity, in this sense, added to the complexity of the task of LGR because of the need to rationalise assets and functions such as leisure centres and community buildings inherited from the districts. The oversupply of leisure centre sites (especially in villages surrounding the county town) resulted in complicated and sometimes difficult negotiations between senior managers and politicians, the council leadership, and the Labour Party group regarding the future of these sites and

facilities. Both were the subject of service reviews, in which robust discussions around the feasibility of divesting leisure and community buildings to external organisations ensued. This reflected deep internal scepticism and concern over the feasibility (albeit desirability) of handing over council assets to an external organisation (senior officer, 23/1/13, lines 553–63, p.15).

Thus, the conditions for the divestment of leisure and community buildings were strict, and this is reflected in Northshire's decision that the transfer of leisure centres should only occur at 'nil cost to the council in terms of revenue and capital funding, and that Transfer Undertakings for the Protection of Employment (TUPE) requirements had been fully met where appropriate' (Northshire corporate management report**,** 2011**,** Review Indoor and Sports Facilities Update, paragraphs 3–4, p.1). Ensuring that external organisations bore the same operational costs as in-house service-providers was a key point of principle for senior politicians and (some) officers, in which objections ranged from ideological to practical concerns. Although ideologically Labour Party group council members took a pragmatic approach to service reform (as illustrated by the closure of council-run nursing homes), the closure of a local service or facility could stoke local opposition, resulting in spending cutback proposals being revised rather than shelved. This was the case when the council leadership revised the decision to close rural library branches to concentrate resources in more densely populated community settlements (senior officer, 11/8/14, p.3). This was a result of the council leadership negotiating pragmatic political compromises in response to Labour backbench opposition. However, when a conciliatory response was not forthcoming the Scrutiny Committee's decision to refer the decision back to cabinet was used by backbench Labour members to vocalise opposition to the closure of local services and facilities when informal channels of persuasion failed. Although this did not represent an unusual use of

Scrutiny Committee procedures and processes, it seemed to indicate that while the Labour Party exercised political and legislative dominance, failure to achieve policy consensus in the party group could constrain executive (cabinet) decision-making power. Often, this was viewed as necessary because Labour council members also sought to champion localist causes or concerns, especially when failure to do so might conflate community passivity on the closure of a local service or facility with an inability to challenge successive Labour administrations, which had ruled the county council since 1919.

Being the champion of local interests also helped to manage political competition from independent party candidates (many of whom were ex-Labour council members) excluded from the Labour Party for various reasons. For instance, commenting on the library closure issues, one Labour politician observed how, even though 'overall the people have been well-vested in what has to happen (regarding austerity and spending cuts) …in county town meetings…you very rarely get questions' (Labour politician, 11/8/14, p.3). Although this did not preclude civic/community campaigns eliciting a favourable response, such as the campaign by primary and secondary schools to protect bus subsidies for students travelling under (the national minimum statutory radius of) three miles, scrutiny committees were again used as a means to refer decisions back to cabinet, which, in some cases, had been deliberated on in party group meetings but remained unresolved. For instance, one Labour politician described how 'the majority of the Labour group…decide everything: the buck stops with them. [As chairman of X committee] if there is something [that] comes up [that] other people are not happy with, we recommend these concerns to cabinet' (ibid., lines 156–61, p.5).

This assessment raises broader questions about why the response of some communities might be perceived as apathetic. Indeed, this description could be characterised as a generalisation, especially when account is taken of civic/community responses on other issues such as the campaign against the closure of council-run nursing homes, on which there was (tacit) cross-party consensus to close the last remaining nursing homes (rural community activist, 14/3/14, pp.2 and 5). Indeed, Labour members viewed the diminution of more vital social and welfare services, in which alternative cost-effective, market-based provision was unlikely and politically unsuitable because of a long-standing preference for maintaining in-house service provision in all but a few instances. Consequently, campaigners against the closure of nursing homes felt that although their objections had been noted they were not listened to (rural community activist, 14/3/14, p.5; campaigner against residential care home closure, 6/2/13, p.4).

It is also necessary to factor in how LGR altered the relationship between Northshire and its various communities. This research theme affected some communities more than others, such as remote rural communities in deprived ex-mining towns compared to high-growth semi-urban or urban areas located near the county town or near major transport road/rail links. However, when interviewing parish/town councillors and community campaigners, such as the interviewee located in a remote rural area who was involved in the campaign against the closure of a council-run nursing home, no direct correlation was determined between the proximity of the neighbourhood or community and the perceived sense of alienation following the abolition of district councils and the creation of a new single-tier unitary authority (county councillor, 14/3/14, lines 243, p.4).

The focus on redistributing services and resources more evenly across the county – a process called resource levelling – could have exacerbated localist tensions or conflicts (council leader, 15/11/12, lines 474–82, p.13) between urban and rural communities and/or neighbouring population settlements sharing a similar geographical location but different social/civic cultural loyalties and allegiances (senior officer, 13/9/12, p.5; rural community campaigner, 14/3/14, p.1). In some cases, the transfer of resources between localities resulted in accusations of favouritism (parish councillor, 22/1/15, p.4). For instance, some council and parish council members observed how differences in grass-cutting and street-cleaning services between neighbouring urban and rural communities budget consultations provided opportunities for local communities to vote on which services should receive more resources. In this sense, they provided another communication channel that the council leadership and local political representatives could draw upon when seeking to understand how spending cuts were affecting local service-users and communities.

Following the June emergency budget in 2010 the council leadership decided to establish an annual public budget consultation to establish what spending priorities the unitary authority should adopt in response to the October 2010 Comprehensive Spending Review. The decision was also taken to host the budget-consultation exercise across the 14 Area Action Partnerships (AAPs). Equally, this decision was viewed as politically advantageous because it enabled the council leadership to educate the public about the 'unprecedented' scope and magnitude of the spending cuts being passed down from central government to the unitary authority. The budget-consultation exercise also sought to educate the public about 'tough choices' that had to be made between different spending priorities. For instance, a 2010 corporate management team report observed how 'cabinet and council [have] to make very difficult decisions to maintain quality and excellent public services' (corporate management

team report – CMT – 21/1/2011, to CIOSC Scrutiny Committee, paragraph 5, p.1). Furthermore, this also involved deciding between different services or spending priorities to protect front-line service provision, a political priority asserted by the Labour group in the aftermath of the 2010 Comprehensive Spending Review (trade union official, 10/9/15**,** lines 356–9, p.5; 492–504, p.7; middle-ranking officer, 5/2/13**,** lines 529–34 p.8; deputy leader and head of corporate resources, 13/9/12**,** lines 57–64, lines 139–40, p.3; lines 441–44, p.6). It is important to point out that this was not a strategy designed to cut everything but front-line services. The political promise to protect front-line services was subject to the qualification that this policy priority might prove difficult to maintain the longer austerity continued. Thus, the 2010 CMT report observed that 'members felt strongly that the council should do everything possible to protect front-line services, accepting that too will be a challenge' (CMT report, 21/1/11, to CIOSC Scrutiny Committee, paragraph 5, p.1).

Both a desire to educate the public about the magnitude or scope of central government cuts and the need to make tough choices between spending cutback options fed the development of a *no-choice narrative*. In this context, no choice meant cutting back on the very services that Labour council members had intended to defend. Although some of these savings could be extracted by reducing the amount of resources provided to management, support services and other efficiencies provide by LGR, the likelihood that deeper cuts to services would follow, which might even impact the ability of the unitary authority to continue to protect front-line services, was also hinted at. Moreover, the no-choice narrative enabled the council leadership to pass the blame for having to make deep cuts to services upwards to the Conservative-led Coalition government. This was done in a variety of ways such as comparisons being made between the impact of the Thatcher government on public services and the local economy following the decimation of the mining and ship-building industries, and how austerity

worsened the financial situation of the Northshire region and the Coalition government's austerity policies. Equally, however, the budget-consultation processes also sought to demonstrate how the public were being given a chance to influence spending cutback outcomes and priorities. This was viewed as one way of challenging the idea that the unitary authority was unable or unwilling to listen to the concerns of the local communities (council leader, 15/11/12, lines 176–89, p.5).

Another factor affecting how Northshire designed and implemented spending cuts was the size of the county and the additional strategic and logistical costs this imposed when providing services to deprived and remote communities (council leader, 15/11/12, lines 41–6, p.2). When spending cuts threatened the withdrawal or closure of local services/facilities, rurality might mean there was a lack of alternative service outlets or available public transport (due to reductions in service frequency or the restriction of concessionary fares to core hours in the day). Moreover, this could magnify the impact on rural communities and therefore exacerbate pre-existing sources of long-term economic social disadvantage and civic/political isolation resulting from the need to travel longer distances to access similar services elsewhere.

These concerns also fed into the debate over unitarisation, which one senior officer described as 'polarising'. For instance, unlike large metropolitan authorities, which were relatively geographically self-contained or divided into neighbourhood catchment areas, a large rural area such as Northshire was harder to govern because population settlements were more spatially distributed:

> *The debate over unitarisation was kind of polarising. The old county council want to bid for single-tier unitary status. The districts were convinced… Period! They lobbied for a model that would include two or three unitaries rather than one big one. Northshire is unusual in that the councils that have a bigger population...*

> *Bradford, Birmingham, is fairly contained compared to ourselves. There was a lot of debate about 'Is it too big?' 'Will people see it as faceless?' Nobody in County Hall will understand life in X place* (senior officer, 13/9/12, lines 321–33, p.7).

The fact that some urban and rural population settlements in Northshire were in the top ten percentiles of the most deprived wards in England/Wales added to the complexity of the task of designing and implementing spending cuts to services while managing the impact on a diverse range of urban and rural communities. Indeed, both the task of LGR and austerity created a perfect storm – one that senior decision makers had not 'seen' coming despite ominous signs on the economic horizon following the 2007/8 global financial crisis. This occurred even prior to debates around unitarisation being described as 'very polarising' (senior corporate officer, 12/4/14, lines 324–33, p.5). For instance, former district chief executives expressed similar concerns, favouring a two- or three-tier unitary model, and organised an informal public referendum to declare their public opposition to the single-tier proposal and demonstrate that the public had similar concerns over the impact of creating a single-tier authority.

So far, it has been observed how LGR brought in a more 'corporate approach' to decision-making. This challenged the tendency of some spending departments within the former county council to prioritise their own resource needs at the expense of a more holistic and integrated approach to allocating resources between different spending departments and interests. In part, this process of change was facilitated through LGR creating new budget and resource-allocation systems and processes via the introduction of MTFP to address these past issues. Attention now turns to understanding how Northshire responded to the onset of austerity following the 2010 Comprehensive Spending Review.

5.2.1 Northshire Financial Response to Austerity

The scale and magnitude of the spending cuts envisaged by the 2010 Comprehensive Spending Review caught even those who feared the worst possible outcome for local authority finances off guard (senior officer and cabinet member, 3/12/12, lines 79–81, 83–4, p.3). This was despite a cabinet report prior to May 2010 observing in rather muted terms that 'all political parties and commentators agree that public expenditure will be reduced during the lifetime of the 2010/11 MTFP (Northshire CC, cabinet report, 2010, p.5). It was not until after the May election that politicians and corporate managers in Northshire started to talk about a 'worst-case scenario' for future funding settlements under a Conservative/Lib Dem Coalition government. This was reflected in the council leaders' statement to the *Northshire Times* following George Osborne's Autumn Budget statement:

> *I don't think anybody should be in any doubt that when George Osborne stood up (to deliver) the Comprehensive Spending Review our world changed and Britain changed. The total reduction goes beyond anything that happened in the Thatcher periods. It's a cut that even Thatcher never considered possible and the effects of it will be devastating. The size of the reduction is unprecedented in the history of local government, in that our world will never be the same again* (Northshire Times, 26/11/11).

The Labour group invoked memories of Thatcher's treatment of the public sector and the northern economy to illustrate how Coalition policies went beyond anything that the former Conservative government would have conceived as proportionate, legitimate or politically feasible. Historic invocations were also intended (in part) to render defence of the Coalition government's austerity policies politically indefensible. However, politically this reinforced the no-choice/tough-choice narrative described earlier. Furthermore, as a communication strategy it also helped to divert public attention away from the difficult policy discussion that the council leadership had with Labour backbenchers around the provision of services to

urban and rural communities. Smaller opposition parties (i.e. the Liberal Democrats) attempted to turn this political narrative on its head by highlighting examples of poorly thought out or administered spending cutback decisions through suggesting alternative spending cutback options. In part this was achieved through drawing allusions between the Labour group's financial response to austerity and the Labour government under Gordon Brown's fiscal mismanagement. For instance, one Lib Dem backbench councillor commented: 'This just shows that Labour has mismanaged the finances of our leisure centre in the same way it has mismanaged the country's finances' (*Northshire Times*, Closure of 6 Leisure Centres, 25/2/11).

Following the 2010 Comprehensive Spending Review, a slight but noticeable shift took place in how the council leader communicated concerns about future local government funding settlements. While frustration was expressed about the harsh fiscal medicine passed down to local government in general, senior decision makers in deprived authorities such as Northshire also observed how LGR improved the capacity of the unitary authority to mitigate the need to make deep spending cuts to front-line social and welfare services. Consequently, senior corporate managers spoke positively about the authority's ability to achieve significant savings from economies-of-scale adjustments achieved through reductions in resource duplication between the previous county and district tiers of governance and using benchmarks to level or equalise resource provision throughout the county. This point was used to reinforce the importance of accelerating the speed at which organisational and service reform was achieved as part of the LGR process. For instance, the council leader observed how Northshire was ahead of the curve in designing and implementing spending cuts to leisure centres, libraries and bus services:

> *At the time, there was almost no other council doing this because most others were trying to delay and take from reserves to wait and see if things got better. We did it immediately, and now there are still things going through. There is less happening here than in X council, where there are huge rounds of reductions now… And I think this is down to good organisation… It means we have hit the target so far. So, we have not got a deficit. It also means we have some reserve… if worst comes to worst… in the next round. It means we've got confidence that once we take decisions, we can implement them* (council leader, 15/11/12, lines 298–305, p.8).

Northshire's willingness to make tough spending cut decisions reflected a belief that postponing an inevitable spending cut would only worsen the pain of having to make deeper cuts to services later on. For instance, the council's decision not to use the council reserves to finance budget deficits unless short-term and alternative sources of funding could be found to address a funding deficit to achieve additional or future savings – a save to invest strategy**.** The council leader's point about good organisation underlined the importance given to the role of finance and budget managers fulfilling their wider professional and corporate duties to the unitary authority rather than the silo budget interests of service departments (finance manager, 1 5/2/13, lines 55–9, p.2). Furthermore, it also reinforced the need for departmental resource-allocation decisions to be closely aligned with wider corporate and financial goals to reduce (albeit eliminate) waste and underperformance, a key concern of LGR. As previously observed, it also provided a financial and corporate template for the design and implementation of spending cuts. Thus, a March 2010 corporate management report observed how:

> *The former* [districts] *were all relatively high cost when compared with peer county and district councils. Though the level of need arising from deprivation is not in doubt, inflated cost did not necessarily translate into elevated levels of performance and in some cases coincided with relatively poor or below-average performance* (CMT report, 10/10/10, paragraph 6, p.1).

This strategy did not change dramatically following the 2010 Comprehensive Spending Review. If anything, austerity accelerated and expanded the scope of this aim to include a greater focus on disposing of assets previously inherited from the district councils. This was reinforced by a senior officer when describing the resource-allocation practices in the former ('old') county council as 'very dysfunctional': 'The organisation has to be… This is the pot… What are our priorities…? How do we design that…? How are we going to do it? It should not be the case that I sit down with my portfolio-holder and plot how I get more money from a colleague' (senior officer, 3/12/12, lines 167–79 p.5). The senior officer described any other approach as a 'cop-out' (senior officer, 23/1/13, lines 350–5, p.10) – a conviction that another senior Labour politician expressed (labour deputy leader, 31/12/13).

Senior officers who oversaw the design and implementation of spending cuts as part of the MTFP process also observed how the adoption of a salami-slicing approach, in which spending cuts are distributed in equal proportion across different service sectors and functions, helped reduce the complexity of the decision-making process on several levels. First, it did not require political members to say what services they did or did not want to cut specifically, and relieved some of the pressures on managers to cut spending across the board within service departments. Salami-slicing was described as:

> …*nice and simple. We're not going out and asking members, are you prepared not to do. It also focuses the mind of the managers, because you are moving from telling them to go away and finding savings they are being encouraged to think about what a priority is or what isn't* (children's services officer, 13/4/14, lines 373–5, p.6).

Second, through giving service heads greater financial contingency they had greater flexibility to decide how to invest money. Rather than simply cutting across the board to achieve X or Y savings target, they could adopt a more 'strategic approach'. In the case of children's services,

this lessened some of the potential political, legal and regulatory risks associated with a Haringey child abuse scandal occurring as a result of chronic under-resourcing of looked-after children's services (Ward, 2011; Garret 2009). Third, salami-slicing helped to routinise certain features of the spending cutback management process by giving senior officers discretion to decide how cuts were applied across different services. In other words, once the cabinet decision about which service area should receive a higher or lower spending cut had been made based on proposals by the head of corporate resources, attention generally shifted to assessing the political or policy risks associated with implementing a spending cutback decision. Deciding which spending cutback choices were politically palatable was hard to decipher. Sometimes senior politicians rejected spending cutback proposals outright (applying what was known internally as a Northshire Asterix) (senior politician and officer, 517–21; 522–37, p.14). Applying such a veto helped to reassure the party group that the resource-allocation or budgetary process was being driven by the party group rather than senior officers who used their professional/technical knowledge and skill to expand their discretionary power or influence over issues of policy.

However, there is limited evidence to indicate that this was widely used, given the emphasis placed on improving the performance and efficiency of the unitary through top-down corporate management processes and techniques. This, in turn, emphasised the importance of performance monitoring and improvement, but equally sought to challenge a past culture of inter-departmental 'infighting' for resources through developing a more corporate, collegiate approach to resource planning (senior officer, 13/9/12, lines 99–108, p.3; lines 201–44, pp.6–7). Moreover, there is little evidence to suggest that party group infighting over a tough spending issue resulted in a spending target being revised, since achieving a balanced budget was an overriding concern of both senior politicians and officers (deputy leader,

3/12/12, lines 66–78, p.2; Labour politician, 11/8/14, p.9; local journalist, 22/1/13, lines 183–9, p.5). If political influence were to be brought to bear on the spending cutback process, it was most likely to be felt in terms of mitigating the political blowback or impact of pushing through an unpopular cutback spending decision. Generally, this was achieved through revising how a spending cutback proposal was implemented through a staggered introduction or postponement until a later date. However, between 2010/11 and 2013/14, LGR also provided opportunities for the Labour group to identify savings, which were viewed as a lesser priority than other service functions or areas. For instance, although the deputy council leader dismissed these types of savings as 'easy', a senior officer present observed: 'Everything is a priority, but some things are more important than others – that is how it works' (head of corporate resources, 3/12/12, lines 546–50, p.14). Politically, LGR also meant fewer potential manifesto promises or ideological commitments, which the council leadership had to forfeit to achieve a balanced budget.

5.2.2 Balancing Corporate/Political Priorities in the Spending Cutback Process

Although cuts to leisure centres, community buildings and public transport (especially school transport subsidies) could prove politically controversial, there was a greater focus by senior managers and politicians on managing Northshire finances prudently. As long as a spending cut did not provoke a public or Labour backbench revolt, difficult or tough spending choices would not be postponed until a later date using council reserves. However, this did not preclude postponing controversial spending cutback decisions until after a local government election, for fear that it might dampen voter turnout.

It was also the case that the public profile of a service could affect the amount of political/organisational leverage a cabinet member or senior officer could use to warn others about the potential reputational and political dangers of implementing another round of severe cuts. A good example of this was the decision to reverse £300,000 of spending cuts to the winter maintenance budget following Area Action Partnership budget consultation feedback in 2010/11. On other occasions the ability or willingness of a cabinet member to speak out against a proposed cut was also an important factor given the tendency in some cases for portfolio-holders to defer to the professional expertise of their head of department. For instance, a journalist from a local newspaper, who had many years of experience working in the local area and had contacts with key local government figures within Northshire unitary authority, observed that the working relationship between the senior politicians and heads of department was a key factor in determining whether a cabinet member could fend off spending cutback proposals to core or periphery budget or service activities. Equally important was the political skill with which a cabinet member would use public forums to advocate for a better deal in budget negotiations:

> *I think the* [officers] *have a great deal of power over their cabinet members. They are highly experienced professional people. Cabinet members are aware of their own shortcomings. If they trust their head of department too much and if their head of department says this is what you must do generally, they will agree with it. I think if the deputy leader disagreed with something, he would fight it. But he is close with his head officer. Also, if X politician wanted something done for him, he would make his voice heard to his head of department… They're very much on the same page as well. The only thing X politician will do that none of his cabinet colleagues will do...he will use public opportunities to say how much his department's budget is being cut. It is almost a preamble to any budget discussions that are going to happen* (newspaper journalist, 12/4/14, lines 213–24, p.6).

Rather than implementing a strict statutory/non-statutory distinction when deciding between spending priorities, greater importance was given to protecting the core elements

of a service, irrespective of any statutory obligation. This allowed for responses to different resource-allocation demands to be adapted to the service and seemed to provide greater scope for considering other priorities such as ensuring that the withdrawal or closure of a local service or facility did not irrevocably damage the social, civic and economic viability of community life. This was especially important within rural communities where the closure of a nursing home could have a devastating impact on local employment opportunities and cause severe disruption to the lives of residents and family members because of the distance they would have to travel to access new facilities. Rurality in this respect meant that the withdrawal of local services or the closure of civic/community facilities could have a detrimental impact on the social, civic and economic infrastructure. One senior corporate manager observed:

> *A lot of neighbouring authorities make a big distinction between what is a statutory service and what isn't. Some of them have gone down the route of saying we've got to do the statutory before we concentrate on those areas while ignoring other areas of service delivery because they are non-statutory. We've stayed away from that because I don't know if anyone has counted the number of statutory responsibilities because I think they are in the tens of thousands. To be honest: an inefficient statutory service you protect, because it is statutory, at the expense of a non-statutory service producing good outcomes, which is in line with your sustainability community strategy* (senior corporate manager, 18/7/14, p.8).

A whole systems approach to designing and implementing spending cuts to local services and facilities was required. Lack of public transport might prevent service-users in rural communities from accessing alternative service facilities located in dense urban population settlements. Although these concerns were included within the unitary authority's community sustainability strategy (CMT, 15th June 2011, NCC, 2010), the greater focus was on understanding how the demographic characteristics of a locality also impacted how services were designed. For instance, one senior corporate officer observed how in one rural

area, which in population terms was the smallest of five located throughout the county, a demographic data analysis of health employment, educational attainment and other needs was assessed when seeking to determine how services should be designed. This meant that both the design and implementation of spending cuts, and their impact, were incorporated into an equality impact assessment (NCC, 1 April 2012), which assessed the impact of spending cuts on vulnerable population groups:

> *I'm very keen to make sure we didn't withdraw public services from the local population. We look at five distinct areas…* [In X rural area the] *population is the smallest of the five…* [We] *look at everything from health to employment, to educational attainment, and observe [that] a different pattern emerges compared to the other five areas. That's why we need to understand what is happening here when we are designing services, and designing cuts as well, to be influenced by what the data analysis is telling us about needs in that part of the county. So yes* [rurality] *it's there!* (senior corporate officer, 22/1/15, p.5).

Demographic analysis was also used to assess the transport needs of vulnerable people in rural communities because of 'women or older people who will have less access to cars' (ibid.). Through focusing on socio-economic demography, comparing one locality with another made it possible to identify areas of highest need, rather than focusing on the geographic urban or rural spatial features of a locality. Furthermore, this seemed to complement the extensive use of benchmarking, which had been used to redistribute resources and services between local communities following LGR. Moreover, rather than seeing rurality as a distinctive category requiring increased resources and investment, the use of a more forensic locality by locality analysis was developed as part of the process of reconfiguring how services were provided in urban and rural settings across the county. This approach is summarised by one senior corporate officer: 'Rather than thinking in terms of it's a rural area, it's more a question of looking at the demographic characteristics of an area' (ibid.).

Redesigning services in this way also involved renegotiating local community expectations around which services the unitary authority was required and/or able to deliver. In deprived localities this was especially difficult because of long-standing expectations on the old county council to fund economic development initiatives, which had 'limited impact on economic performance' (Northshire Plan 2010/11, paragraph 4.10–4.11. p.35). However, protecting the sustainability of deprived remote rural communities sometimes meant continuing to provide a service even though, from a financial/management efficiency perspective, it would be better concentrated in larger population settlements. This was because investing (increasingly scarce) resources in the most productive and efficient way was seen as key to delivering council-wide objectives and priorities at lower cost. This emphasis fed into the desire not to enforce a strict division between statutory and non-statutory service areas when designing and implementing spending cuts. Moreover, such an approach also permitted the reduction or downgrading of the quality/scope of non-statutory functions, even if those statutory functions were identified as 'inefficient'.

However, extensive use of benchmarking also assumed there was sufficient resource slack within a service area function and that its removal would not impair the performance of a service (deputy leader, 3/12/12, lines 189–92, p.5). There was sufficient resource slack in most service areas over the first two to three years of austerity due to economy-of-scale-type savings gained from merging neighbourhood services and facilities that were previously controlled by the former district councils following LGR. However, in services previously provided by the old county council there were fewer examples of the same resources being used to resource staffing and infrastructural costs, although this did not mean resource slack was not present in county-wide service areas. Indeed, as noted earlier this reflected a lack of shared perspective between service departments and the corporate centre (e.g. the Treasury)

over resource needs, and how budget resources or financial contingencies should be spent or managed (senior officer, 13/9/13, lines 244–51, p.7).

Another concern was the capacity of smaller departments to absorb successive incremental budget cuts. Smaller departments were at greater risk of being able to mitigate the impact of such a cut – their relative size meant core service activities were disproportionately affected by a spending cut. A good example is food, health and consumer protection services. These service areas perform a niche statutory front-facing role, yet because of the scope and magnitude of the spending cuts that were implemented using a salami-slicing approach across service departments or areas, politicians and officers had to answer the question 'What is left?' These concerns were more pronounced when Northshire's ability to maintain national minimum service standards might be affected by the scope and duration of austerity. Once this budget rubicon was crossed, the issue was less about whether or not the council provided a front-line service than how to limit the impact of declining resource levels affecting how the service is delivered. For instance, one officer in a high-demand front-line service observed how it is all about '…ration, ration, ration…[until] eventually you are talking about longer queues. You provide the service but in effect you make people queue longer and by making [the] queue longer people die' (manager, 5/2/13, lines 448–54, p.6).

The Coalition government's decision to frontload spending cuts in the 2010 Comprehensive Spending Review affected how senior decision makers cut spending on several levels. First, corporate managers focused on cutting spending within service areas or functions, where funding was ring-fenced by central government for the delivery of social welfare and education programmes. There were, however, two exceptions to this approach: (1) when the Department for Education implemented 'global' rather than 'individual resource reductions'

(CMT report, 28/2/10, paragraphs 6 to 2); and (2) when area-based grants were top-sliced or taken away from the local authority by the Department for Education. In total, Northshire had to make £17.4 million of savings during the 2010/11 period as a result of reductions in area-based grants (£5.5754 million), specific grants (£8.845 million) and capital grants (£2.964 million) (CMT, 2011b). Second, politically it forced decision makers in Northshire to identify where additional savings could be made on top of efficiencies already identified as part of the LGR process. Although this did not result in a strategic or targeted approach to spending cuts, budget-holders were encouraged at an early stage to plan a broad range of financial scenarios, which included cuts to front-line services, for example, £57 million of the £123.4 million of spending cuts that targeted front-line service provision, which seemed to contradict earlier claims that front-line services would be protected over the short to medium term. However, the use of the clause 'whenever possible' allowed for the possibility that front-line services would be affected, and this was further verified by the comment of an officer who described how the hollowing out of a front-line service might not lead to its abolition or withdrawal because the local authority has a statutory duty to ensure its delivery but may result in 'making people queue longer' (officer, 5/2/13, lines 448–54, p.8).

Over the 2011/12 period, Northshire's financial challenges increased. First, the budget gap increased from £114 million to £180 million, in part a consequence of the decision by the Coalition government to frontload four years of spending cuts into two years. Second, both the nature and type of savings that had to be achieved also changed. Rather than seeking 'quick wins', corporate managers had to dig deeper into departmental budgets to find additional savings excluded from the previous Spending Review. Despite Northshire's financial position being relatively more stable than the neighbouring authorities (some of whom had already contracted out leisure, library and cultural services in private and/or third-

sector organisations), the unitary authority increased its headline savings target from a 20 per cent across-the-board reduction over four years to 25 per cent (CMT, 2010a). For some service areas, such as management support services, the minimum reduction was 30 per cent and more (CMT, 2010a, CMT, 2011b). Council documents over the 2011/12 and 2012/13 period also made frequent reference to the financial uncertainty caused by changes in the funding formula, which resulted in a net 33 per cent reduction once the abolition of area-based grants was taken into consideration (MTFP report, 2011/12 to 2014/15, p.4).

Early in the spending cutback process the decision was taken to distribute the pain of spending cuts across different services, except for management and back-office services, in which a large cut was applied. Commenting on the use of a salami-slicing approach, a senior corporate manager observed how they calculated the spending cut in proportion to the size of a service area budget:

> *We worked out what the gap is; we worked out what the net budgets are for each of the services… So, what we've got is a salami-slicing approach: proportionate to your level of revenue expenditure… So, if you have a small budget, for example, the Assistant Chief Executive service is the smallest budget, they get the smallest share of their cut – except proportionately it is the same cut. The numbers are bigger, but the proportions are the same, except for resources where there was an additional three per cent on top of everyone else on the basis that members want to protect as far as possible front-line services and prioritise savings to back office* (senior corporate manager, 23/1/13, 186–202, p.3).

Although services based in Northshire's corporate centre, such as the Assistant Chief Executive's Office, received a savings target that was proportionate to the size of their budget at department level, they could decide how spending cuts were applied across different service functions. In this sense, once medium-term financial savings targets had been decided, departments had the discretion to decide whether cuts were distributed evenly

across spending areas (a salami-slicing approach) or whether a more strategic approach was adopted in the design/implementation of spending cuts. For example, this is highlighted by frequent reference over the 2010/11 and 2013/14 period of a hybrid spending cutback strategy. Although this enabled corporate resources to apply an across-the-board cut to services centrally (despite a 5–7 per cent variation between front-facing service departments and back-office directorates or departments), it also gave managers greater discretion to cut lower-priority service functions so that spending on core budget activities could be protected. This approach resulted in deep spending cuts being made to some areas or functions that experienced less fluctuation or volatility in demand or were perceived as less controversial to cut. Consequently, this resulted in some spending categories being subject to slightly above- or below-average year-on-year spending cuts. This is evident from my analysis of the resource-allocation patterns across different spending categories between 2010/11 and 2016/17 in Chapter 7. However, politicians and officers also had to balance political needs and concerns within the spending cutback process. Thus, one senior politician observed:

> *It is quite easy for us to sit here and talk about safeguarding of children and adults, and they are massively important. But I can tell you now the public face of this council is refuse, ground maintenance, street cleaning, dog fouling: these in-your-face sort of services*' (senior politician, 3/12/12, lines 445–7, p.12).

5.2.3 Relevance of Statutory/Non-statutory Distinction

Balancing the statutory obligation to provide some services against the public profile and the political consequences of failing to deliver lower-priority neighbourhood services required careful balancing of different priorities and demands within the spending cutback process. In spending departments, this flexibility allowed a hybrid approach to spending cuts to be adopted: one in which service departments were given an incremental or across-the-board

savings target, which the department head implemented using his/her discretion to decide between different strategic priorities. Centralised oversight of this process, however, sought to ensure transparency and evidence through emphasising a holistic rather than fragmented departmental or silo view of resource-allocation priorities and needs. Moreover, it also enhanced the discretionary power of service heads to choose between higher- and lower-priority spending commitments, which is why in some, but not all, circumstances it was assumed that a strict statutory/non-statutory distinction was not rigidly applied. The reason for this was that some high-risk and regulated areas of service delivery such as child-protection budget resources were generally ring-fenced, and the unitary authority had to adhere to strict national minimum standards of professional practice, which was also affected or impacted by fluctuating service demand. In the case of lower-profile services, however, the flexible application of the distinction between statutory and non-statutory services also meant that some cabinet members and senior officers were adept at assessing the strategic and logistical implications of hollowing out the resources of a service area through asking the 'What's left?' question. Moreover, this could conflict with a desire to distribute the pain of cuts between statutory and non-statutory services, even though some services had a low public profile and were subject to strict central government oversight and regulation through centralised monitoring and inspection.

However, identifying which elements of a service were statutory and non-statutory was not always easy because organisationally service functions included a broad range of competencies or obligations that crossed the statutory/non-statutory distinction. This was further complicated by the fact that the appropriate national standard for delivering a service was not always clear. For example, the duty to deliver a '*comprehensive'* and '*efficient*' library service can be interpreted narrowly or broadly. Despite these difficulties officers frequently

talked about the need to ensure that statutory services met national minimum requirements and, in cases where this could not necessarily be easily established, data benchmarking was used to review the operational and cost efficiency of a service area.

5.3 Northshire: Mini Case Studies

The two case studies presented below highlight some of the challenges faced by decision makers in Northshire when designing and implementing spending cuts to services. My intention here was to present a representative sample of key tensions or problems as they relate to specific spending cutback decisions rather than attempting to provide a comprehensive, unequivocal account of how, and in what way, these resource-allocation tensions were managed across other spending areas. Rather than these mini studies being a chronological representation of events, their focus was thematic. Selection was also informed by access barriers within each authority – an issue that I address in greater detail in the literature and methodology chapters (Chapters 1, 2 and 3).

Table 5.1: Divestment Community Buildings Northshire Mini-Case Study

Northshire Case Study	Divestment Leisure Services
Executive Summary	LGR developed out of a desire to restructure cross county how neighbourhood community services were provided. The leisure service strategy reforms implemented following LGR in 2008/09 formed part broader emphasis on levelling out resources and services between different localities. A decision was taken in 2010-11 to divest leisure centre buildings and grounds at risk of closure which previously had been provided in-house while retaining strategic control or oversight over the delivery of the local authorities' health and wellbeing strategy of which leisure services played a key role.
Problem Statement	Uneven distribution of leisure service sites and grounds throughout the county resulted in a leisure service review following unitarisation. Leisure sites or facilities at risk of closure were offered the opportunity to divest so that it was possible to reduce the operational cost of providing leisure services and facilities within urban and rural areas throughout the county. Six service reform options or models were developed with the non-profit distributing organisation (NPDO) being identified as the preferred option. The commercial viability of divesting former council run leisure sites and facilities was also an issue. Concern was also expressed by senior officers concerning the competence of community groups to provide such services given Northshire's quasi-moral and legal responsibilities for public health and safety.
Key Quotes	'If we can deliver the same service or even better levels of service by moving some of the functions into the private sectors, there's an understanding politically that that's what we've got to do…. The reasons for doing that are financially based. We can control the specification and level of service deliver, but we must look at each area to – in effect – deliver savings (senior officer, 3/12/14, lines 473-82, p.13)'. 'There was a lot of anxiety internally about the competence of a community group to take on a leisure centre and things like that, because ultimately, we've got an asset that we're looking to give to a well-meaning, reasonably organised community group. If you were entering a contract with them, you'd want the evidence of their experience of being able to manage that asset. Then we had compliance issues: safeguarding and all those types of things. On one hand, we were externalising the service and asking them (the community) to take on the management of a building. We had this sort of quasi-moral legal responsibility for what they were doing in our building. So, it is difficult in terms of community capacity to do, and if they are operating it like for like: TUPE applies. And if TUPE applies they can't make it work either' (senior officer, 23/01/13, lines 553-63, p10).
Action Taken	Several leisure service sites and facilities closed due to inability to identify a suitable third-party organisation to take over the management of a leisure site/facility.

Table 5.2: Divestment Leisure Services Northshire Mini-Case Study

Northshire Case Study	: Divestment Community Buildings
Executive Summary	Following LGR Northshire inherited 120 community buildings from former district councils. 1n 2010-11 Northshire undertook a community building review to review funding arrangements for many community buildings which were dilapidated. The decision was taken to only invest resources in repairing community buildings which were 'salvageable' and divest control for future operation and funding of these buildings to local community charitable trusts.
Problem Statement	Changing how community buildings were funded and operated required a change in political and organisational thinking regarding the preference for local authority control oversight and delivery of local public services. Some middle managers expressed risk aversion to past regulatory and legal challenges involved in transferring assets to local communities. Austerity however forced the Portfolio Holder for Neighbourhood Services to re-evaluate historic service delivery preferences (Northshire CC Chamber minutes 26/10/11, item 7, p13) despite this challenge paternalistic assumptions of local civic groups and associations as to the desirability of Northshire continuing to fund a broad range of public services. This committees responsible for the governance and oversight of their community buildings being presented with an ultimatum. Either they voluntarily close or they are likely to infringe future local authority building regulations.
Key Quotes	Quote 1: I watched [the community buildings/centres team] move over the past two years from a position of saying, 'But we can't possible do that because the rules say X, to I am going to have word with an officer to see if we can have funding refined in that way' (anon, 16/06/14, lines 260-7, p7). Quote 2: The hard message for community organisations is that this is the only show in town. You may think you might survive but the people at county hall are quite hardnosed. Frankly if you don't play ball, you'll find you'll be starved of resources, and ultimately, for instance, it might be found that you'll not be building regulation compliant…If you want to keep this centre going in your village, and it matters to you, recognise that' (Anon, 16/06/14, p5). Quote 3: [Local communities] expect the local authority to do X, Y and Z. But the metaphor I tend to use: it's a relationship between the people at the community centre and county hall, which is like that between a rather exasperated parent – county hall – and a rather tetchy child who really should have left home by now. And the child is already late 20s, yet the child is saying, 'But you can't chuck me out…I know you are rubbish at doing my washing, and I know I am often late for meals and stuff, and the bloody meals are rubbish. But how can you do this: you are my parent. And the parent is saying: 'It's pretty much for your own good' (anon, 16/06/14, lines 209-13, p4).
Action Taken	Dilapidated community buildings requiring high levels of capital investment closed. 10 million in capital funding invested in 'salvageable' community buildings on condition organisational committees take financial responsibility for future maintenance and funding. One condition of capital investment was that building work was undertaken by the unitary authority.

5.4 Conclusion

This chapter presented a narrative account of how Northshire responded to the onset of austerity in 2010 and how the response evolved over successive years (2011/12 to 2015/16). However, the case study also focuses on how LGR enabled Northshire to respond adaptively to the top-down fiscal pressures imposed by austerity, even though political limits or barriers were placed on the capacity to alter or change the in-house service-delivery model. Northshire's capacity to retrench through efficiency savings was, to a greater or lesser extent, dependent on its ability to extract LGR savings. For instance, frequently within medium-term financial planning and service planning review documents reference is made to the impact of LGR in enabling the unitary authority to mitigate some (but not all) of the costs associated with having to implement reductions in central government funding. According to evidence presented before the Corporate Issues Overview and Scrutiny Committee on 9 December 2011, LGR produced savings of £20,501,000 pounds. These savings were primarily produced by reductions in wage costs following the abolition of the seven district councils into a single-tier unitary authority (9/12/11). However, savings also came from reductions in management costs relating to planning, environmental health, economic development, consumer protection, community saving and street cleaning. There was also a reduction in democratic representative costs following the reduction in the number of members elected to a single chamber. The period 2009/10 produced the highest amount of savings derived from LGR at £13,763,000; and 2010/11 produced savings of £6,738,000 (ibid., p1.). Although LGR savings largely came from reductions in staff costs following unitarisation, it was assumed that economy-of-scale savings and synergies arising from LGR could produce a total savings target of £60 million (senior officer, 23/11/13, lines 334–48, p.10). This was based on an estimate

that up to £18 million in savings could be implemented over the 2010/11 period despite an initial paper savings target of £21 million in the first year (ibid.).

Elevated levels of deprivation and changes to the central government funding formula, in which greater emphasis was placed on local authorities becoming financially self-sufficient via the growth and retention of business rate tax income, created top-down structural and administrative reform pressures. Furthermore, by 2013/14 and 2014/15, central government funding had declined by up to 40 per cent and was beginning to test the limits of Northshire's resilience to maintain protection for front-line social and welfare service provision. However, such a scenario was something the council leadership and Labour group had anticipated in 2010/11 when the condition of 'whenever possible' was added to the pledge not to cut front-line services. Equally, the willingness to adopt different service-design models in a limited range of service areas (e.g. community buildings and leisure services) was both a constraint and galvanising force for accelerating service reform in areas traditionally controlled by the Labour authority, such as the decision to divest library services to arms-length charitable trusts, even though the process encountered numerous political and organisational challenges. Nonetheless, the economic benefits of divestment in the community buildings and leisure services were reasonably clear. Divestment enabled Northshire to devolve responsibility for the management and running of in-house services that would either be closed or left in a permanent state of dereliction because of the upfront capital investment and maintenance costs, which challenged the assumptive outlooks of politicians and corporate managers.

Chapter Six

Southshire Case-study Narrative

6.1 Introduction

Chapter 6 presents the second of two case studies in this thesis. It examines how key decision makers in the local authority (Southshire) responded to the onset of austerity. Like the other case study (Northshire), similarities and differences in Southshire's pre-austerity political/administrative context are noted. This historical approach is taken to enable the observation of both similarities and differences in outlook, which affected and responded (both internally and externally) to the design and implementation of spending cuts over the long, medium and short term rather than simply focusing on how decision makers responded in the face of external shocks or crises. Adopting a longer-term historical perspective meant I could understand how past organisational change or service-reform initiatives shaped how decision makers responded to the financial, organisational and political risks posed by austerity. As with other local authorities, the 2010 Comprehensive Spending Review represented a watershed moment even though it did not necessarily take the former Conservative council leader (2005–11) by surprise. Despite agreement with the Conservative-led Coalition government's fiscal or policy rationale for austerity, senior politicians and officers were also guided and impacted by local contextual drivers for the operational model for how services were provided. So that it is possible to assess the short-, medium- and longer-term consequences of this response, this chapter examines how Southshire's cutback management strategy of divesting all but a few core services to civic/community organisations evolved in response to the ensuing political/organisational controversies. This has consequences for the framing of the chapter's narrative, for instance, the new strategic plan (NSP) to divest all but a few core services to third-party providers; rather than viewing

the strategy as a policy failure, due to the inability to garner broad political, organisational and civic/community support, I observe how many elements of the strategy endured this period of turbulence. A key focus of this chapter is understanding what elements of the strategy were discarded and/or maintained following the 'retirement'/'resignation' of the strategy's key architects – namely, the former council leader (2005–10) and chief executive (2006–11). One way in which this objective is achieved is through the presentation of mini case studies, which illustrate some of the tensions described above in relation to the new strategic plan.

Southshire is a two-tier county council located in southern England. Although Southshire has a long history of single-party Conservative administrative rule at both county and district council level, the shire authority was ruled by a Lib Dem/Labour Coalition before May 2005.

The chapter focuses on three connected time periods. Section 6.2 looks at Conservative attempts to reform the political/administrative culture, including an extensive programme of back-office efficiency savings between 2005 and 2009. Section 6.3 examines how the new strategic plan (NSP) developed and evolved in response to both the failure to achieve local government reorganisation and austerity. Section 6.4 describes how operational and political problems arising from local community opposition to the withdrawal of front-facing community services also affected a change in political/managerial leaderships, which, in turn, effected a change in the pace, tone and strategic approach to how spending cuts to services were designed and implemented. Section 6.4 examines the extent to which this represented a change in strategic direction.

6.2 First Conservative Administration, 2005–2009

The Conservative Party was elected in May 2005 on a wave of public discontent over two consecutive tax increases of 11.9 and 18.5 per cent. The former council leader (JP) entered office on a manifesto pledge of zero council tax increases and a desire to flatten organisational decision-making structures and undertake improvements in operational efficiency. Initiatives intended to give front-line staff more control over decision-making formed part of a broader agenda of political, administrative and cultural change (SCC, 2010). Budgetary reforms initially focused on extending the time horizons that service heads used when allocating resources from one to three years. Furthermore, introducing three-year rolling budgets provided budget-holders with a strong economic incentive to challenge the belief that if resources were not spent at the end of each fiscal year they would be 'lost' (council leader 1, 6/3/14, p.3).

Another key priority, which ran parallel to the introduction of three-year rolling budgets, involved strengthening the resource-monitoring scrutiny and allocation powers of central service departments (former council leader 1, 6/3/14, p.3). For example, the introduction of three-year rolling budgets, improving the quality, reliability and consistency of financial and performance data/intelligence, was viewed as key to challenging the power of some service heads to use the strategic, legal or political importance of their service to extract budget or resource-allocation concessions. According to several senior Conservative politicians this was evident on several levels:

- Service heads tended to place greater priority on protecting departmental resources because of the short- rather than medium- to longer-term budget horizons because these were linked to one- rather than three-year budget horizons (council leader 1, 6/3/14, p.3).

- Service heads in high-profile services, which had a strong professional identity, also had (at separate times) a history of resisting spending cuts to resources through pointing out the reputational and legal consequences of cutting services. The heads of these departments also had strong advocacy networks, both inside and outside the council, which could be mobilised to articulate the legal and wider reputational dangers of withdrawing resources from the highways or maintenance budget child care adoptive/foster care (council leader 1, 6/3/16, p.2).

Although reforms in the resource-allocation process helped to strengthen the power of central service departments such as corporate resources to monitor and scrutinise the financial decisions of service departments, issues around data quality persisted well into 2009. For instance, a 2009/10 annual governance report observed:

> *...there is a recognition of the need to further develop a culture of data quality within the organisation. In 2009/10 improvements were ongoing as data quality issues in waste management were addressed and performance tracking across children's and young people's services (YCP) and adult and community services (ACS) reflect the improved quality of recording in key measures. Work should continue to address data quality issues in 2010/11* [so that it is possible to integrate] *data quality management into the mainstream culture of the organisation* [annual governance statement in Statement of Accounts 2009–10: 21a, p.7].

The persistence of these data quality issues might reflect the tendency of some department heads to resist what they perceived as over-zealous interference by central service departments in departmental affairs. A variety of explanations might be attributed to the persistence of data quality issues. For example, a 2011/12 report by the head of strategic finance to the cabinet observed how effective budget management remained an issue. The senior officer commented: 'Initiatives to support budget managers and to strengthen

budgetary control and finance management throughout the council are ongoing' (cabinet report, Appendix B, February 2011: paragraph 22, 48). The continuance of this issue might reflect the continued power of departments to exercise direct control over the collection of corporate intelligence or data. Equally, it might also be a symptom of a deeper problem. Namely, there was a fundamental disagreement between senior officers in departments and the former chief executive about the pace and scope of the new strategic plan, which in turn also resulted in accusations that staff were not implementing the NSP with sufficient speed because of a deep-seated reluctance to devolve financial power and organisational control over how services were provided to third-party organisations. The former council leader (JP) and chief executive (AH) also believed there was active resistance to such change because a culture of 'excessive bureaucracy' and 'job protectionism' had taken hold in Southshire. This represented a long-standing issue for the former council leader, who had disagreed with the chief executive who preceded AH. For instance, early on JP expressed an intention to reduce the workforce by one in four. The chief executive at the time questioned the feasibility of this strategy because of concerns around the impact it might have on the continuity/quality of service:

> *I simply told the chief executive to get rid of one in four… The chief executive said he did not think we could get rid of one in four, but I said: 'You either do it or you leave: the choice is really yours.' I was quite brutal! We didn't achieve one in four but what we did achieve was a complete mind change in how services should be run* (former council leader 1, 6/3/16, p.3).

Staff reductions were viewed as a key priority by the Conservative group at the time because of its broader organisational impact on challenging resource-allocation beliefs and working practices, which to many Conservative council members seemed antithetical to good business-management practice. For instance, one senior Conservative cabinet member

described their horror at the 'enormous number of [staff] who don't do anything: they talk a lot, but they don't do anything in local government' (anonymous, 22/2/13, pp.1–2). It was apparent from interviews that some Conservative councillors took the view that a culture of job protectionism had arisen, in their view due to staff being appointed on a temporary basis through one-off grants provided by the former Labour government (1997–2010) to fund specific projects. When this one-off funding ended, staff continued in their interim role, and transferred to other departments and/or job roles:

> *There was an element of job protectionism and I think we should go back to the Labour years because Gordon Brown was always introducing funding for projects for two years, for example, and thereafter the council had to fund it themselves. So instead of contracting people to do that work for two years, which is what business would do, they would just employ them and then they had to find something for them to do, so instead of getting rid of them they carried on* (anonymous, 22/2/13, p.2).

JP used his professional experience of being a director of a City of London private bank to encourage a more entrepreneurial (risk-taking) and administratively more agile approach to designing and delivering public services, which were more responsive to different demands and pressures (Cellery 2010). Similar sentiments were expressed by other Conservative council members, who also spoke about the need to make difficult business and/or policy choices to overcome organisational, institutional or administrative obstacles to reform. This would be done with the former council leader leading from the front in terms of providing a clear ideological and policy steer for how the organisation should change (albeit transform) over the coming years:

> *I remember when I became leader, addressing the whole of the management group. I can see the council chamber packed to the rafters with middle managers. I thought, God was this the number we'd got? I abandoned my notes and said: 'This is the way we should do things: if you think you are not in agreement with it I think*

> *then you are working in the wrong organisation. Some of them did say goodbye and [went] onto other things. Some were very enthusiastic, and they said 'Yes, this is the way ahead'* (council leader 1, 6/3/16, p.7).

Although the language was robust, and it did effect change in terms of improving Southshire's efficiency rankings,[9] there still existed many opportunities for additional savings to be achieved. For instance, one senior officer who had first-hand knowledge of service-reform initiatives enacted over the 2005–10 period observed (albeit retrospectively) a continued capacity for deeper staff number reductions even after the full impact of the first year of spending cuts had been designed and implemented over the 2010/11 period:

> *What has been quite shocking is how flabby we might have been. Although this is incredibly difficult…not to underestimate the challenges ahead at all…some of this. although painful in terms of having to make people redundant…there has been some capacity to make people redundant* (senior officer, 17/12/12, lines 413–15, p.12).

Although this does not necessarily provide a complete validation of the former council leader's view that staff numbers had to be reduced because a culture of job protectionism existed, it indicates, while not fully substantiating, that staff numbers prior to and following the onset of austerity were relatively high.

However, there might have been other factors inhibiting the council leadership's ability to drive through top-down organisational reforms. First, although the former Labour government had developed various initiatives to improve the efficiency of public services through linking improvements in quality and performance to increased 'investment' and freedom from frequent central government inspections/audits (Davies, 2008), the

[9] For instance, by 2009/10 the county council was the second most efficient local authority in England and Wales.

fiscal/economic environment was one of budgetary growth rather than contraction (Gardner, 2017). Budget growth was not conductive to developing a compelling financial and organisational narrative, forcing politicians and senior officers alike to concentrate on protecting the provision of core services through redistributing resources away from lower-priority service areas. In this regard, the former council leader observed how he had been forewarned about the future financial challenges facing local government, and how it was necessary to prepare a more austere future in which central government funding settlements would be less generous than in previous years. However, these warnings of a fiscal apocalypse had fallen on deaf ears politically. Thus, JP observed retrospectively how he had been 'talking about (austerity for) a long time before any other council leaders were talking about it – and it became horribly true' (council leader 1, 6/3/16, p.3).

According to the former council leader, a second factor inhibiting change was a failure to push through a programme of mass redundancies. But this did not dampen the appetite of the council leadership to focus on reducing the size and scope of the authority. This ambition was somewhat frustrated by those senior officers who argued they were unable to maintain service quality standards without the same level of budget resources and staffing levels. Moreover, this issue became so difficult to manage organisationally and politically that the council leader took overall responsibility for the management of the issue away from the deputy leader, who was at the time the portfolio-holder for resources and transformation:

> *Because people would go before anyone was replaced at a management level, it had to be approved by my deputy, but after a bit I took it over myself, because it wasn't working as efficiently as it should have done. And I kept on saying 'no' and they* [service heads/senior officers] *kept on saying they could not operate like that. It was something they had never been used to. After we began to lose people at various levels strangely enough they managed to reorganise services: so, they continued to deliver services that they were meant to deliver in the first place. But they discovered they could do it with fewer people. It was a hard grind and it took*

> *some years to get the necessary change at all levels, but eventually we did get there* (council leader 1, 6/3/16, p.2).

For a long time, the Conservative group had emphasised the importance of applying commercial business-management techniques and processes in which the operational cost of running services was achieved through reducing the number of staff employed to deliver services or manage back-office support and administrative services. This preference for integrating commercial business practices into the design and delivery of public services also fed into the belief that the council was not always the best organisation to provide public services. Furthermore, additional efficiencies could be derived from contracting out services to organisations that had a more entrepreneurial outlook, and where staff numbers and costs were significantly less and there were greater opportunities to deliver more services for less money. These sentiments were expressed by several current or previous cabinet members at the time of interview in a variety of ways. For instance, one politician observed:

> *Coming from the private sector I am horrified by the amount of money that is wasted by the public sector. I'm with George Osborne* [former Chancellor of the Exchequer] *on this; there should be more cuts because there are an enormous number of people who don't do anything; they talk a lot but don't do anything in local government* (senior politician, 6/3/16, p.4).

Another Conservative politician raised a similar theme, contending that 'there were going to be massive cuts; because 'the Labour government had spent our inheritance…borrowing vast amounts of money' (senior politician, 23/1/13, lines 53–5, p.2). When explaining the rationale for the NSP, the same Conservative member also observed: 'There was no major conflict in the party group… We knew [the national debt] had to be corrected…we agreed that is what we needed to do… So, there wasn't any kickback [apart] from one or two mavericks!' (ibid.,

lines 64–8, p.2). Although divisions within the party group over the appropriateness of adopting the NSP did not emerge into the public realm until civic/community and national/local media controversy reached its zenith, between 2005 and 2009 there seemed to be broad political agreement on reducing council tax bills by driving through top-down efficiency savings throughout the organisation. Moreover, a political commitment not to increase council tax through driving down the cost of providing services reflected the business and vocational experiences of a substantial number of Conservative politicians, who as 'business people' focused on the 'bottom line' (CN interview with CDP, 18/6/16, p.1). Focusing on the bottom line had ideological, as well as pragmatic, consequences for how the Conservative group pursued organisational and cultural transformation. This reflected a general belief that 'over several years' prior to the Conservative group taking power the 'organisation hadn't changed much' (SCC, 2010) (CN, 18/6/16, p.1).

Challenging inefficient working practices was viewed as key to creating a more corporate culture. Consequently, central services departments, frequently viewed as the key agents for the development and integration of a more corporate approach, were given increased powers of scrutiny and oversight over departmental resource-allocation decision-making using benchmarks and other performance-related data. Reflecting on this period (2005–9), the current Southshire council leader (CN) observed:

> *You had daft situations where some departments were hiring buildings and another department was vacating buildings. The priority was first-of-all to create central services. Having had to look at how you can make the organisation more efficient by doing that and slow, it starts to move to how we can make the whole organisation more efficient* (CN, council leader 3, speaking to CDP, 18/6/16, p.1).

Although by 2009 the council leadership had been able to drive through at least 75 per cent of £70 million of efficiency savings, which had prepared Southshire to 'weather 75 per cent of the oncoming financial storm' (council leader 1, 6/3/16), the Labour government's rejection of the council's bid to become a single-tier unity, despite its acceptance by the English Boundary Commission, frustrated efforts to deliver higher economy-of-scale savings. One senior politician observed: 'The proposal to have one unitary authority [was] met with huge resistance amongst the district councils' (council leader 1, 6/3/16, p.3). Only one of the seven district councils 'was in favour of a single-tier unitary model' (ibid.), while another district council, which had previously supported attempts, had to develop county-wide reform for how back-office services were delivered vis-à-vis the customer service direct contract favouring the single-tier unitary proposal (ibid.). Other district councils proposed that two unitary authorities should be created, while two authorities rejected LGR completely (ibid.). Furthermore, the county town district council proposed setting up its own unitary authority. The latter LGR proposal was described by one senior Conservative politician as a 'tremendous driver… to create a [single-tier] unitary' because of a long history of political and territorial rivalry between the county council and the district council, which was exacerbated by the fact it was a Labour-run district council (council leader 1, 6/3/16, p.4; senior politician, JT). For instance, the above senior politician described the idea of the county town district council becoming a single-tier unitary authority as 'mind-bogglingly stupid' (senior politician, 14/11/15, p.3). Furthermore, the loss of a projected £90 million over four years was a blow to the former council leader and chief executive charged with the responsibility for delivering a successful LGR. For instance, JP remarked: 'Just imagine what the elderly could have done with 90 million pounds' (council leader 1, 16/09/16, p.2).

The Labour government minister's rejection of Southshire's LGR bid was also difficult to accept. Primarily this was because of past political and organisational barriers to developing county-wide cost-saving measures or initiatives, such as the failure to agree procurement terms and conditions in 2006/7 for the delivery of back-office and billing-support services by a leading British telecommunications company (council leader 1, 6/3/16, p.4). This resulted in the Conservative authority bearing the main financial costs and future liabilities for the customer service direct (CSD) contract between Southshire and the third-party telecommunications company. Moreover, by 2011 these costs had increased by 42 per cent, and eventually resulted in the contract failing because, in addition to increases in the contractual cost, there were also misunderstandings and disagreements between the respective management teams of the shire authority and the telecommunications company. All of this contributed to the failure of the CSD contract. For some senior Conservative politicians this provided a strong rationale for the failure to agree to its terms. For instance, there were disputes over how procurement costs would be distributed, and ownership and arbitration mechanisms for resolving disputes, due to a concern that the county council, as the largest organisational partner, would have greater influence over the external service-provider. These issues reflected a deeper concern that district councils would lose political and managerial control over the provision of externalised services, particularly how such a move might result in them being 'picked off as the smallest district councils…[leading] to concerns about "who knows where it is going to end up"' (council leader 2, MB, 23/2/16, p.7).

For this reason, some district councils lobbied hard for a two- or three-tier unitary model. Furthermore, although politicians and officers talked about collaboration between county and district tiers on a cross-county level, pointing out that this had produced tangible results

(i.e. the pooling of business rates to enhance the effectiveness of how resources were distributed across the county), austerity tended to accentuate district concern that the financial and organisational case for reorganisation would become even stronger. Indeed, some district council leaders believed they were at greater risk of being swallowed up by a county council focused on challenging (albeit disrupting) past organisational and political consensus with its objective of achieving savings of efficiency improvements, when in the past it would have adopted a different, more collaborative style. It is not surprising, therefore, that four of the seven district councils in the county sought to protect their institutional and political/administrative independence through complete or partial mergers of service sectors and functions together. In the case of two neighbouring district councils, a complete merger resulted in the creation of a single council chamber later.

In summary, the chapter has so far addressed how the first Conservative administration sought to leverage changes in internal resource-allocation decision-making processes and procedures to enact deeper changes in the political/administrative culture. Territorial governance conflicts, however, between the county and district councils limited the capacity of the council leadership to achieve broader cross-county service reform via the merger of back-office customer-support billing and human resource functions. The next section considers which local and national policy factors influenced the development of the NSP.

6.3 Local and National Factors Influencing the Development of the New Strategic Plan

Once it became clear that any incoming Conservative administration was unlikely to revoke the Labour minister's decision to reject Southshire's LGR proposal to become a single-tier

unitary authority (JP, 6/3/16, p.4), both the council leader and chief executive (AH) searched instead for an ambitious cost-cutting programme involving radical changes in how services were delivered. The former council leader observed:

> *The group could see there wasn't much of an alternative, because if we couldn't get the savings through the unitary route, which might have been in the first four years, and that would have substantially grown as we went forward with those savings, and we had to hold council tax with no change, they could see from my three-year rolling budget what the consequences would be if we did nothing. So, they understood quite clearly what would happen if there was no change and they understood* [that the new strategic plan] *was the right way to get the savings* (JP, council leader, 1, 6/3/16, p.5).

Another related factor that might help to explain the development of the NSP was the arrival of a new chief executive (AH). Early on it was clear that both the former council leader and chief executive shared a common political/administrative perspective on reforms based on the need to reduce staff numbers. Over the previous two years, senior officers had questioned the feasibility of the strategy because of a fear that services would not be able to cope with such a drastic reduction in staff levels and associated support. Interviews of senior staff suggested that these objections might also to be premised on a belief that the county should run most of the front-facing or neighbourhood services. This was a perspective that the council leader wanted to challenge, but, until AH's appointment, was unable to do fully because of the belief that the previous chief executive was not aligned with the council leader's thinking on this matter:

> *AH arrived very much in line with my thinking, more than the previous chief executive, who was a good chap, who moved to X council. But she was very, very much in tune with what I was thinking. We worked very closely, talked about the 'burning platform', how to get rid of this idea that all councils should run all services. They don't!* (council leader 1, 6/3/16, p.6).

Some politicians within the Conservative group questioned the extent to which the former chief executive used their personal influence over the former council leader to assert more independence than might have been the case under the previous chief executive. This raises questions about the extent to which 'being in tune' with the former council leader's 'thinking' or vision for the future role of the local authority might have resulted in a blurring of political and professional roles. For instance, one Conservative politician observed how the former chief executive 'had set…sights on Southshire CC and [knowing] the way to win was charm JP, and that is what X did. Professionally X was good at show-casing their talents' (anonymous, 2/3/13, p.4). This view seems to differ, however, from other accounts describing AH as both the creator and initiator of NSP – an approach to public service delivery that was alien to the political/administrative culture of the county because it offended the gradual incremental approach to reforming public services favoured by small 'c' Conservative (or one nation Tories) in the council's Conservative group:

> *He* [JP]…*was persuaded in his own mind that AH was right for Southshire… AH said things cannot go on the way they are, and we simply should look at what we must do. We then embarked upon this new strategic plan under AH, which involved making the county like a virtual authority, with all our services farmed out, and a small number of staff. The point of all this is that Southshire is Conservative with a small 'c' and though we recognise that local government was at risk we didn't recognise that Southshire would be first in the firing line. There were many other authorities that would go bankrupt first, and AH was determined to make* a n*ame… So, we got into a situation where things were ripe for disposal* (Conservative council member, 7/3/16, p.1).

Another factor was the capacity of the former chief executive to persuade the council leader and large parts of the Conservative group about the merits of adopting an approach to service delivery. This was despite the fact that such an approach seemed alien to more traditionally

minded Conservative politicians and party members, who viewed themselves as 'defenders of the people' against deep cuts to local services (Conservative politician, 4/03/16, p.2).

A confluence of local factors shaped the development of NSP. First, the rejection of Southshire's LGR bid by the Labour government, and the refusal of the incoming Conservative minister for local government (Eric Pickles) to reconsider the decision, meant newer ways of identifying economy-of-scale savings had to be found. This was a search for a more innovative and adaptive response to the financial pressures that the former council leader and chief executive genuinely believed would befall the local government sector in future years (council leader 1, 6/3/16, p.3). One may question the extent to which this vision of an austere future represented a polemic argument to challenge or disrupt traditional in-house models of service delivery through invoking doomsday crisis and future catastrophe language, such as likening austerity to an 'off-shore burning platform' to which the local authority had to respond (CN, 2010b). Alternatively, given the increasing demand for social care adult services (in particular) exceeding the capability of central government to provide adequate resources represented a sector-wide 'graph of doom scenario' (Wilks-Heeg, 2011).

Of the two interpretations offered above, the second seems more convincing. For instance, the fact that it happened 12 months before George Osborne delivered his emergency budget speech to the House of Commons in June 2010 seemed to suggest that political, rather than financial or organisational, concerns were the key driver. Hence, the Conservative politician's reference to the fact that, although like other authorities Southshire might face a difficult few years, comparing the authority to a 'burning platform' missed the mark because 'we didn't recognise that Southshire would be the first in the firing line. There were many authorities that would go bankrupt first and AH was determined to make [his/her] name' (Conservative

council member, 9/3/16, p.1). These comments suggest a tendency by some to exaggerate the consequences of what was frequently described apocalyptically as an 'oncoming financial storm' (ibid.). However, in likening the fiscal consequences of the economic downturn to a 'burning platform' (ibid.), the NSP was also presented as a rational and proportionate response to a financial future in which there were fewer resources to meet increasing service-user needs and demands, especially in adult and child social services.[10]

However, the NSP in 2009 was the subject of internal party discussion. Moreover, during this time, it should be noted that the financial and policy case for adopting the strategy was explained in terms of the need to continue to drive down operating costs so that a manifesto commitment not to increase council tax could be maintained. This reinforced an important political and policy red line for the Conservative group as a whole because in the run-up to the 2009 local government elections the party focused on how it had passed on efficiency savings over the previous four years to the public in the form of reduced council tax bills.

Moreover, it was not until February 2010 (several months prior to the May elections) that the NSP was publicly introduced. This was influenced by several political policy timing factors. First, prior to 2010, greater emphasis was placed on the need to protect 'vulnerable population groups' or service-users from the effects of the global recession on different sectors of the local economy, and it was argued that this was best achieved through ensuring that resources received from central government were spent wisely. Thus, in February 2009 the chief executive wrote an email to staff asking them to save £50,000 a day through 'not spending money on something you would have done at work in the next 6 weeks [so that it is possible to transfer money into a special fund we have set up]' (Chief Executive AH, quoted

[10] A reference to the BP oil platform burning off the Mississippi/Louisiana coastline in 2010.

in Southshire newspaper, 26/02/09). The launch of this recession fund in February 2009 was the first stage in a broader PR salvo demonstrating the Conservative administration's willingness to protect the most vulnerable from the economic costs and risks of the 2008 downturn. Equally, the recession fund also fed into a broader narrative around the need to manage the 'converging risks' of 'reduced central government funding' and 'increasing service-user demand for social care services due to increases in the number of over 65s and 75s locally' (Chief Executive AH, quoted in Southshire newspaper, 26/02/09). On this point, the former council leader observed:

> *Well, we had a very good chief executive…* [AH] *was very insightful in that respect and used the term the 'perfect storm'. We had converging risks: we had increases in the elderly population, and reduced funding, and it was very much over the horizon, we could see a loss of central government funding. At that stage, we got together as a cabinet and said 'okay, we know we've got to do something so let's start doing it now before it is forced on us'* (JP, 2/3/16, p.3).

In this regard, the recession fund sought to prepare the political ground for the public introduction of the NSP in February 2010.

The funding concerns described by the council leader as being 'very much over the horizon' were not immediate, and this meant that publication of the NSP for divesting all but a few core services was postponed for political reasons until after the 2009 May local government elections (former council leader, JP, 31/3/16, p.9). However, the then Labour government's decision to maintain subsequent public spending levels in response to the severe economic and financial crash provided David Cameron's Conservative Party with a political opportunity to articulate the case for reducing the deficit (which had risen to 60 per cent of gross domestic product) (Dyson, 2016). The election of a Conservative-led Coalition government with a fiscal agenda to cut the budget chimed with the views of some local Conservatives, who believed the pace in the growth of public sector spending had to be slowed down following the election

of a Conservative government (former council leader, JP, 31/3/16; senior politician, JT, 31/3/16, p.3). Thus, following the establishment of a Conservative/Lib Dem Coalition, the Big Society and localism agendas, with their emphasis on removing town hall red tape and devolving power from Whitehall to elected local decision makers and communities, were viewed as a policy carrot to counteract the extended use of a fiscal stick to drive down public spending.

Generally, these policy agendas provided an opportunity for some local authorities and communities to pioneer new models for delivering public services to reduce the operating cost of providing services to local communities, which, in the words of one senior Conservative politician in Southshire, 'they were more than capable of providing themselves' (JP, 31/3/16, p.2)**.** The NSP philosophy fed into a broader national Conservative policy agenda of changing how public services were managed and delivered through reducing their operational costs by asking local communities to volunteer their time and resources to assist with the delivery of services previously delivered by the local authority. On another level, the council leadership also sought to downplay the idea it was a carbon copy of national Conservative policy, since this would undermine the argument that the NSP was a strategic rational response to increasing budget pressures and changing age demographics. For instance, one senior politician observed how the former chief executive, AH, was a:

> …*very good chief executive... who was very insightful [and] used the term 'perfect storm'. We had converging conditions: we had [an] increase in population, and reduced funding, and it was very much over the horizon, we could see it funding. At that stage we got together as a cabinet and said, 'Okay, we know we've got to do something so let's start doing it now before it is forced on us*' (senior Conservative politician, JS, 5/4/16, p.3).

Responding to this 'converging condition' led to the development of a new strategic vision for how services could be reorganised within the county. However, given the importance of the Big Society and localism in the NSP document, one should also question the extent to which the strategy represented a carbon copy of national Conservative Party policy concerns and issues rather than a local response to the 'converging' financial and organisational risks described above. For instance, the current council leader, in his/her online blog, observed: 'When you read the Big Society paper, listen to how they want to empower us and implement change, then how this sits with the new strategic plan; it's a bit spooky really' (senior Conservative politician's blog, 9/7/10).

6.3.1 Response to the 2010 Comprehensive Spending Review

The decision by the former council leader (JP) to speak publicly about the NSP in February 2010 was taken to prepare the political ground for the need to make deeper spending cuts following the May 2010 national general election. These cuts would have to be made irrespective of whether the next government was Labour or Conservative, although both parties disagreed about what was the most appropriate method for reducing public expenditure. One senior Conservative politician observed, two months before the May election:

> *The Budget deficit is not a distant surreal thing or something that is going to take care of itself; it will require significant cuts in public spending. As we enter a different era for local government and seek to manage the funding cuts that will be coming our way, we will have to make extremely difficult choices as to what services we can and must provide* (CN blog, 1/3/10, Funding and Carers Debate on Radio Southshire).

References to local government entering a different era were consistent with previous communications around NSP as a rational, pragmatic financial response to austerity, because it sought to 'fundamentally lower the cost base of delivering services… [so that] in 5 years' time we will be delivering more services that people want than if we just "kept our heads down" and salami-sliced our way forward' (council leader 3, blog, Calm Before the Storm, 18/07/10). Taking a strategic approach to spending cuts meant targeting savings at those areas of service delivery that could have their operational costs reduced through changing the model of service delivery. Rather than incrementally hollowing out service provision, as was the case in Northshire, the council leadership attempted to underline the strategic or rational elements of NSP (arguing that the in-house model of service delivery was overly bureaucratic and inefficient). Furthermore, greater emphasis was also placed on downplaying the potential negative political consequences that local communities and service-users viewed as essential to maintaining social, economic and civic wellbeing. In this sense, the NSP aligned its mission to cut those parts of the organisation deemed too costly in the new fiscal paradigm following George Osborne's emergency budget statement (June 2010) and the Comprehensive Spending Review (October 2010) with a broader policy narrative around devolving and democratising the delivery of services through local communities deciding which services they want to maintain or let go.

The extent to which this approach was viewed as a choice or an ultimatum in which local communities either had to take ownership of the delivery of services or risk losing them is a subject that is discussed in the next chapter. For now, it is possible to observe how the financial and organisational rationale for protecting front-line social and welfare services in Southshire was like other shire authorities of similar or differing political creeds. Adult and child social care services represented high-priority, high-demand services in which cuts to

service-user elements of the service required a more gradual incremental approach to reform. In Southshire this resulted in the development of a 'save to invest strategy' in which preventative care strategies were developed through better advice or sign-posting of alternative services. However, despite the potential to reduce future adult or child social care costs, social and demographic cost pressures arising from an up to 90 per cent increase in the number of elderly people over the age of 75 meant that these costs could not be mitigated by divesting services to local communities.

The 2010 Comprehensive Spending Review galvanised the pace at which reforms to adult and child care services were introduced by the council. However, given the strategic and legal importance of these services, the NSP's service-reform model of divestment did not apply. Although a 'save to invest strategy' was used at times, this was problematic because it required upfront investment when service budgets and the ability to create and maintain spending contingencies were under pressure. Added to these were redundancy costs, which were high given the focus on altering the operational cost base of the shire authority through wide-ranging reform of service delivery under the NSP.[11] For instance, the council leader observed:

> *I questioned why the county council had to deliver that many services at all. What are we doing delivering services which other people are more than capable of delivering at lower cost, and probably more efficiently? It seemed to me that the remit of a county council was to keep the roads in good repair, educate the children, take care of the disadvantaged and the elderly. Other than that, why do we want to do it*? (JP, 5/3/16, pp.1–2).

This vision of local government represented a shift in outlook over the 2005–9 period when the council leadership and former chief executive was driving through £70 million of efficiency

[11] According to estimates published in official council documents, the costs of library service remodelling were to be repaid within two years.

savings. On the one hand, the NSP philosophy took the view that by redefining Southshire's purpose it was possible to strip out inflexibility, bureaucratic costs and/or inefficient working practices, which added to the total cost of providing services. Thus, one senior politician observed how NSP was both a reflection of the need to save money and an indication of the council's future policy direction following the election of a Conservative-led Coalition government: 'Now funding is being cut it's for us here in Southshire to decide how we want to shape our services in the future: it's about making tough decisions and making the right decisions in a way that has not been possible under Labour, and that is the freedom, the difficulty and the challenge ahead' (council leader 3, blog, Calm Before the Storm, 18/07/10). Furthermore, the NSP was presented as an opportunity to democratise how services were delivered, with local communities deciding which services they were willing to resource, even though in the case of community libraries and school crossing patrols this was perceived as more of an ultimatum than a choice. In this regard, the council leadership sought to present the NSP as a pragmatic and rational response to austerity intended to enable Southshire to continue to resource high-priority, high-demand social and welfare services. Opponents argued it was more a 'concept' than a 'viable strategy' driven by an overt ideological agenda (Southshire Unison Letter, published in local newspaper on 22/9/10, p.66).

In summary, unlike the 2005–9 period, the NSP introduced a new, more radical programme of service reform. The focus shifted from efficiency savings to redefining Southshire's purpose. In the next section I describe some of the problems that arose from this change in strategy.

6.3.2 Problems with Implementing the New Strategic Plan

A key premise of the NSP policy was to 'cut out layers of organisational bureaucracy, leaving a cheaper, more efficient core, and feeding money more effectively to services of people in

need' (ibid.). This had far-reaching implications for how Southshire CC provided public services, internally reorganised working processes and procedures and staffing structures, and engaged with diverse urban and rural communities.

The first issue relates to the strategic and logistical challenges of providing services across a diverse urban and rural county, which included a complex mix of affluent middle/working-class and deprived communities. This was problematic on several levels:

1. The complex socio-economic geography of the county meant that it was difficult to implement a 'one-size-fits-all approach' to service delivery or divestment of former council-run services.
2. Targeting service at high-need poor communities was especially difficult because of how they were spatially distributed across the county. For instance, in rural areas deprived wards were clustered near more affluent areas, whereas in urban communities such as the county town poverty was more widely spread within wards/neighbourhoods.

Social- and demographic- care- related costs increased at a faster rate than in other similar-sized shire authorities because of the attractiveness of the county as a place to retire and its relative proximity to other large urban population centres.[12] This created additional resource-allocation pressures, which in turn put pressure on lower- priority statutory and non-statutory services. For instance, the assistant finance director, in a written report presented to the Budget Scrutiny Committee in October 2013, observed how 70,000 people in Southshire are

[12] *Southshire Times*: 'Southshire is one of the best counties to retire in England and Wales, says new survey, 20 August 2017'.

were over the age of 75, with the number expected to rise to 84,000 by 2020 (an increase of 20 per cent). Moreover, the number of people with dementia in the county was expected to increase by nearly 20 per cent from 11,000 in 2013 to 14,000 in 2020 (Pre-Cabinet Decision Scrutiny of Revenue and Capital Budget, 20/10/13, paragraphs 13–-14, p.3). At a 2010 County Council Network conference, the portfolio-holder for adult services explained how reductions in central government spending and increased demand for social care services meant that in the long-term Southshire would have to '"deliver less and less services to more and more people'":

> *The figures on this slide speak for themselves and how a 90 per cent increase in the numbers of older people between now and 20 years' time and 100 per cent increase in the numbers of older people with dementia. I can see no evidence that we will be resourced to meet that demand, so it is up to us if we are to provide services to [an] ever-increasing number of people, then we simply cannot afford to lose money where we know we can save money. If we do nothing, we will, over a period of time, deliver fewer and fewer services to more and more people* (CN, 23/11/10, County Council Network Conference 2010).

A second issue was related to the lack of community- and voluntary-sector consultation on the proposed reform and the political problems this created for the council leadership and the former chief executive. This was surprising given the emphasis that the divestment policy placed on developing the local market for service delivery of which Southshire could then develop a viable commissioning strategy procuring local services from local providers. A lack of effective consultation fuelled political, public and media speculation over the NSP's democratic legitimacy, causing some residents to believe that the strategy was primarily motivated by the former council leader and chief executive's desire to 'make a name for themselves' (local newspaper, 3/10/10, p.15). Trade unions (especially UNISON) also asked elected council members (especially those in the ruling Conservative Party) to consider the wider impact of the NSP on the capacity of councillors to exercise proper oversight/scrutiny

of divested services (local newspaper, 4/11/10, p.20). Elected councillors were also asked to look beyond their own parochial concerns to consider the wider consequences of divesting home care, library and young people's services on their urban and rural communities (Southshire Unison Letter, published in local newspaper, 22/9/10, p.66):

> *Do you really want to be the person responsible for the break-up of those services and answers to your constituents? Could the famous 'burning platform' have turned into a burning bridge for you as a councillor? You may think you are voting for a new direction for the county council, something strategic and far away from your division, but do you know what it means? Are you ready for communities without adequate home care services, libraries, services to young people, care for the elderly, children's centres, support for those with disabilities, help for our urban and rural communities* (ibid.).

While the opposition Labour Party shared these concerns, the Liberal Democrats were less concerned that divestment might diminish the capacity of elected councillors to respond quickly to service-quality concerns. Thus, a Liberal Democrat spokesman observed:

> *Services can be delivered more efficiently by external organisations, but their work must be monitored very carefully. There have been occasions when the services were not up to the standard we wanted, and the council must be able to respond quickly if there is a problem* (Southshire newspaper, 4,000 Jobs to go in County Council Carve-up, 8/9/10, p.13).

A third concern related to the lack of a clear actionable strategic plan for how services would be divested or closed down. This was problematic for several reasons:

(i) Strategic and logistical difficulties were either not sufficiently accounted for or were ignored in the rush to close or withdraw front-facing services.

The council leadership assumed that communities would take over the day-to-day management of open youth and access libraries. When this proved not to be the case

communities were faced with a choice: either they raised the money locally for the service to continue in its current form or they took over the running of the service themselves. One officer characterised this response as a loaded-gun approach, which essentially discriminated against rural communities since they had the lowest number of service-users and were also costlier to resource because of the remoteness of their location:

> *The model as proposed we consulted on 2011 was splitting libraries between county and community libraries. Basically, funding would cease for community libraries. So, communities would either step up and find the money to keep the library running or run it themselves* **[Interviewer]:** *Were community libraries located in rural places?* **[Officer]:** *Typically, yes, because typically we are a rural county. There are some smaller libraries in the county town, which were handed over. It was like pointing a loaded gun at the community and saying: 'If you care about this service you find the money'* (officer, 15/12/1, p.4).

A similar approach was pursued in relation to open access youth services. However, the political consequences were less dramatic in terms of managing the political fall-out and closing or withdrawing services from local communities. Since library reform came after changes to open access youth services, the council leadership did not anticipate such a groundswell of public opposition and resistance to the closure of community libraries. Misreading public opposition to the proposals resulted in a county-wide petition being organised, in which 19,200 signatures were presented to senior politicians and officers in county hall. Both the high-profile nature of the protests outside county hall and negative national/local press coverage over the 2010/11 period convinced the council leader and chief executive to 'very quickly rethink their approach' to cutting spending in a service originally viewed as an 'easy test case for divestment' (officer, 15/12/12, p.5). Furthermore, plans to divest the library services to local communities were also unacceptable for town and parish councils, who were being asked to take economic responsibility for taking over the running of

community library branches without adequate assurance about how the service would be resourced in the future. Thus, the CEO of a para-local government organisation representing town and parish councils observed how their membership was:

> …*deeply upset about the fact that they felt the district and county council is trying to dump things on them. They* [town/parish councillors] *never thought they were going to have to run libraries, or fund school crossing patrol people, or run county parks or anything like that. They suddenly found themselves in a situation where there was an awful lot of pressure to deliver more, but also, they were being tarred with the same brush as the district and county councils by the government* (CEO, 21/3/14, pp.5–6).

The assumption that organisations with little experience of the service they were supposed to inherit, and fewer resources to do so, could take such action was further complicated by more specific operational considerations. For example, the withdrawal of open access youth services in a rural community could push up the rental, lighting and heating costs of other tenants occupying a building (officer, BP, 17/12/12, p.4). Additionally, there were also legal and contractual problems concerning who would be responsible for maintaining or looking after buildings following the withdrawal of former county council-run services, since they, as the main tenants, were often responsible for 'managing the letting of buildings' (ibid., p.4).

A fourth concern in implementing the NSP approach reflected an amalgam of organisational learning-capacity problems and issues. These ranged from low levels of public consultation and ineffective stakeholder communication about how service divestment would be introduced across a broad range of front-facing neighbourhood services, and the lack of a clear programme-management plan, which, in turn, was exacerbated by an unrealistic timetable for implementation. For instance, in conversation with Dearden Phillips et al. (2011, p.46), the assistant chief executive observed how the NSP was based on the 'blanket idea that

the council would eventually not be involved in any service provision' (ibid.). In this sense, the ambitious scope of the strategy, the disposal of all but a few core services, and the use of a two–three-year timeline were unrealistic because they were guided by the 'burning platform idea' that services had to be disposed of quickly (senior officer, CB, 23/12/1,3 p.5). This timeline exacerbated problems around clear communication and planning, leading one officer to observe how, although there was much discussion about alternative service-delivery models, corporate messages and planning around divestment was unclear (senior officer, 17/11/12, p.3).

Staff morale issues and confusion about how the NSP should be implemented came to a head in May 2010 when the chief executive sent an email to staff expressing concern that they were not 'delivering' the NSP. In an email leaked to the local newspaper, AH observed how the 'burning platform of the fiscal crisis is coming but we are acting as if it's off the shores of Louisiana – too remote to affect us. So, Friday was a call to action – the start of a programme of change that will reduce costs' (local newspaper, 20/5/10, p.2).

6.3.3 The Political/Administrative Fall-out Over the Failure of the New Strategic Plan

Council leader 1 (JP) stepped down on 30 March 2011, with several reasons offered by senior politicians and backbench members for this. In a public statement JP said that after six years as council leader, and ten years as party group leader, he had decided to retire at the age of 75.[13] Other Conservative politicians argued that the various political controversies caused by

[13] Despite JP's decision to retire, he remained an elected representative until after the May 2013 local elections.

how the NSP plan for service reform was implemented were a primary reason for the council leader's resignation. For instance, one senior Conservative politician observed that:

> *Southshire County Council was…very brave in coming out with* [the NSP], *which was all about cutting services in what I saw as quite an indiscriminate way, and we were fighting all sorts of political battles around getting rid of school crossing patrols…* [in which] *we expended enormous political capital… We gave so much ground to our political opponents. I could see the county council and the Conservative group was getting into political trouble* (senior politician, 17/11/12, p.1).

These cumulative pressures stoked the fires of backbench rebellion, especially among traditional shire one nation Conservatives (or 'Tory Backwoodsmen'), who sought a more incremental and structured approach to how reforms were introduced. For instance, one Lib Dem council member, who was also a political blogger, observed: 'Many one nation types don't like anything fancy and prefer to see the council out of the news. Others are big community players who are likely to be seen on the side of the people. For the Backwoodsmen, NSP had always been a challenge' (Lib Dem councillor's Internet blog, 19/4/11, p.3). This very same group of politicians also believed that JP had given the chief executive too much discretionary power: '[Council leader 1's] life had been made a misery because of the bad publicity. He didn't know how to control [the former chief executive]' (Conservative politician, 4/3/16, p.2). Additionally, concern that the council leader/leadership was 'giving too much ground' to 'political opponents' (ibid.) was further exacerbated by the seeming inability of the council leadership to create a political narrative that could effectively respond to community concerns. The belief that the NSP was more suited to an urban metropolitan setting than a rural shire authority also meant it was harder to defend the service-reform philosophy behind the NSP. This was especially the case when the NSP prioritised radical change over gradual incremental reform using

concern around Southshire's capacity to protect future core social and welfare services through invoking crisis-prone language to justify what one senior Conservative politician observed as a justification for 'cutting services in an indiscriminate way' (senior politician, 17/11/12, p.1).

Following JP's retirement, the search for a new council leader commenced. Three candidates stood in the leadership contest. Two were current cabinet members, while MB, as head of scrutiny, had not held a cabinet position. MB's distance from cabinet decision-making provided him with an opportunity to distance himself from past mistakes. Furthermore, as a former council leader of a district council, he was viewed as the more able and trusted candidate to turn the tide of negative press coverage and address past controversies caused by the NSP strategy. This contrasted with the political position of the other two contenders. Both had publicly championed NSP despite growing public and political opposition. This led a local journalist to describe one of the two cabinet members as 'chief cheerleader for whipping up support for NSP right to the very end' (local newspaper, County Leadership Battle Has Left Many Observers Confused, 27/3/14). The same journalist also commented how this politician had been seen as 'JP's', council leader 1, 'heir apparent, but in 2011 [the party group] decided they wanted something different' (local newspaper, County Leadership Battle Has Left Many Observers Confused, 27/3/14). Although MB characterised himself as the candidate of change, the political outsider who could politically and organisationally 'stabilise the ship' and take back political ground lost to opponents, he avoided making any promises about the former chief executive's future. For legal reasons the matter was to be treated as an HR issue. Nonetheless, MB was able to assert his credentials as a 'safe pair of hands', who (if necessary) would seek to appoint a new chief executive. Thus, one Conservative politician, observed:

> **[Conservative politician]:** *My position was that I was not certain we could* [sack the former chief executive]*, while* [council leader 2, MB] *knew he could move against her and sack her. So, I was in a situation of saying, look at my record in dealing with officers, but I was not the one who was pressing the nuclear option. But he could.* **[Interviewer]:** *Why?* **[Conservative politician]:** *Because MB knew that if he got elected he could deliver, because there was political support to do that, and a way could be found to get rid of* [the former chief executive] [Conservative politician, 4/6/16, p.16].

Once elected, MB publicly argued that there would be a change of direction under his leadership. In part this depended on demonstrating a willingness to learn from past mistakes through avoiding overt references to service-reform ideas set out in the NSP strategy. For instance, MB observed: 'We have purposefully not come and said "this is now the new, new strategic plan. There are people in the media and opposition groups who are just waiting for us to come out with something like that and then they can turn around say "there you go again"' (MB, 17/1/13, p.12). Politically this was important because it helped to shift the tide of negative press coverage. It also helped to change the public/political tone. This transition was helped by an acknowledgement of how the strategy itself had become a politically toxic brand because it failed to anticipate the consequences of withdrawing public services without making adequate provision for alternative means, methods or even viable models of service delivery (Bovaird 2016). For instance, one senior Conservative politician observed how the former chief executive had:

> *…destroy[ed] any credibility the administration had, and its ability to make decisions, and the new strategic plan that she was identified with had become a completely spoiled project really – it lost all credibility* **[Interviewer]:** *Could you describe the new strategic plan as a brand?* **[Conservative politician]:** *It was very much a brand, and like all brands you immediately put a target to it: it's like painting a target. If you were going to comply completely, at one stage they were talking about getting rid of tens of thousands of staff, a skeleton of an organisation with everything outsourced, without any thought to how that would fit into a place like Southshire, with all the complexities of the different communities we had. And what I identified, a point I suppose then made my argument, was that Southshire was a*

> *rural county. The whole philosophy of the new strategic plan was very much an urban thing* **[Interviewer]:** *An import from London* **[Conservative politician]:** *Very much so, it's the sort of thing that Lewisham and Wandsworth… But the sort of service like, council like view of things where you pay for what you want and nothing else, and everything else is outsourced – which doesn't work in a county like Southshire. There was this enormous gulf going on* (Conservative politician, 22/3/16, pp.2–3).

Negative publicity surrounding the new strategic plan was further compounded by low staff morale, which in the view of the same Conservative politician created an 'absolutely toxic situation' (Conservative politician, 22/3/16, pp.2–3).

6.3.4 The Search for an Alternative Strategy or a Change in Tone

After being elected council leader, MB had to balance two main priorities. As observed above, he had to politically and organisationally 'stabilise the ship', which could only be achieved through ensuring that his actions and words over the coming weeks and months were not a cause of 'too much instability'. For instance, one senior politician, who was also a cabinet member prior to the 2013 May election, observed how MB sought to build a coalition of support within the party. This meant that it was not until after the 2013 local government elections that he sought to exercise his authority (senior politician, 9/3/16, pp.6–7).

Winning back the credibility and trust of the public was a top political priority through being seen to proactively respond to community concerns around the future of community libraries and school crossing patrols. For instance, on a BBC Radio Southshire interview, MB argued how he would deliver a more inclusive and consultative style of leadership:

> *Because I think we need to respond to the strength of feeling that there is out there, there is an opportunity with a new leader coming in to say: 'Right, we're going to have a change of point of view on this', and 'we're going to re-emphasise certain things…' We want to work more co-operatively than perhaps you feel we have before. I think the intention was always there before. You'd probably argue that it*

> *hasn't come across as it should do. That we want to change!* (BBC Radio Southshire, 12/5/11, AM).

The first few months of MB's leadership were spent 'redefining the post-new strategic plan' (council leader 2, 17/1/13, lines 27–35, p.1). But how new was the 'post-new strategic plan'? MB sought to 'soften the whole approach' (council leader 2, 17/3/16, pp.3 and 5) through toning down the crisis-prone rhetoric of the 'burning platform'. He also sought to take a 'velvet glove in an iron fist approach' on 'doing some of the difficult stuff around the new strategic plan because some of it needed to happen' (ibid., p.5). This was less a recantation of the NSP's earlier emphasis on divesting service provision to external providers than rebuilding some of the 'partnership working relationships', which had been 'adversely affected by the NSP' (council leader and senior officer, 17/1/13, p.5). While there was a noticeable change in the crisis-prone language used to describe Southshire's response to austerity, the post-NSP also sought to address some of the organisational damage that had been caused to staff morale and retention.

In place of the NSP a new operational model (NOM) for service reform was developed. For some this represented an updated version of the NSP (a newer, new strategic plan). However, the NOM was more flexible in terms of its ambitions to reform how service was to be provided, and the pace at which such change was introduced. Divestment remained a key feature, but it was not divestment at any cost. For instance, regarding the NSP, MB observed: 'Simply said, here's the problem: we're going to run out of money, we need to change how we do things: it's now over to you [the community] to keep these services going' (council leader, 17/1/13, p.5). Conversely, although the NOM sought to be more consultative externally, this was intended to distance the council leadership from past mistakes such as

the view that the ruling administration prioritised money over the consequences of withdrawing services from local communities who were unable or unwilling to 'step up and keep services going' (council leader 2, 17/1/13, p.5).

Another difference between the NSP and NOM concerned the pace at which changes to services were introduced as part of a cost-cutting process. Equally, by slowing down the pace of reform and addressing some of the morale issues that some sources had attributed to the way in which top-down decisions were communicated (whistle-blower allegations involving bullying), organisationally the NOM rejected a one-size-fits-all approach to how cost reductions could be achieved (senior officer, adult social care, 8/1/13, lines 383–7, p.11). This was despite there also being 'lots of similarities [between] the new strategic plan and our new operational model [in adult social care] (ibid., lines 126–31, p.3). Furthermore, 'Certainly, in the adult social care new operational model, we work with a lot of divested organisations who were divested under the new strategic plan (ibid., lines 129–31, p.3).

Moreover, the NOM's rejection of a one-size-fits-all approach to reducing operational costs also encouraged the development of ad hoc solutions in which structural reform to how services were organised was more adaptive to the short- and medium-term requirements of local communities (senior officer, 17/1/13, lines 451–60, p.11). This inevitably meant that rather than having a grand strategic plan or narrative for how service reform should be enacted, there was a greater willingness to accept transitionary funding or a partnership with the county council, which helped communities acclimatise to changed expectations regarding the type of resources they would have to invest to maintain service provision. This meant that divestment arrangements for youth clubs, rural transport services, and even school crossing patrols, might differ across different localities. Inevitably, this meant that changes in some

areas were more transitionary than in other localities. How, and in what way, did this affect how service-reform measures tended to vary across service functions? For instance, services that had strict national minimum service requirements, such as adult social and child care, adopted a more flexible response using short- and medium-term time horizons. Moreover, regarding the more incremental, and even transitionary, approach to reform adopted under the NOM for service delivery, especially within adult social and children's services, the concept of adopting 'messy solutions' to address sometimes wicked organisational and policy problems, which by their very nature are difficult to diagnose and resolve since they involve multiple causal and independent variables (such as how to personalise care under increased demand and reduced resources), meant less time and resources expended to developing a top-down programme-management response regarding either the direction or pace of change. Moreover, as a result of the adoption of a more incremental pace at which changes to services were delivered, staff had longer time horizons and a greater organisational capacity to adjust their working practices and approach to designing and commissioning public services. Thus, one adult/child social care officer observed:

> [The] *NSP used up quite a lot of organisational capacity in the council and I don't think there was the political will to have a big cuts programme… The new operational model is a different kind of adult social care service that is geared to people's needs… It is less long-term focused: it's more about remodelling what we do so we don't have to reduce what we provide* (senior officer, 17/1/13, lines 451–60, p.11).

For instance, although the intention of the NSP was to disrupt top-down corporate structures, it tended to constrain the capacity of staff to adopt short- or medium-term transitionary arrangements, which fell short of full-scale service divestment (ibid.). This also limited the ability of staff to find temporary solutions involving a transitionary response to wicked

financial, operational or policy issues. In taking a less top-down approach to how cost reduction might be achieved, the intention of the NOM was to reverse some of the so-called 'toxic' effects of adopting a one-size-fits-all mentality to service reform. In this sense, despite the NSP's claim about its desire to have a disruptive effect on top-down overly bureaucratic structures and processes, the pace of change stymied bottom-up innovation because it precluded the possibility of creative or messy solutions to financial, operational or policy problems. MB and his senior officer explained the messiness concept through contrasting the 'one-size-fits-all approach' to reform, which was a key criticism of the NSP for service reform. However, listening to communities also meant that more iterative approaches to service reform had to be adopted, which were more bottom-up than top-down insofar as they responded to the needs and concerns of different stakeholders:

> *You can't do the one-size-fits-all approach… When we had conversations* [with communities] *they liked the fact that we were open to listening to their views. So now it is a case that we say to them: give us your views, and* [they would come back saying]*: 'Now, since you asked, we want this and this and this.' Some of this is a bit clumsy: it is kind of like using 'clumsy solutions* [to address] *wicked problems'. That's where we are. The kind of solutions: the things that we're doing are very messy. But they work and communities like them and they're making a difference* (senior officer, 17/1/12, p.13).

A further difference between the NSP and NOM was that the former was perceived as more of a concept than a strategic plan, in which corporate diktats or messages were used to speed up the pace of reform (officers, 17/11/12, lines 115–18, p.4)**.** While the absence of a clear strategic or programmatic agenda for implementing changes was described by several interviewees as a key factor resulting in the failure of the NSP to gain organisational support, the pace of change (which several interviewees described as 'frenetic') added to existing uncertainties over the NSP's strategic and/or political feasibility. The NOM did not necessarily

provide added strategic or programmatic detail that was absent in the NSP. In this light, the aim of the NOM was to relieve some of the top-down pressures to which staff were subjected to provide some 'organisational capacity' (albeit breathing space) to plan for and implement a more incremental reform agenda. Furthermore, it sought to relieve some of the political and organisational pressures that senior decision makers had been subjected to (sometimes) daily.

The appointment of a new chief executive in 2012, following the departure of the former chief executive, also resulted in a change in organisational/administrative leadership style. The new council leader placed greater emphasis on how he communicated and projected himself as the person who could help Southshire recover politically and reputationally through 'stabilising the ship'. An equally important part of this change process involved boosting staff morale, which had been adversely affected by the introduction of the NSP. For example, two officers observed how the new chief executive's leadership style, described as collaborative and approachable, was important in helping the organisation recover from past traumas. One officer commented that the new chief executive is 'trying to change the culture of the organisation. **[Interviewer]:** In what way?] Well, very few people are afraid of her! She is professionally approachable. Whereas the previous chief executive went out of [his/her] way to be unapproachable' (officer, 11/12/13, lines 546–59, p.15). Another officer observed that the new chief executive, in her first year, 'invested a great deal of effort in getting to know her team' (officer, 17/12/12, lines 375–6, p.10). A more inclusive leadership and management style also communicated broader messages around challenging a culture of underperformance in some areas of the organisations. This concern bears a resemblance to the issue that JP (former council leader 1) raised in 2005/6 when he identified a 'culture of

job protectionism' as one of several key priorities he sought to address. The development of a new set of ASPIRE (achievement, support, pride, respect, inspire, empower) values sought to challenge this through emphasising a new deal or contract between the local authority and its staff. For instance, MB observed how ASPIRE[14] used a carrot and stick approach to challenging past mindsets via organisational and cultural transformation at a time of prolonged financial and job insecurity.

This new deal recognised the employer's responsibility to look after staff wellbeing and support career progression in return for 'staff [doing] their best to protect the future reputation of the authority' (senior officer, 17/2/12, p.10). Despite the potential attractiveness of this new deal, a senior officer present when MB (the new council leader at the time) was interviewed also observed how 10 per cent of staff did not buy into this approach (senior officer, 17/2/12, p.11). Indeed, some staff members objected to words or values presented in the acronym (ibid.). Subsequently, the council leader read out an email from a staff member who had only been with the county council for two years and had not 'experience[d] many of the problems referred to yesterday' (MB, 17/2/12, p.12). However, this staff member described feeling 'the aftermath and negative atmosphere around the place' and how this had changed following the appointment of the new chief executive: 'The new chief executive had set a new standard for leadership in the way you are bridging the gap between front-line staff and top management through workplace visits, focus groups, your blog and the simple fact I can send this email to you' (MB, 17/2/12, pp.11–12).

[14] ASPIRE stands for achievement, support, pride, respect, inspire, empower, achieve. The intention was to develop a top-down approach to changing the organisational culture of SCC. According to the former council leader (MB), ASPIRE was about changing the cultural values of the organisation from a bottom-up/top-down perspective, which was part of the problem with the new strategic plan insofar as it was very top-down.

Through emphasising a more inclusive and consultative approach it was hoped that improvements in personal and professional performance would follow from ASPIRE's emphasis on 'people's wellbeing/professionalism and professional development' (ibid., p.12) – values that were important because 'In the past you could hide…increasingly you won't be able to because the financial squeeze means there are less people around' (ibid., p.11). In addition, ASPIRE sought to address the legacy issues caused by the NSP, most notably the perceived hierarchy or distance between senior management and front-line staff. In this sense ASPIRE sought to heal some of the social and psychological bonds of trust and mutuality between front-line staff and management, politicians and officers, which suffered following the introduction of the NSP.

However, one cannot assume that the anecdotal evidence presented here can attest to the effectiveness of ASPIRE in overcoming these legacy issues, since this is not the focus of this study. While this more inclusive approach to staff–employer relations formed part of a broader effort to develop a comprehensive, consultative political/managerial response to how spending cuts were designed/implemented, MB did not shy away from making tough spending choices, such as the removal of bus travel subsidies for young people – which remained following the change in political/administrative leadership. Moreover, even when a spending cutback decision could not be postponed or reversed, more time and attention was given to finding diverse ways of keeping the service going, whereas previously the service would simply have been withdrawn. In the case of the young person's explorer card, modern technology (i.e. an Oyster card system) was used to subsidise some, but not all, of the travel cost. Moreover, when a cost saving was small but the controversy surrounding a spending cutback decision was high (e.g. the decision to withdraw school crossing patrols), a more

pragmatic approach was often adopted to avoid intense public division and hostility. For instance, one senior officer described this as a 'new approach', which 'recognised we were still going to have to save money' (MB, 17/2/12, p.12). The difference was the change in language and the speed at which the fundamental change in how services were delivered took place. Rather than holding communities 'to ransom', there was a recognition of the need to consult so that local people felt listened to, even if they did not necessarily agree with the spending cutback decision. It was hoped that this would dampen or avoid the 'division and hostility' created by the NSP (senior officer, 23/5/13, p.2).

6.4 Southshire: Mini Case Studies

The two case studies presented below highlight some of the challenges faced by decision makers in Southshire when designing and implementing spending cuts to services. My intention here was to present a representative sample of the key tensions or problems as they relate to specific spending cutback decisions, rather than attempting to provide a comprehensive, unequivocal account of how, and in what way, these resource-allocation tensions were managed across other spending areas. Rather than these mini studies being a chronological representation of events, their focus was thematic. Selection was also informed by access barriers within each authority – an issue that I address in greater detail in the literature and methodology chapters (Chapters 1, 2 and 4).

Table 6.1: Library Service Divestment Southshire Mini-Case Study

Southshire Case Study	**Library Service Divestment**
Executive Summary	Following the 2010 Comprehensive Spending Review library services were targeted with a 30 percent budget cut. As part of the new strategic plan for remodelling how council services were provided 29 community libraries (mainly located in rural areas) were to be divested to local communities to resource/manage. These proposals were shelved following an ensuing public and political backlash resulting in the election/appointment of a new Council Leader and Chief Executive. To address the controversy a library service review was initiated to explore alternative reform options.
Problem Statement	The failure to consult affected local communities and service users or offer financial/infrastructural ignited a civic community and internal party-political storm which eventually resulted in the former Council Leader and Chief Executive stepping down. A key challenge for the new Council Leader/Chief Executive concerned how to enact fundamental service reform to save money whilst being seen to actively respond and listen to the needs/concern's local communities and service users.
Key Quotes	Quote 1: 'What we found in practice is that the town and parish councils are deeply upset about the fact that they felt the county council is trying to dump things on them. They [town/parish councillors] never went into [it] thinking they were going to have to run libraries, or fund school crossing patrol people, or run county parks or anything like that. They suddenly find themselves in a situation where there is an awful lot of pressure on them to deliver more….' (CEO community organisation in Southshire, 21/3/14, pp5-6). Quote 2: Several local councillors genuinely, I believe, wanted their library to survive. So, part of our support was keeping track of where things might start [to] look a bit dodgy for them and making sure they weren't ambushed by one of their colleagues say' 'What about taking the mobile library stock to my village…What about taking away my library'. Another reason why outside opposition was effective was that there were very articulate individuals involved in these groups and [they] could influence politicians who had local interests to protect – even if they are cabinet members, they're still reliant on their local electorate. A lot of councillors stood because they are interested in their local village or locality' (Southshire, senior officer, 17/02/12, p13). Quote 3: 'If [Southshire CC] is going to roll out new initiatives, it only has to capture the imagination of one or two people on a town or parish council. Equally, if there is going to be a backlash there will be one or two individuals locally who say this is unacceptable and we are going to do something about it…they will act as the catalyst for the [parish/town] council becoming very active on that front' [Parish Council Chair/Friends Southshire Library Group, 24/04/14, p1).
Action Taken	In 2011 an Independent Provident Society organisation was created to manage library service provision.

Table 6.2: Spending Cuts to School Crossing Patrols Southshire Mini-Case Study

Southshire Case Study	**Spending Cuts to School Crossing Patrols**
Executive Summary	In 2010 Southshire cut funding for school crossing patrols. Staff and parents were encouraged to act as volunteers as part of a broader effort to encourage local communities to develop a more resourceful and resilient response to austerity. School crossing patrols also served as another test case for divesting services which were either directly or indirectly funded by the county council.
Problem Statement	Schools and parents questioned whether school crossing patrols could be manned by volunteers on several grounds. First, while on one hand Southshire did not have a legal responsibility to provide a school crossing patrol service, Department for Transport regulations challenged whether volunteers could provide such a service. Second, the failure to consult affected schools' parents and communities meant that there was insufficient time to develop a volunteer led service, which in turn, exacerbate local opposition in urban and rural communities (senior officer, 7/12/12, p.2).
Key Quotes	Quote 1: 'Southshire CC was trying to be very brave in coming out with what was called a New Strategic Plan. Which was all about cutting service in what I saw as quite an indiscriminate way, and we were fighting all sorts of political battles around getting rid of school crossing patrols, because we expended an enormous amount of political capital on getting rid of a service which only provided a saving of £200k... We gave so much ground to our political opponents. I could see that the county council and the Conservative Group were getting into political trouble' (Council Leader 2, MB, 17/11/12, p.1). Quote 2: 'the council must do certain things – whether they are statutory or not – it must ensure that there is some sort of framework, otherwise it will create cost somewhere else. And the move you get into this idea of closing services down [i.e. school crossing patrols], the more some of those issues become apparent. So, we saw a morphing of policy away from completely shutting down and offering to communities a much more structured approach (Senior Officer, 17/12/12, p.2). Quote 3: a panic response to austerity – one that did not consider the needs or interests of local communities. Both these factors resulted in the Council Leadership and former Chief Executive trying to take some of the political heat out of the school crossing patrol issue – through, for instance, developing a more structured and consultative approach in response to the overriding budgetary need and goal of 'saving money' (JT, 22/04/14, p.2).
Action Taken	Funding for school crossing patrols restored.

6.5 Conclusion

In conclusion, this chapter has shown how a failure to anticipate and respond to the wider geo-spatial organisational and political consequences of simply withdrawing services from communities undermined the effective political and administrational implementation of the NSP. Although the financial case for externalising service delivery was strong, the capacity, and even willingness, of local communities to simply take over the running of services previously provided by Southshire CC was at best weak. Part of the reason for this is that there was a failure to anticipate the consequences of simply withdrawing or abolishing services without giving either local communities or staff in the shire authority adequate time to plan for, and anticipate, the consequences of divesting all but a few core services. In addition, localist community tension and rivalry between the various county district and town parish councils also limited the ability of decision makers to simply withdraw or cut a service because resources could be better allocated elsewhere. The failure to anticipate these risks and address concerns raised by local politicians, MPs, service-users and civic/community organisations also fed into other controversies, for example, the refusal of the former chief executive to take a 10 per cent pay cut, while advocating that severe cuts to local services were necessary. Failure to respond to these contradictions negatively impacted the capacity to communicate an effective vision for the future delivery of services that was free from crisis-prone language and/or panic or addressed the above political landmines. Considering these failures, a more consultative approach to the divestment of neighbourhood or community services was adopted following the election of the second council leader (MB).

This did not represent a substantive departure from the NSP for divesting services. In this respect, the change was more iterative than systemic. It focused on seizing the political opportunity afforded by the election and appointment of a new political/administrative

leadership to purge the divestment strategy of past public mishaps and internal controversies rather than abandoning the core principles of the NSP. To a greater or lesser extent, this rebranding exercise was successful, although disagreement continued over the parameters for service change and reform within the Conservative group. For instance, since 2011 there has been another leadership election, in which JP's successor was replaced by a Conservative cabinet member, who was a vocal and prominent supporter of the NSP. Although there is some evidence of backbench council member concerns that the previous leadership not being accessible was the reason for the leadership contest in 2014/15, similar complaints were made against JP. However, unlike with the second council leader (MB), these political concerns originated from some Conservative MPs and lead district council politicians responding to constituent complaints. Over time these individuals became vocal critics of the former chief executive and council leadership. In the case of the second leadership contest, the converse was true. Internal party concerns around the accessibility of the second council leader were allegedly one of the main reasons for initiating a leadership contest. Although disputes over leadership style and party management seemed more prominent an issue than ideology, the latter issue should not be completely disregarded. For instance, differences in service-reform philosophy remained but were less pronounced once changes in pace and scope followed the changes in political/administrative leadership.

Part III

Analytical Chapters

Part III presents the main findings of my thesis. Here I assess the extent to which the findings from the Northshire and Southshire case studies address key themes or issues identified in the cutback management and local government literature review chapters. The purpose of Chapters Seven and Eight is to understand how differences in territorial governance structures and assumptive political and organisational outlooks is shaped by internal and external influences on the spending cutback management process.

Chapter 7

Changing Resource Allocation Trends

7.1 Introduction

The previous two chapters described how decision makers in a Labour single-tier unitary and Conservative two-tier shire authority responded to central government funding cuts between 2010–11 and 2015–16. Chapter 7 seeks to compare how these findings relate to key theoretical concerns in the cutback management and English local government literature. Several such concerns are explored in detail in this chapter. These include the impact of austerity in changing resource allocation procedures and working practices, the effect of internal organisational drivers for reform, be they a political or institutional and structural, such as the Southshire Conservative party's commitment to keep council tax low by reducing the operational cost of providing services in 2005, or the impact of LGR in helping Northshire mitigate some of the top-down financial effects of austerity.

Section 7.2 asks how differences in resource allocation practices and policy preferences prior to austerity affected how spending cuts were designed and implemented from 2010 onwards. Section 7.3 relates the design and implementation of cuts in services to the cutback management literature. The similarities and differences between the case studies are mapped onto key findings tables in Section 7.4. Key chapter findings are summarised in Section 7.5, followed by a conclusion.

7.2 Resource Allocation Practices

Chapter 2 observed a tendency within the cutback management and local government literatures to focus on the immediate resource allocation conflicts created by austerity. I

argued there was a need for a longer term (historical) perspective on how budget priorities and resource allocation practices remain embedded, or are disrupted, by changes in the internal organisational or (immediate) external environment. Chapter 2 considered how local authority decision makers' response to external pressures as 'contingent' on several factors. The first factor was the willingness of politicians or officers to adapt or change long-standing embedded beliefs or assumptions in the wake of external pressure to do so. Second was the ability of politicians and officers to resist national or local sources of external pressure to change or alter deeply embedded political and organisational beliefs or practices which had in the past both shaped the identity of the organisation in terms of a distinctive policy agenda regarding service reform or models of service delivery. Certainly, the persistence of these deep-rooted beliefs could result in responses expressing a superficial commitment to adopting new working practices or beliefs whilst failing to achieve the intended deeper cultural or organisational transformation. Several examples drawn from the cutback management literature and the case studies presented in this thesis highlight how changes in resource allocation decision-making practices and long established preferences or beliefs around suitable/unsuitable models of service reform can persist despite internal and/or external (fiscal/political) pressure for incremental or radical change to decision-making practices, beliefs and outlooks and result in the adoption of surface-level structural or decision-making reforms. These conflicts/tensions might manifest themselves in the following scenarios or situations within a spending cutback management process:

- *Centralisation of corporate decision-making*

  Is it possible to centralise corporate decision-making in the interests of promoting the increased transparency and reliability of corporate financial performance data without damaging the autonomy of budget holders to prioritise their own strategic

needs or interests? How effective are such reforms in challenging the tendency for the financial-budget interests of a spending department to take precedence over the needs/interests of the organisation as a whole? Attempts at improving the transparency and consistency of budget information remained an area of concern despite departmental resource allocation choices being subject to increased centralised oversight and monitoring.

- *Assessment of community need*

  How to measure or assess the needs of local communities? The development of general rather than specific measures protecting the social, civic, economic and cultural wellbeing of urban and rural communities might be hard to account for when there is no specific measure for assessing its effectiveness within a spending cutback management process. For instance, using demographic statistics to assess general need for local services and facilities may not adequately capture the cumulative impact of successive spending cutback choices, especially when they are not readily perceived as having a direct impact on the life of rural (especially) isolated communities. Qualitative evidence gathering, such as face-to-face interviews, used in combination with large-scale surveys might address this problem. However, when spending cuts to services must be designed/implemented over brief time frames this could be problematic.

- *Community Influence on Spending Cutback Process*

  To what extent are local communities able to influence spending cutback decisions? How meaningful is this influence? What are the organisational and political barriers to effective participation and influence? Measuring the actual impact of participatory budgetary decision making on the capacity of communities to influence resource

allocation choices can be difficult because of questions around representativeness (those who attend vote on spending cutback priorities). Furthermore, given that local authorities have a legal duty to consult how and in what way do they interpret and operationalise how this commitment can impact on whether a budget consultation process provides an opportunity to meaningfully influence, challenge, and/or change, internal political or administrative resource allocation preferences and priorities.

- Effect of historical, cultural, political and organisational factors on resource allocation choices

  A further consideration is how or in what way these tensions or conflicts arise within a local authority which is highly dependent on the historical, cultural, political and organisational context and how this influenced or affected the climate and/or culture of resource allocation decision-making within the local authority.

Although this list of questions and descriptions of potential conflicts/tensions is not exhaustive, it encompasses a range of internal and external pressures which politicians and officers might experience from time to time when challenging or adapting to new financial circumstances. Moreover, some of these conflicts or tensions might only affect specific types of authority, for example, in the case of rurality and its impact on the resourcing of public services in communities with urban and rural population settlements. Despite the difficulties in challenging or changing long established resource allocation norms or practices, there is also an acknowledgement in cutback management and public administration literature that sudden or dramatic changes in financial circumstances can hasten the breakdown of set working practices or ways of thinking.

The cutback management literature suggests that maintaining a political organisational consensus became increasingly harder the longer austerity lasted (Joyce, 2011, Levine, 1979, Levine, 1978, Pandey, 2010). The reason being that cuts to inefficient or lower priority services can stoke localist civic-community political tensions between budget holders who believe they are bearing a heavier financial burden than other spending areas or service departments (Brady, 2014, Wilks-Heeg, 2011). Centralisation of resource allocation processes and procedures is one response to this dilemma (MacManus, 1993b, Jones et al., 2015). However, the adoption of such a top-down approach to decision-making can lead to the disruption or breakdown of a spending cutback process because of the loss of legitimacy, which in turn can directly impact on the capacity of politicians and officers to lead through a period of prolonged financial, organisational and political uncertainty (Laffin, 1990). In the Southshire case study, internal and external challenges to the perceived fairness or legitimacy of the spending cutback decisions had broader political and administrative consequences. For instance, it resulted in the Council Leader 1 (JP) retiring and the resignation of the Chief Executive following an internal investigation. The extent to which the replacement of the Chief Executive was inevitable following JP's replacement as Council Leader is hard to determine. Although AH, the former Chief Executive, was cleared of any wrongdoing in an internal investigation headed by an external London-based law firm, the new Council Leader (MB) had been voted in on the basis that he would clean up the toxic effects of the New Strategic Plan – viewed as having a corrosive effect on staff morale and how the shire authority was perceived both locally and nationally. In contrast, although on the surface the cutback management process in Northshire appeared more stable, this did not mean that conflicts over policy priorities or how spending cuts should be designed and implemented did not exist. Indeed, although there was internal and external opposition to spending cuts, this

was more limited in scope and did not threaten the political–administrative leadership of the council.

This raises the question of how differences in the cutback management process in the two case studies can be explained. One approach involves examining how decision makers in each shire authority responded to the top-down and bottom-up pressures of austerity. However, this ignores how the political–administrative context prior to austerity affected how decision-makers responded to internal and external pressures on the spending cutback process. This chapter therefore assumes that the political and organisational context in both case studies was important in terms of understanding how changes to budgets and services were enacted prior to and following the onset of austerity.

There are two main reasons why this is important. First, it is not possible to understand the political–administrative context without observing how different internal and external pressures in the organisational environment, both prior to and following austerity, impacted how spending cutback decisions were designed and implemented. For instance, Kuipers et al. in their literature review on the management of public sector change observed how Pollitt and Bouchaert (2004) identified 'four broad forces affecting change in public organizations' (Kuipers et al., 2014, p.6). These included 'socio-economic forces (e.g. austerity, service user demographic, budget pressures), elite decision-making regarding the desirability and feasibility of change, scandals leading to sudden change, and administrative system characteristics' (Kuipers et al., 2014, p.6). Other public-sector change management scholars such as Caldwell (2009, in By and McLeod, 2009) also included the 'changing content and context of the public sector in terms of NPM [New Public Management]'(Kuipers et al., 2014). Furthermore, how decision makers responded to a sudden contraction in resources also

required a nuanced understanding of the pre-austerity political–administrative context. This is a point that cutback management theorists such as Levine appreciated. For instance, Levine (1978) included a reference to an 'efficiency paradox' when he identified nine resource allocation quandaries affecting how decision makers designed and implemented spending cuts. Simply put, Levine argued that the state of efficiency prior to austerity might also affect the likelihood that core programmes would be cut because of the lack of resource slack. Like the other eight paradoxes, this was intended to provide an approximation of the organisational efficiency and change management quandaries that managers in public organisations would face when transiting from a period of sustained budgetary growth to sudden and/or prolonged 'decline'. Nevertheless, it reinforced the importance of understanding how the pre-austerity political–administrative context in either case study could affect the responses of politicians and officers to austerity in 2010.

Second, through observing the political–administrative features of the two case studies, it is possible to understand how the assumptive values or outlooks about which decisions were made when designing and implementing spending cuts were affected by internal and external organisational and political pressures. These included the political or administrative value judgements decision makers used when balancing competing spending priorities. Furthermore, how did decision makers manage competing values or priorities, such as the tension between balancing political policy-related pressures and a new public management or business-oriented approach, which could result in the wholesale withdrawal of services from local communities because, relative to other spending commitments, they were not viewed as essential or core services?

So far, I have shown why an understanding of the political and organisational context prior to austerity is important. Attention is now turned to examining the differences and similarities in the political–administrative and organisational context of the two authorities prior to 2010.

7.2.1 Political–Administrative Differences and Similarities

Political structural and organisational differences were key factors in case selection. Some structural differences were overt. These included differences in territorial local government structure (single-tier unitary authority versus two-tier county district council), political affiliation (Labour versus Conservative) and the impact differences in political and organisational beliefs around the role of the local authority had on how decision makers in either case study reformed the way in which local services were provided (traditional in-house service provision versus wholesale divestment) and even the scope and pace at which reform was introduced (incremental versus radical change approach). Whilst differences in Northshire's and Southshire's local authority structures affected how decision makers in either Council went about identifying and designing spending cuts to services, other factors which were more malleable, such as how local communities responded to the closure of a local facility/service, could also impact on spending cutback decision-making.

Table 7.1 provides a comparison of the pre-austerity political–administrative context across the Northshire/Southshire case studies. This is done to better distinguish between different forms or types of pre-austerity differences. In this context, I sub-divided the matrix into two contextual categories: (i) pre-austerity political–administrative; and (ii) organisational–cultural context. The term 'political–administrative' identifies the types of systems and processes and the beliefs which helped shape their formation prior to austerity within each

context. The organisational–cultural context informs how these structures, processes and mechanisms were impacted by embedded beliefs, practices or norms of decision-making, either because of LGR or a change in policy emphasis/outlook following the election of a new ruling party. The reason for doing this was partly influenced by the observation that while some differences were more fluid, other contextual features were less so. Furthermore, some differences had a mixture of fixed and fluid features or characteristics. This meant that they changed or adapted to the impact of austerity in a slower, more incremental way compared to other reforms or initiatives intended to have a more disruptive effect on established decision-making processes and procedures related to the design and implementation of spending cuts

Table 7.1 Northshire/Southshire Pre-austerity Political–Administrative and Organisational–Institutional Similarities/Differences

Local authority	*Pre-austerity political–administrative features*	*Pre-austerity organisational–institutional context*
Northshire (Labour-run authority)	Strong ideological/political disposition to maintaining in-house service provision, which also results in strong organisational–political resistance to externalising community/neighbourhood service provision.	Creation of single-tier authority challenged uncorporate resource-allocation practices and culture. Focus on top-down efficiency managerial agenda.
	The one exception to this is related to the inheritance of buildings/assets/services inherited from the former district councils as part of LGR. There was a focus on mitigating or reducing future financial liability and/or risk for services inherited from the district councils following LGR.	County-wide approach to services developed following LGR, involving resource levelling, including a territorial spatial focus on renegotiating external relationships following the abolition of districts, which had given rise to legacy issues.
	Prior to LGR, the two-tier county district structure frustrated the development of county-wide approaches to service reform. Districts/parish/town councils question the capacity of the single-tier unitary to adequately govern and represent the needs/interests of local communities.	Although new public decision-making forums developed following LGR, including participatory budgeting in Area Action Partnership Forums, questions about their representativeness persisted.
Southshire (Conservative-run authority)	History implementing top-down managerial efficiency-driven agenda intended to change the past political–administrative culture of waste and inefficiency. Record success/failure of implementing internal and cross-county reform initiatives, which also influenced the preference for the creation of the single-tier unitary authority.	Rejection of Southshire's LGR bid led to the search for alternative cost-saving strategies/methods, resulting in a change in the council's operational service model from in-house to outsourcing all but a few core services to external providers. Also, this resulted in a shift from top-down, whole-system community/neighbourhood planning processes to a more ad hoc, bottom-up innovation process involving local communities and civic organisations acting as independent service providers (in some cases) and co-producers.
	Although ideology played a part in influencing the development of the NSP, pragmatic concerns around the financial sustainability of the current service delivery model were also present. For example, unlike Northshire, Southshire had less capacity to retrench through efficiency savings because, by 2009–10, 75% of most of its efficiency savings had already been implemented.	Elected council members with the support of voluntary senior/middle-ranking officers acting in a liaison capacity use their community networks and knowledge and council resources to design/procure locally-based commissioned services.

Although spending cutback reversals arising from civic-community responses were rare when compared with the volume and scale of spending cutback choices and decisions over the five-year period covered in the two case studies, communities and local political representatives (especially within ruling party groups) were nonetheless able to challenge spending cuts to

services or facilities which had a high public profile or civic-value status. This was especially the case when such decisions were broadly perceived as unfair or inequitable because they targeted services in rural areas. In this sense, civic community opposition could be politically decisive in shaping how Council Leaderships designed and implemented spending cuts to front-facing community services. However, in the case of lower profile services where spending cuts affected a minority of service users, there was passive acceptance or resignation that nothing could be done to reverse or postpone a spending cutback decision in both case studies.

The capacity of civic-communities to challenge spending cutback choices seemed greater in Southshire than Northshire. There were several reasons for this. First, there was greater local opposition to the cutback strategy adopted by the ruling group in Southshire's Council Leadership because service reform involved radically changing or altering the operational model for how public services and facilities were provided to local communities. In contrast, a less radical and more incremental change agenda was adopted in Northshire, and this seemed to dampen the potential for the kind of widespread civic-community and political opposition which emerged in Southshire. A second difference, which is a fixed rather than fluid variable when comparing the responses to decisions made in both case studies to deal with austerity, was the greater scope in Northshire for using efficiencies generated by LGR to deliver economy of scale savings by developing a uniform county-wide approach to delivering services. This provided economic as well as political advantages because it enabled the Council to mitigate the need to make deep cuts to lower priority civic-community services even though, like Southshire, there was a focus on protecting frontline social and welfare services. In this sense, the institutional and organisational structure of either authority had longer term consequences for how service reform measures were developed and conceived.

However, caution is required in not overgeneralising the importance of this finding, especially when comparing how the ideological disposition of the council leadership in either case study affected how spending cuts to services were designed and implemented.

7.2.2 Changes in Corporate Managerial Practice Prior to Austerity

Another relevant issue is how the Council Leaderships in Northshire and Southshire sought to change or challenge resource allocation practices prior to 2010. In examining this issue, one needs to first distinguish between noticeable differences in the political and organisational outlook of politicians and officers in both local authorities. However, the impact that LGR had on changing or challenging established ways of working in Northshire must be considered, since this provided a key point of comparison when seeking to understand how it might have accelerated or increased the potential for organisational change. Cresswell et al. (2015, p.362), in their study of unitarisation in Cornwall County Council in 2009, observed how 'organisational culture is an important dimension of local government, and will therefore be influential in the formation and subsequent success of new unitary councils'. Whilst this highlighted the importance of culture in shaping how staff responded to organisational change processes such as LGR in the context of my two case studies, it raises broader questions about how the political–administrative context prior to 2010 affected changes in resource allocation and corporate management practices under austerity.

Differences in pre-austerity corporate management practice impacted on how changes in working process and practice were enacted in both case studies. For instance, senior decision makers in Northshire and Southshire talked expansively about the impact of past political administrative schisms on the development of a narrative focused on improving the efficiency

and performance of each shire authority. But how these accounts were presented differed in each case study. For instance, while in Northshire the ruling Labour party had been in power since 1919, the ruling Conservative administration in Southshire had replaced a Liberal Democrat/Labour coalition in 2005–6, which affected how they went about developing organisational change initiatives and agendas in the two-tier authority. This was illustrated by the focus on reducing the cost of services using benchmarking and other performance measures to challenge assumptions around resourcing needs or levels. Furthermore, as observed in Chapter 6, the Conservative Group had used the various controversies surrounding successive double digit increases in council tax over the two years prior to the May 2005 local government election to argue the case that they were the low taxation party.

One noticeable difference between Northshire and Southshire is that the impetus for change was greatly strengthened by the presence of LGR. There were several reasons for this, which I will briefly summarise. First, LGR strengthened the capacity of senior politicians and officers to 'bang the corporate drum' by creating internally consistent messages around the current and future strategic orientation of the unitary authority (senior politician, 31/12/13). This was viewed as important both in terms of rationalising and legitimising changes to working practices and organisational culture. The internal consistency of the message was also important in terms of framing or reframing the narrative around the necessity and desirability of creating a new organisational entity and identity (senior officer, 23/3/14, p.1). Frequently, this was framed in terms of the need for the unitary authority to 'work corporately' through senior decision makers modelling or indeed 'banging the corporate drum' to ensure greater internal consistency (senior politician, 3/12/12, line 808-811, p10).

Second, LGR also affected a structural change in 'people's roles, responsibilities and relationships' (Brooks & Bate cited in Cresswell, 1994, p.364). This had both disruptive and positive effects in terms of strengthening the ability of senior officers and managers to develop a new organisational and strategic narrative for the local authority around more centralised performance monitoring and evaluation systems and processes. For instance, one Northshire officer reflected that:

> *Some* [district councils] *worked more slowly and were more methodical because that was the culture in that organisation… the initial show of merging has passed* [and] *(n)ow we're all trying to find our way forward as a collective organisation, that's where* [the Corporate Management Team] *is leading us* (Officer, line 240-254, 12/11/12, p.3).

This contrasted with the situation in Southshire. In the Conservative-run authority, the impetus for change was largely driven by the election of a new ruling party in the 2005 local government elections. There was not the same organisational capacity for disrupting long established working practices or outlooks even though the appointment or election of a new Council Leader with an agenda for modernising how the local authority was run or operated was a common factor across both case studies. This contrasted with the approach taken in Southshire, where greater emphasis was placed on bringing in outside expertise on a consultancy or temporary basis. In Southshire, the appointment of senior staff to interim positions served three purposes. First, on taking office the Council Leader initiated a recruitment freeze to reduce staff numbers. Moreover, this did not prohibit interim staff being appointed so long as they left the organisation once their contract of employment expired. Second, appointing senior interim staff enabled Southshire to bring external expertise or commercial knowledge into the organisation. For instance, the former Chief Executive, AH, was initially appointed on an interim basis to develop a successful LGR bid to

become a single-tier unitary. Third, this employment model also offered flexibility in terms of challenging established ways of working and thinking, especially amongst senior officers, some of whom had been employed by the local authority for many years. This was a strategy that continued up to and following 2010 despite controversy surrounding the Chief Executive's pay and the cost of employing senior interim managers on short-term contracts. However, challenging the status quo on staff numbers (represented by several politicians in the ruling administration as 'too high') backfired politically because of the perceived contradiction between emphasising cost reductions while paying senior staff high salaries. Consequently, the commitment to reducing staff numbers remained as this was viewed as a key part of a manifesto commitment not to increase council tax above the rate of inflation. Indeed, from 2010 this also included several years in which there was a zero increase in council tax.

In both case studies examined here, changes to corporate managerial practice were viewed as a precursor to enacting deeper changes in the political–managerial culture. While in Northshire, politicians and officers spoke with increasing frequency about the two-way transparency issues that affected the capacity of the corporate centre and service departments to scrutinise resource levels and needs based on a single set of budget figures, in Southshire, Conservative politicians were more willing to identify the faults and failing of the previous Liberal Democrat Labour administration rather than identify flaws in resource allocation practices or behaviours following the 2005 election victory. There were several reasons for this. For instance, in contrast to Northshire, where the ruling administration had been in power for decades, there was greater emphasis on demonstrating how the Conservative Council Leadership had improved the economic and managerial efficiency of how the local authority was run. In contrast, there was less of a perceptible focus on

comparing the past record of Northshire with another opposition party and a greater focus on promoting the positive effects of LGR on reforming uncorporate-like behaviours or administrative practices. For example, one senior decision maker described how, prior to unitarisation, Northshire was a 'very uncorporate place', using the example of a tight-fisted treasurer refusing to give some service departments the resources they needed (senior officer, 13/9/12, line 167-177, p.2). This created a situation in which service heads were forced to go 'cap in hand' to ask for additional resources (ibid.). However, this also resulted in service departments using their influence over accountancy and finance staff seconded from the Treasury/corporate resources to 'go native' and exaggerate resource requirements. Although there is no specific mention of these resource allocation responses in Southshire, similar behaviour was implied when the Council Leader talked about the tendency of departments to spend all their resources at the end of a single budget year in order to maintain existing resource levels in the next fiscal year. Hence, the former Council Leader observed how the introduction of a three-year rolling budget lengthened the time horizon for how service heads could spend excess or surplus resources in future years – a reform intended to incentivise service heads to carry forward surpluses into the next fiscal year over a three-year time horizon.

7.2.3 Organisational Change Drivers in Northshire and Southshire

In Northshire and Southshire, new accounting and budget systems and processes were introduced prior to 2010. Generally, these were viewed as being key to developing a more corporate approach to resource allocation and budget practices in the belief that they might leverage the ability to achieve further change in the organisational culture. However, considering the theoretical arguments presented in Chapter 2 (Bozeman and Moulton, 2011)

regarding the capacity and willingness of local authorities to adapt to changing pressures or influences in the wider institutional environment (i.e. the local government sector) and/or the territory/place they exercise the greater level of external control or influence over, account must also be taken for how different parts of the organisation changed or adapted to top-down and bottom-up pressures which are common to other local authorities or distinctive to the local policy-making environment. Unlike private or charitable organisations/trusts, local authorities operate in a political environment in which they are subject to varying levels of internal and external regulatory and political scrutiny over the scope and quality of the services they deliver. The publicness of local authorities means that they often should balance conflicting and sometimes ambiguous or even contradictory public demands or goals (Bozeman and Moulton, 2011). In addition, there is the need to balance political electoral concerns such as the need (albeit desire) to be re-elected as an individual council member, or party group, against longer term financial organisational and policy priorities. Under certain circumstances, this may prove politically unpopular to implement and thus exacerbate the tension between political/corporate priorities when designing and implementing spending cuts to services.

In contrast to private organisations, and even public bodies not subject to frequent election cycles, questions should also be asked about the capacity of local authorities to resist bottom-up pressures to create spending cutback choices or priorities which reflect voter and service user expectations. Although in both case studies politicians talked about the need to educate the public about the consequences of austerity through changing public expectations around the scope and quality of services the local authority could provide, this communication strategy was implemented with greater success in Northshire. Although there were several reasons for this, failure to consult or communicate with the public led to a breakdown in

political and organisational consensus as to how a NSP for divesting all but a few public services should be implemented. Whilst this non-communicative posture altered in the face of mounting public and political pressure to change the tone and pace of reform (if not the strategic direction), it also highlighted the difficulty in simply abandoning or withdrawing resources from services with a high social-civic and cultural value perceived as being of a lower status or rank internally.

In Northshire, in the interim period between LGR and 2010, greater focus was given to developing centralised and uniform decision-making systems and processes that resulted in a top-down political–managerial focus on 'banging the corporate drum' (senior politician, 3/12/12, line 808-811, p.10). Two initial areas in which centralisation efforts were concentrated were the creation of new budget processes and procedures via the introduction of four-year medium-term financial plans and a traffic-light performance scorecard system.[15] The introduction of these new performance management systems and processes were an attempt to create a new corporate management template which addressed the issues present in the old County Council and was in this sense an output of LGR, as was the agenda for centralising political and administrative power in the 'corporate centre' of the authority (senior Politician 3/12/12, line 191-197, pp.5-6), which was also viewed by senior politicians and officers as an intrinsic motivation for integrating the former District Councils and old County Council into a single organisational entity (see also Cresswell, 2014). This is important, because unlike Southshire where the process of service redesign represented a crisis driven

[15] The 'All Together Better' corporate transformation agenda sought to address past areas of underperformance through developing a common framework for measuring and assessing service performance. On one level this linked the development of a framework for performance management with attempts to establish the collective identity of the organisation (i.e. what the Deputy Leader described as 'banging the drum' to 'work corporately'). On another level this represented a rebranding exercise, in terms of developing name recognition for the unitary authority (One Place Assessment Report 9/12/09, p.9).

by the impact of austerity, unitarisation in Northshire was well underway before the publication of the 2010 Comprehensive Spending Review. Unitarisation also enabled Northshire to deliver a county-wide approach to service delivery through the levelling out or redistribution of resources between communities.

Hence, in both case studies the presence or absence of LGR seemed to have a profound impact on how senior politicians and officers managed the political and organisational complexities of designing and implementing spending cuts to services. Often the very same public services were at greater risk of being withdrawn or abandoned due to increasing financial pressure on decision makers in either authority. In this sense, LGR had the power to shape the political and organisational response of decision makers to austerity. As observed in Chapter 5, the ability of senior politicians and officers to significantly reduce staffing and other related costs through the merger of seven district authorities and one County Council into a single-tier organisation produced savings of up to £60 million over a four-year period (senior officer, 23/11/13, line 334-348, p.10). This had definite political and organisational consequences for how decision makers in Northshire designed and implemented spending cuts. First, politically increasing the size of the single-tier unitary authorities' territorial and governance control over different localities or areas meant there was a greater focus on ensuring communities were consulted on changes to services than was found in the Southshire case study. The need to establish the organisational identity or brand of the unitary authority within communities or localities where they might have been perceived as 'remote' (Northshire Independent Parish Councillor, 5/6/13, p.1; Labour politician, 26/11/12, line 296-298, p.9) and even politically illegitimate following the abolition of the district councils was one contributory factor in the Council Leadership consulting with local communities early in 2010. Second, managerially, unitarisation created opportunities to

achieve economy of scale savings which helped mitigate some of the impact of spending cuts over the first two to three years of austerity following the 2010 Comprehensive Spending Review (Northshire CC, 2011b). These savings enabled the unitary authority to absorb some of the initial top-down financial pressures it was subject to, but some of these efficiency gains had a limited life expectancy in terms of mitigating the impact of deeper central government funding cuts in subsequent years (senior politician 3/12/12, line 176-178, p.5).

Consequently, from a political and organisational management perspective, unitarisation enlarged the territorial governance space which added to the complexity of the needs/interests which Northshire County Council had to represent, including some very deprived urban post-industrial and rural ex-mining settlements. This was a role which the District Councils formerly performed, given their geographical proximity, knowledge and understanding of these local communities. Although many staff transferred from the former District Councils into the new unitary authority, the abolition of the District Councils was viewed by some as a retrograde step despite LGR having provided opportunities for service improvement. Centralisation of power and authority in a single organisational entity meant that internal top-down corporate priorities, such as the drive to improve the cost effectiveness of how resources were spent throughout the county through a process of levelling out of the distribution of resources, sometimes provoked bottom-up demands to maintain previous resource allocation levels or service arrangements. These pressures became even more acute as the political impact of spending cuts on urban and rural population settlements resulted in allegations by some communities, especially non-Labour voting communities on the periphery of the unitary authority's borders, who believed that their resource needs and concerns were being ignored. Despite the presence of these top-down and bottom-up conflicts which, to a greater or lesser extent, reflected the disruptive

effect of unitarisation in challenging past resource allocation assumptions or service commitments, LGR also presented opportunities for 'adaptive' improvements in financial and organisational performance. In this context, the Deputy Leader observed how improvements in corporate intelligence-gathering capabilities were also associated with helping senior officers and politicians to address issues of underperformance – an issue that became even more challenging given the increase in Northshire's organisational capacity. This represented a political and managerial challenge which could also result in a loss of political trust and legitimacy (Leach, 2010a, Leach, 2010b, Hartley and Benington, 2011):

> *Corporate intelligence has improved 900% in local government in the 24 years I have been a member. I have always believed that junior staff are just as important as head of paid service. You must make sure everything is achieved on a solid foundation. So, when you're building a house of cards… if we don't understand corporately what is happening within the council… them little cogs are not moving as freely. There are areas where we concentrate our efforts because of the size of the unitary authority… bearing in mind… this is a mini-Westminster* (Deputy Leader, 3/12/12, lines 799–803, p.20).

While improvements in corporate intelligence helped address some of the complexity of this undertaking, this could only be achieved through increased centralised control over budgets and performance management processes (senior officer, 3/12/12, line 196-199; 201-207, p.6). The same senior officer observed how, although they disliked the term 'corporate centre', they nevertheless embraced the organisational rationale for creating a strong budget control centre. They observed: 'Even though I avoid the term corporate centre…. if you agree that as a basic starting premise from that follows… You have a system that brings in quotes. So, it's about planning, coordination and implementation' (senior officer, 3/12/12, line 196-199, 10). From a political and managerial planning perspective, centralisation also strengthened the consistency with which key financial organisational and policy-related information was conveyed to cabinet member and elected politicians:

> *Officers and members know what's coming. When I first started here…at my first cabinet meeting… I asked what the hell is that… There's a report of* [X Corporate Department] *there. Why's there a report in my name that I haven't seen? I came back and was playing hell with somebody… and they responded: 'The corporate management team don't sign off reports'. I responded, 'what the hell are they doing therefore'. Any officer could put a report to cabinet. So, then the members didn't know what coming. It was horrible* (ibid: line 201-207, p.10).

Hence, LGR in Northshire supported the political–managerial case for increased centralised coordination of financial and organisational performance systems and processes. Whilst centralisation helped ensure a more corporate approach, it also potentially affected the relationship between frontline staff and senior managers. This was evident from the comments of one middle manager who talked about the loss of professional autonomy or control following unitarisation, despite the officer delivering a similar service within the locality or area previously controlled by the District Council. This perceived loss of autonomy might reflect the early emphasis placed on 'banging the corporate drum' (senior politician, 3/12/12, line 808-811, p.21) by requiring staff to refer decisions previously taken at a local level higher up the chain of command within the local authority. It might also provide one explanation for why a great deal of emphasis was placed on ensuring staff were presented with consistent internal messages as to what the key strategic and organisational priorities of the council were and how these were to be achieved through the regular monitoring and assessment of key performance measures (CIOSC, 14 September 2012).

Indeed, to a greater or lesser extent, the increased priority was on reconstructing the organisational identity and mission of the unitary authority so that collective and individual performance would not suffer during a prolonged period of transition in which there would be disruption to routines and working practices. Devolving services to neighbourhoods or areas would have added to the organisational pressures and stresses staff experienced as part

of the unitarisation process. For instance, a senior officer in the Corporate Management Team observed how centralising budget processes and procedures helped reduce some of this complexity through enabling decision makers to use information provided by the former District Councils to create a base budget from which it was possible to see how resources had to be redistributed between different localities (i.e. resource levelling). However, for some departments this was problematic because within the old County Council they had been used to behaving as 'silo' autonomous units. Centralisation of financial and accounting services helped ensure that budget bids or requests from service departments reflected actual need:

> *There is the opportunity to over-exaggerate financial pressures to get budgetary growth in there… Whereas now…and previously…the corporate centre did not have total visibility and awareness of all the issues in the service grouping. So, the corporate director has total access to everything… So, he has one person who he trusts implicitly to give that information… That's been problematic for some of the services because they're used to be an autonomous body…but now they've been brought into the corporate centre* (senior officer, lines 53–8, 23/1/13, p.2).

Similar concerns were noted by senior Conservative politicians in Southshire. However, these were expressed in a less overt manner than in Northshire, where senior managers and politicians were keen to highlight how LGR helped address past resource anomalies. For instance, one middle finance manager in Northshire in a high-demand, large budget service observed when explaining the corporate organisational rationale for recentralising financial and accounting functions: 'It's a case of looking at a page of accounts… there's nowhere to hide…there's no ambiguity' (senior officer, 5/2/13, lines 111–16, p.3).

7.3 Design and Implementation of Spending Cuts

This section examines how decision makers in each of the two case studies designed and implemented spending cuts to services, which will be discussed in relation to key themes or issues present in the cutback management literature.

There is evidence to suggest that both styles of budget decision-making were present in Northshire and Southshire, despite taxonomical differences between their long-term and short-term budget decision-making. For instance, in Southshire, there was greater use of crisis mode rhetoric to organise a process of creatively destroying established organisational structures and bureaucratic processes through changing the operational model for delivering services. This was frequently used to justify 'swift, large and drastic decision-making' (a key feature of fundamental political priority setting). However, there is also evidence to support the presence of 'decentralised decision-making' and an 'incoherent patchwork' suggesting the presence of 'incremental pragmatic compromises' regarding how some services were divested (Southshire CC, 2010, p.45). For example, in a policy document entitled 'Implementing the New Strategic Plan', the Chief Executive observed how it would be necessary to 'stop supporting some services in whole or in part' (Southshire CC, 2010, p.45). This response would only happen once the following determinations had been made:

> *Option A: Stopping services and removing funding because we believe the service is no longer required;*
>
> *Option B: Stopping services and removing funding because, although we believe the service is needed, we do not believe local government should provide/fund;*
>
> *Option C: Stopping provision and reducing funding because we believe the services need to continue and we want to influence, but we need to save money* (Southshire CC, 2010, p.57).

Although the tone of the policy document on changing the operational model of neighbourhood front-facing services emphasised the importance of incremental and

pragmatic decision-making, many senior officers and politicians (some of whom were highly critical of NSP and key advocates for advancing a change in direction) observed far-reaching negative internal and external consequences of how the policy was implemented. Some argued that the strategy of changing the operational model for how services were delivered vis-à-vis mass divestment of all, but a few core services represented a fundamental flaw. Politically it disagreed with moderate (small c) conservative views on the role and responsibility of the local authority at county and district levels. Moreover, changing the operational model of service delivery seemed too radical a response to a financial scenario that was far from apocalyptic. For instance, one senior Conservative politician remarked (somewhat sardonically): 'I didn't know that Southshire was first in the firing line for bankruptcy' (Southshire Conservative Politician, 6/2/16, p.2).

The policy document also emphasised the importance of engaging in effective 'market' and 'place-shaping activities' in Southshire through elected council members using their local civic knowledge and networks to help develop local community-based service solutions (Senior Conservative Politician, 6/02/16, line 240-257, p.7).[16] However, given the short timeline for implementation (two to three years), developing both the market intelligence to replace council-run services with external community, civic, third-sector and commercial organisations to take over responsibility for externalised public services proved problematic for a number of reasons. First, the two to three-year timeframe for implementation did not allow sufficient time for either corporate planning or consultation with prospective external providers and/or local communities. Second, time and organisational capacity issues were

[16] See also Southshire CC, 2015: Developing Southshire Devolution Proposals, p.37; Implementing the New Strategic Plan, December 2010, para 1.7 p.40, para 3.4.2 pp.46-49; Annex A Policy Development Panel, 2012, Supporting Councillors in their Localities Final Report, pp.149-159.

compounded by the lack of clarity over how NSP should be implemented. Furthermore, senior and middle-ranking officers felt that these organisational capacity issues were compounded using 'top-down corporate diktats' (Senior Southshire Officer, 17/11/12, lines 72-81; 102-110; 115-116, p.3) to implement NSP with speed. This added to the top-down and bottom-up pressures to which staff were subjected. The reason for this was that, while also having to design and implement spending cuts to services, staff were having to take on additional responsibilities from colleagues who had left due to early retirement or staff redundancy. Considerable time, energy and resources also had to be devoted to changing the operational model for how services were provided. These dual pressures not only created human capacity and resource pressures, but also adversely affected Southshire's ability to effectively consult and engage with local communities – despite frequent references being made to the need for open and honest dialogue with local communities (Southshire CC, 2010, p.57).

Whereas in Northshire greater emphasis was placed on centralised decision-making (a key output of LGR), in Southshire a more decentralised approach to reform and innovation was encouraged – one that was less focused on top-down, whole-system planning for the design and delivery of services than bottom-up ad hoc initiatives in which elected members as community leaders used their local civic–community knowledge and networks to facilitate the procurement of locally commissioned services (SB, 2013, CN, 2011). This reflected the view of key advocates of NSP that decentralised decision-making was the best means to remove bureaucratic organisational barriers to innovation and reform. It also reflected an emphasis on using crisis metaphors (re: the burning platform) to effect change in the political–administrative paradigm of how services were delivered within the authority.

Nonetheless, attempts were made to moderate the radical nature of the service reform proposals being suggested. This can be seen from the emphasis that the NSP policy document placed on actively engaging with elected representatives and communities in the belief that this was the best way to identify local solutions for how services could be locally commissioned and/or procured. Such a consultative approach was also emphasised because it might address internal party group and officer concerns about the reform agenda regarding the potential political-organisational consequences of simply withdrawing resources from frontline community or neighbourhood services, which, historically, local communities had relied on Southshire to provide.

A completely different attitude or approach to service reform was taken in Northshire. Some senior officers expressed the view that handing control of resources to an external organisation would be counterproductive for several reasons. First, it would result in the local authority having less control over how resources were rationed, and services delivered. Second, it could raise moral, legal and democratic accountability and scrutiny problems. Third, in assessing the financial cost case for externalisation, officers argued that external providers had to bear the same costs of service provision as the local authority when presenting their business case for how they could reduce the cost of providing a service (senior officer, 23/1/13, lines 530-540, p.15). By expecting external providers to absorb the same service costs as local authorities, the profit incentive to compete for local government contracts could also be harmed (see Sharman, 2010; Bennington et al., p.60).[17]

[17] This reflects a point that Nick Sharman, Director of Local Government in A4e private welfare to work service, echoes when observing some of the challenges of using outcome-based commissioning approaches to service delivery following the 2010 Comprehensive Spending Review. He observes that while there is 'enormous scope to improve service quality and reduce cost by re-engineering the whole-system of delivery', 'assessing total cost of service can be made difficult by the way local government accounts apportion overheads' (See Chapter 6, Nick Sharman, 2010; Bennington et al., p.60).

There was a more overt rejection of 'salami slicing' of the budget in Southshire. The inability to translate the rhetoric of a 'burning platform' metaphor into a financially and politically sustainable cutback management strategy, however, resulted in a noticeable gap between some of the hype surrounding NSP and the political–organisational capacity to divest all but a few core services. Similarly, in Northshire, while LGR provided opportunities that enabled the local authority to leverage economy-of-scale savings to distribute the pain of spending cuts across different service sectors, decision makers targeted some service functions for deeper spending cuts than others because they were not perceived as affecting front-facing or frontline service provision – a qualification that (the latter of which) the ruling Conservative administration in Southshire only partially accepted. For instance, while frontline social and welfare services received similar levels of protection to Northshire, the NSP model for service reform targeted community front-facing service provision for steep cuts, in the belief that in some but not all circumstances these were services that local communities were 'more than capable' of providing themselves at 'reduced' (if not zero) cost to the shire authority (Southshire CC, Implementing the New Strategic Plan, 2010).

Both examples highlight differences in the cutback management approaches that decision-makers adopted in Northshire and Southshire. But the way in which politicians and officers translated policy priorities into a viable strategy did not always correspond with the partisan rhetoric occasionally adopted when explaining the political or budget rationale for making these spending choices. While there might be a strong financial rationale for making deep and targeted spending cuts, politically this can prove 'profoundly unpopular' with electorates and threatened to undermine the political authority of 'fragile regimes' (Pollitt, 2010, p.19).

For instance, local ruling administrations need to demonstrate that they are responsive to the electorate's local needs. Mostly, this might be achieved through addressing issues of local importance, but at other times they also seek to attract votes by espousing (in some but not all cases) similar-sounding policy messages to those of their counterparts (Copus, 2004). This might involve devolving power to local communities through divesting control of services via Big Society or localism initiatives (re: Southshire Conservatives), or continually reinforcing the negative consequences of the former Coalition Government's austerity policies on society's most vulnerable individuals by downplaying local autonomy and choice and placing the blame for cuts on the Conservative-run Department for Communities and Local Government and the Treasury (re: Northshire Labour). While the latter approach may not be characterised as a policy strategy, politically it helped manage the political consequences of having to design and implement spending cuts to front-facing public services – a point that Lodge and Hood identified with when they spoke about the blame-shifting strategies that ruling administrations used within different tiers and levels of government in managing the reputational consequences of having to push through difficult spending decisions (Lodge and Hood, 2012).

So far, I have illustrated some of the difficulties of separating the strategic and non-strategic behaviour of decision makers. There is evidence to suggest that elements of both styles of decision-making were evident in the two case studies.

7.3.1 Medium-term Financial Planning (MTFP) Processes

In both Northshire and Southshire, medium-term financial planning was used to translate the political spending priorities of the ruling administration into an actionable corporate service

and financial plan. For instance, in Northshire, the MTFP agreed by the cabinet on 28 June 2010 set out that the following principles should guide the financial strategy of the council:

- *(Principle 1) To set a balanced budget over the life of the MTFP while maintaining modest and sustainable increases in council tax.*
- *(Principle 2) To fund agreed priorities ensuring that service and financial planning is fully aligned with the council plan.*
- *(Principle 3) To deliver a programme of planned service reviews designed to keep reductions to frontline services to a minimum.*
- *(Principle 4) To strengthen the council's financial position so that it has sufficient reserves and balances to address any future risks and unforeseen events without jeopardising key services and delivery of service outcomes for customers.*
- *(Principle 5) Always ensuring that the council can demonstrate value for money in the delivery of its priorities (CC, 2013).*

In Southshire, the following key budget priorities were agreed in 2010–11 MTFP:

- *(Principle 1) Keep increases in council tax as low as possible, for example, 2.4 per cent per annum, which is the lowest set by the council.*
- *(Principle 2) Incorporating the new strategic plan agreed by the council to work more effectively with individuals and partners to use the funding in place as efficiently as possible.*
- *(Principle 3) Seek out opportunities for efficiency in all operations through collaborative working with other councils' police and health services, and by reducing overheads and management costs. We are also committed to looking thoroughly for*

overhead savings before considering reductions in frontline services. This has been a stated focus of the budget scrutiny process this year.

- *(Principle 4) Ensuring that services are not reliant on using reserves to manage their budgets unless this is a temporary plan with a clear understanding of how it will become sustainable in the future.*
- *(Principle 5) Reducing the proposed capital programme following a review of the proposed schemes to reduce the cost of borrowing in future years.*
- *(Principle 6) Tackling service and cost pressures that are leading to overspending in the current year to ensure that they do not increase the level required in future years (CC. 2 February 2010).*

From this list of budget principles, and in combination with the evidence gathered from other primary documents and face-to-face interviews, I identified the following commonalities and differences in how decision makers used MTFP processes to balance competing resource allocation priorities. These are summarised below in Table 7.2. Additional material on the use of cash limits and council reserves is presented in Appendix G.[i]

Table 7.2 Cross-case Comparison of Spending Cutback Changes

	Service area cut the most	Across-the-board/more-for-less spending cutback strategy	Service functions cut the least	Spending/income budget trends
Northshire (Labour-run authority)	Cultural-related services (60% decline between 2010–11 and 2014–15. Spending increase back to near 2010–11 levels in 2013–14 and 2015–16). Planning and development services (between 2010–11 and 2014–15 evidenced an 80% decline. However, in intervening years, i.e. 2012–14 and 2015–16, spending recovered to slightly below 2010–11 levels).	Central services (average 30% decline between 2010–11 and 2015–16). Environmental regulatory services (30% decline in 2011–12 from 2010–11 spending levels. Spending recovered to near 2010–11 funding levels in years 2013–14, 2015–16 before decline by 30% in 2014–15). Spending on highways and transport subject to a 25% cut in 2011–12 compared to 2010–11. However, in 2013–14 there was a 25% increase in funding compared to a 15% reduction in 2014–15.	Adult social care (cumulative spending increase). Children's services (cumulative spending increase).	10% decline in employee costs between 2010–11 and 2015–16. Income from fees and charges increased by 5% in 2013–14, remained static in 2016–15, and declined by 25% in the years 2011–12 and 2014–15. Upwards trend in income from sales fees charges. Income from this source increased by 20% compared to 2010–11 levels in 2013–14 before a decline year on year at a rate of 5–8%.
	Service area cut the most	**Across-the-board/more-for-less cutback management strategy**	**Service functions cut the least**	**Spending/income budget trends**
Southshire (Conservative-run two-tier local authority)	Environmental regulatory services decline 50% from 2010–11 funding levels in 2015–16, having previously received a 40% increase in 2011–12 and 2014–15, respectively. Planning and development services funding levels increase by 80% from a 2010–11 baseline in 2011–12, before gradually declining by 75% in 2013–14. In 2014–15 there was a 30% increase in funding, followed by a 20% decline against 2013–14 funding levels in 2015–16. Highways and transport decline by 30% between 2010–11 and 2011–12.	Cultural-related services (although 60% decline in funding in 2010–11 and 2013–14. A 60% increase in funding between 2011–12 and a 50% increase on 2010–11 levels in 2014–15). Adult social care (gradual decrease of between 5 and 8% a year until 2015–16, when there is a slight increase from 60% on 2010–11 spending levels to 70%). Central services experience a 20% decline in funding in 2013–14 compared to 2011–12. Funding for central services remains relatively static in 2014–15, 2015–16 and 2010–11.	Children's Services (based on financial data from 2013-14-2015-16).	A 25% decline in employee costs between 2010–11 and 2015–16. On average 5–8% year-on-year decline in total income. Income from sales fees and charges increase/decrease by 30% between 2010–11 and 2015–16. 2015–16 saw a decrease of 30% compared to 2014–15.

7.4 Cutback Management Strategy

Earlier, I questioned how the two case studies conformed to the characteristics of rational and incremental budget approaches to resource planning. This section further develops this theme when looking at how spending cuts to services were designed and implemented.

In 2010–11, Northshire received a 3.2 per cent increase in its formula grant once changes over the 2009–10 period had been considered (Corporate Management Team Report, 28 February 2010, p.14). The Emergency Budget of June 2010 altered Northshire's financial predictions (turning a budget surplus into a deficit), resulting in service groups being asked to address the following issues:

1. How could savings be realised in areas where the Government announced grant reductions in 2010–11;
2. Where could savings be achieved in 2010–11 by reducing expenditure and increasing income recovery in core budget areas; and
3. What savings could be actioned/planned for 2010–11 that could be maintained in assisting future medium-term finance plans and targets (Report, Interim Director Corporate Resources et al.: *Response to the Coalition Government's Deficit Reduction Measures and Emergency Budget*, p.1).

At this stage, service groups were only being asked to 'consider the options available to reduce expenditure' (ibid., p.1). Corporate managers focused on cutting spending within service areas or functions where funding was ring-fenced by central government for the delivery of social welfare and education programmes. In total, £17.6 million of savings had to

be delivered during the 2010–11 period because of reductions in one-specific-area-based grants (£5.754 million), specific grants (£8.845 million) and capital grants (£2.964 million).

Furthermore, the Chancellor of the Exchequer's decision to frontload two years of spending in the 2010–11 fiscal year exacerbated short and medium-term financial pressure to achieve a quick turnaround in terms of the design and implementation of spending cuts. Hence, one senior officer, while acknowledging the magnitude, scope and 'dire consequences' of the 2010 Comprehensive Spending Review, also observed how Northshire was in a better financial position than smaller metropolitan authorities and County Borough and District Councils, who lacked the capacity to leverage cross-county economy-of-scale savings. Although Southshire had delivered £70 to £95 million of efficiency savings prior to austerity, they had difficulty in driving through county-wide economies of scale savings at the same scope and pace as Northshire.

Several factors might explain why this was the case. First, political and organisational barriers to multi-tier collaboration prevented the County and District Councils from merging back office customer and billing functions. However, this did not preclude cooperation on county-wide issues of shared concern, especially when a joined-up approach could bring additional money into the county. One example is when the County District Councils decided to pool their business rate retention revenue so that it was possible to keep a larger percentage of the money in the county rather than handing some of it back to the Treasury. Nor did it prevent County and District Councils collocating services (in the County Town) to reduce running costs and aid the development of a more joined-up, integrated approach to service delivery. These initiatives were not perceived as a threat to the political and administrative autonomy of District Councils. There existed strong social and economic incentives for

cooperating across county district territorial governance on challenging social issues such as homelessness, alcohol drug addiction, housing and unemployment services. Second, District Councils tended to look to each other to identify economy of scale savings requiring the merger of services, job responsibilities and roles, and even legislative chambers. Between 2010–11 and 2015–16, six out of seven of Southshire's District Councils merged one or more service functions with neighbouring authorities. Two District Councils underwent a full merger, which included the creation of a single council chamber (MJ Journal, 'Councils back first district merger in 40 years', 30/1/17)**.** Nationally, some District Councils sought to secure economy of scale savings through a full merger of services and legislative chambers to create what is known as Super District Councils.

7.4.1 Cross-county LGR Service Reform

LGR provided Northshire with plenty of opportunities to rationalise, redefine and renegotiate long-standing funding relationships with external partners – sometimes unilaterally. The LGR process also seemed to enhance Northshire's strategic capability to coordinate changes in how services were delivered county-wide. It is important to clarify what is meant by the term 'strategic coordinative capabilities' (Corporate Scrutiny Committee 2011b, LGR cost savings, p1-5). The capacity of the unitary authority to control service outputs or outcomes depended on the unitary authority being able to exercise territorial and political control over the delivery of services. Policy coordination between the former county council and district councils could prove problematic if there were differences in resource prioritisation and political and policy outlook (see Chapters 5 and 6). In this sense, LGR enabled decision makers to take a more coordinated approach to the problem of how to redistribute resources throughout the county on a more equal basis than was the case previously. This was achieved, through LGR,

strengthening the County Council's strategic coordinative abilities (CMT, 2011c, Leisure, 2011). Two good examples of sectors or service areas where LGR strengthened the hand of Northshire to drive through a county-wide approach to service provision can be observed in the voluntary community sector and leisure centre reforms.

7.4.2 Voluntary Community Sector Reform

To what extent did the LGR strengthen Northshire's power to impose a top-down solution on the voluntary community sector?

- Prior to LGR, six Community Voluntary Sector organisations (CVS) were financially supported by former district councils.
- Following LGR and the worsening of Northshire's financial position in 2010, a £750,000 funding commitment to support the voluntary sector was cut by 50 per cent.
- The LGR provided a strategic and financial rationale for reform on three levels. First, CVS organisations were wholly reliant on Northshire for their funding. Second, unitarisation created a strategic resolve to develop 'a county-wide model for the provision of infrastructural support services' (Corporate Management Team Report, December 2011, p.19). Third, developing a county-wide approach might mean that Northshire would reduce the number of CVS training organisations down to two. One organisation focused on the east of the county, while the second possessed a county-wide remit to deliver infrastructural support and development services on the unitary authority's behalf.

Based on the evidence presented above, one could argue that LGR helped Northshire to create a strategic blueprint for reorganising how services were provided in the county.

Moreover, the increased emphasis or focus on using LGR to 'lever' efficiency savings added to the case for reform in respect of the delivery organisation. In this sense, reform in the CVS sector became an extension of reducing resource disparities and duplication within service areas and localities. For instance, a cabinet report in December 2011 observed:

> *The current arrangement creates duplication and shows a lack of consistency of support available to the wide sector across the county. Because of this, efficiencies are more difficult to achieve, either in terms of financial resources made available to the sector or through staffing, which, in turn, limits the scope for significant improvements in value for money.* [Northshire] *is recognised as being at the higher end of public sector investment but no real evidence exists to show an equivalent level of outcomes for local communities* (Northshire Cabinet, 14/12/11, p.14).

However, according to the unitary authority, the inability of the One Voice Network (an organisation representing the interests of the community voluntary sector) to take a strategic lead was more of an issue when it became apparent that additional financial reductions were necessary following the onset of austerity. For instance, in a sentence preceding the above quotation, a County Council cabinet report observed:

> *Although the sector has received this high level of support it continues to lack a strong strategic voice. The infrastructure support arrangements that were established following unitarization in 2009 have not evolved to offer this strategic voice and the One Voice Network has also not managed to fulfil this role* (Cabinet Report, 14/12/11, p.14).

This suggests that concerns about 'sector-led efficiency' became more important following reductions in central government funding. Although LGR provided a template for reform, austerity strengthened the case for disposing of past 'infrastructural support arrangements', which, in turn, led to more radical reform proposals. The above comment also echoes concerns raised in other areas of service delivery (leisure services and community buildings) around the financial sustainability of continuing to provide financial and infrastructural

support to sites or facilities, some of which were under-utilised because of oversupply issues (as was the case with leisure centre sites and facilities in the county town). However, in the case of community buildings, some of which were in a state of physical dilapidation, significant capital spending would have been required. Consequently, early in the review process in community building, a decision was taken only to invest in community buildings for which the costs of repair and maintenance were financially sustainable. In both the leisure and community buildings' asset transfer examples, LGR provided an opportunity to develop a county-wide approach to service delivery, which also provided the main means of addressing the legacy issues arising from the inheritance of services and assets from the former district councils.

7.4.3 Leisure Service Reform

Following LGR, Northshire inherited many leisure services facilities and playing field sites from the former district councils. This gave rise to several post-reorganisation challenges, which fed into the cutback management process:

- The leisure service strategy sought to level out resource provision throughout the county.
- The onset of austerity strengthened the financial case for closing or transferring services to external service providers. However, many of these leisure sites and facilities were financially loss-making and therefore commercially unattractive.
- The levelling-out of resources through the county also involved large-scale disparities, such as the over-provision of leisure centres per head of population in Northshire city. One senior officer observed: 'There were 18/19 indoor facilities in which 6 were in one

area… it made no sense whatsoever. So even though the leisure review may superficially not look very much like a local government reorganisation issue… it was' (senior officer, 3/12/12, lines 316–18, p.9).

- As with the VCS case, the leisure service strategy sought to develop a county-wide approach to service delivery. For example, the leisure strategy document observes: 'As resource, services and standards vary significantly from area to area the [sports and leisure] strategy reapportions resources across geographic localities and service areas' (Northshire CC, sport and leisure strategy, 26/5/10, p.18). However, unlike reform in the VCS strategy, concerns about financial viability, quality and consistency translated into an initial reluctance to divest leisure services and facilities.

One Labour member's characterisation that some officers were 'standoffish' or 'dismissive' of public concerns seemed to highlight how ward-level disputes could exacerbate political tensions between Northshire's Council Leadership and backbench council member (Northshire Labour politician, 25/1/13, lines 176–9; 192–205, pp.5-6). This source of conflict could prove equally contentious to manage when value-for-money metrics were used to justify the closure of the local leisure centre were questioned by the Labour member:

> **[Labour politician]:** *The recreation officers decided they would close the leisure centre. So, I mean to be quite honest… They never ran it right when it was taken over by the council. They did not seem to have much intentions of doing so… So, I fought my corner in the cabinet… I wasn't too concerned about Labour policy. When it came up in the Labour group I was going to go all out… But when I saw the prices… this place was bottom of the list…* **[Interviewer]:** *What do you mean by prices?* **[Labour politician]:** *Prices in terms of running costs… We were dearer than everybody else. I wasn't expecting that. There were about four or five who were close in terms of costs. But we were bottom. I said… 'I can't believe this.' I knew full well that it had not been promoted well by the managers. But to be bottom of the list curtailed what I was going to say. Anyway, it was disappointing to find* [X place] *bottom of the list. So, I thought… 'fair enough … I'll have my say…' These officers were very standoffish…We know more than you. Every time you ask a question…*

> *They were not very helpful at all.* **[Interviewer]:** *When did this happen?* **[Labour politician]:** *When the closure was first announced you see. We had a meeting at the school.* [They, the officers said] *'We haven't got any money… no money…'* (Northshire Labour politician, 25/1/13, lines 176–9; 192–205, pp.5-6).

So far, we have seen how LGR helped to strengthen the strategic case for developing a county-wide model of service delivery within two service sectors – namely, the voluntary community sector and leisure services: LGR created a strategic blueprint for developing and delivering a county-wide model of service provision. In 2010, Northshire's Council Leader observed how 'more than half the reductions [were] generated through reductions in management, support services, efficiencies and increases in fees and charges, so that the impact on frontline services could be minimized' (Council Chamber Minutes, 6/12/10, Agenda Item 6, p.21). According to the Council Leader, LGR also provided 'significant efficiency and modernisation opportunities', which reduced the need to cut frontline social and welfare services (ibid, p.21). However, in Southshire, the Conservative Council Leadership made similar claims about the capacity to reshape how services were delivered to protect the delivery of core services using the logic that these were 'services which local communities were more than capable of providing for themselves' (SCC, 2010).

7.4.4 Spending Cuts to Statutory and Non-statutory Services

How do local government politicians and officers design and implement spending cuts to statutory and non-statutory services? This question is important for several reasons. First, it has legal interpretative significance. We need to consider how statutes and legal court judgements (precedents) are used to legally interpret the extent to which a word or phrase and/or accompanying guidance constrain or permit local decision makers to remodel or

reduce how a statutory service is provided. This can have important implications for local decision-maker discretion and their autonomy over how spending cuts are designed and implemented.[ii]

A second reason for considering the statutory and non-statutory service distinction is the impact it can have on how spending cuts to services are designed and implemented. Ultimately, this can affect how decision makers interpret what is or is not a statutory minimum level of service provision. In Northshire and Southshire, the issue of statutory minimum levels of service provision were linked to questions of how spending cuts to library services (especially the closure of branches in rural areas) affected the sustainability of the library network. In both case studies, the decision to reverse the proposal to close rural libraries resulted in a strategy of hollowing out resources across the library network so that it was possible to keep rural library branches open, on the condition that they received a larger cut in opening hours than their urban counterparts. However, this spending cutback reversal did not prevent Southshire from reforming the operational model for how the library service was provided. Indeed, divestment of the in-house service to an external divested service model meant it was linked to the ability of the County to protect the library service network in both urban and rural areas. This was an important political milestone in turning the tide of negative press headlines following the appointment of the new Council Leader and Chief Executive. It was also important in terms of demonstrating that the shire authority had a sustainable plan for meeting its statutory and legal obligations to provide a 'comprehensive' and 'efficient library service'.[18]

[18] For a full explanation of what the term comprehensive and efficient library service means see Department for Culture Media and Sport archive publication https://www.plymouth.gov.uk/sites/default/files/NationalLibraryStandards.pdf (accessed 21/10/17).

Statutory minimum service levels also provided a key point of comparison against similar neighbouring local authorities and national guidelines. A good example of this in Northshire was the decision to remove free school transport for students travelling to local schools within a three-mile radius. Previously, the criteria in Northshire had been two miles, which had added to the cost of providing a home-to-school transport service. Although in Southshire there appeared to be fewer examples of statutory minimum service levels being exceeded, it is hard to independently verify the accuracy of this assessment: in the Conservative-run shire authority, greater focus was placed on changing the operational model of service delivery than on changing the criteria for accessing front-facing community services, irrespective of whether this was determined by statute, working practice and convention and/or means testing. This meant that although in Northshire and Southshire statutory minimum service levels acted as a guide for how decision makers used and interpreted this information, they differed because of the scale and magnitude of the reform endeavour. For instance, in Northshire there was a greater focus on rationing internal provision through hollowing out and strategically targeting spending cuts at those areas of service delivery (statutory or non-statutory) that performed least effectively against established national, regional or local metrics for performance and value for money. In Southshire, in contrast, there had already been a prolonged period of identifying and extracting efficiency savings through back-office rationalisation and LEAN management service reviews, focused on cost and performance improvements prior to austerity through 'eliminating waste' and subjecting service design and delivery processes to continuous review and improvement (Furterer and Elshennawy, 2005, Loader, 2010, Coté and Sharma, 2016, Kochan and Lipsky, 2003, Boivin, 2016, Cresswell et al., 2014)

This also created differences in the organisational–administrative outlook prior to 2010. In Southshire, greater attention was given to changing the operational model than focusing on minimum service levels, inhibiting the case for service innovation and reform. This created more legal uncertainty regarding the impact that such changes might have on Southshire's ability to meet its statutory commitment, especially regarding library services and school crossing patrols. Although schools had the autonomy to decide how they allocated resources between different funding priorities, the withdrawal of school crossing patrol funding created an additional budgetary gap which was not easily filled by parents or staff volunteering to fulfil the role. This contrasted with the situation in Northshire where in-house service rationalisation provided a degree of legal and organisational certainty on the viability of using existing service delivery mechanisms and structures to meet statutory requirements.

A good example of this from Southshire involved the revision of initial plans for library reform. The NSP had envisaged community groups taking over the running of community library services located in largely rural areas. Under these proposals, Southshire was going to divest complete control to communities without an overarching central organisation overseeing and coordinating the delivery of a cross-county library service. Owing to political pressure, which also included the threat of legal action (although this never materialised), an independent provident society model was proposed. Furthermore, the creation of an IPS structure enabled the Conservative Council Leadership to apply a 30 per cent cut in the operational cost of delivering a service, while also creating a centralised administrative–corporate hub that was contractually charged with the responsibility of delivering a viable county-wide library service.

However, it is difficult to explain how these points of difference and comparison impacted spending cutback decision choices in either case study. A Northshire Council Leader expressed

a similar viewpoint when stating that the 'statutory/non-statutory distinction was unhelpful' (Council Leader, 15/11/12, line 33-37, p.1) – a perspective one senior officer reinforced when talking about the financial and organisational problems of using the statutory and non-statutory distinction to determine which service functions should receive a higher or lower spending reduction:

> *A lot of neighbouring local authorities make a big distinction between what is a statutory service and what isn't. Some of them have gone down the route of saying we've got to do the statutory and therefore we concentrate on those areas while ignoring other areas of service delivery because they are non-statutory. We've stayed away from that because I don't know if anyone has counted the number of statutory responsibilities because I think they are in the tens of thousands. To be honest: an inefficient statutory service you protect because it is statutory at the expense of a non-statutory service producing good outcomes, in line with your sustainability community strategy, then you would be mad* (Northshire senior officer, 25/2/14, p.8).

In part, this stem from how the number of statutory obligations to which local authorities are subject can cross multiple public service sector boundaries. Furthermore, there are also practical, strategic, logistical and organisational challenges of separating statutory and non-statutory service functions, especially when the former service may be dependent on the latter to provide logistical or strategic support for coordinating the activities of a statutory service. Consequently, one approach used by both authorities was to focus spending cuts on front-facing neighbourhood and community services such as library, leisure and youth services, whether statutory or non-statutory. While this approach narrowed the range of services examined, it did not necessarily provide a complete view of the differences.

English local government cutback management scholars assume that both the severity and length of austerity force decision makers to reassess their resource allocation priorities (Levine and Posner, 1981, Joyce, 2011) Thus, the longer austerity lasts, the broader and

deeper the impact of spending cuts on all types of service (Dukelow, 2014, Gardner, 2017, Brady et al., 2014, Griggs et al., 2014, McKendrick et al., 2015, Ferry et al., 2017). Consequently, resource scarcity forces decision makers to change their budget or spending priorities, from initially protecting front-line statutory service provision to identifying service functions where the resource tap can be turned off quickly, such as statutory services above national minimum standards or services dependent on specific grants that were abolished in the 2010 Comprehensive Spending Review and budget. This can sometimes result in a more strategic or targeted approach to spending cuts. For instance, one senior Arts Council manager observed in relation to library service provision how the distinction between statutory and non-statutory services was becoming less, not more, important the longer that austerity lasted:

> *You will often hear decision-makers prioritising services in terms of whether they are statutory or non-statutory. To be honest, in many instances, we have gone beyond that to where it is proving difficult to deliver all the statutory functions that are placed on a local authority. Their choice is not between statutory and non-statutory; it is between what is deliverable and non-deliverable given the financial resources* [that local authorities] *have available to them* (Senior Manager, Arts Council, 25/2/14, p.5).

There is some evidence from the case studies to support the above statement that the statutory status of a service was less of a driver in determining where the spending cuts axe would fall. Southshire's Head of Corporate Resources also observed how services that were easier to cut happened to be those in which the statutory and non-statutory distinction was not clear because service delivery and back office support functions crossed departmental or directorate boundaries or business units, which affected how spending cutback decisions were designed and delivered:

> *Initially, in the first year of the cuts, because it came quite quickly, we did have to stop services; there was no doubt about that and we cut, for example, we reduced our bus subsidies. We completely stopped what we call our 'explore card', which was concessionary travel for young people. It was things like that which just went, things where we could turn the tap off quickly* (Southshire's Head of Corporate Resources, 3/2/13, p.1).

One senior politician in Northshire talked about the need to 'find the lower hanging fruit' before reaching 'higher up the budget tree' to 'pick' harder to reach resources (Senior Politician, 3/12/12, line 174-177, p.5).

However, the above observations provide little detailed insight into what qualifies as a 'hard' or 'easy saving'? Is this determined by the political priorities of the ruling party? Is it a purely strategic decision, the ability to design/implement the same saving year on year, or a mixture of all the above factors? For instance, across both case studies senior politicians and officers declared a commitment to protecting front-line social and welfare services at the expense of other neighbourhood or community services. This necessitated decision makers on some level making strategic and political choices as to the value of X or Y service. But such prioritisation does not address the question of whether a spending cut was hard or easy to design and implement. The one exception to this in both case studies was the association made between merging and centralising back office service functions and the removal of unnecessary 'bureaucratic' and 'inefficient costs'. Although cutting back on back office service functions provided opportunities to retrench through efficiency savings, the financial and organisational capacity to continue is also limited by the future availability of such savings and the need to maintain managerial oversight and administrative control of internal processes and procedures over how services are designed and delivered. While in Northshire this need to maintain internal organisational and administrative control was more clearly expressed because of a bias toward maintaining in-house service provision, in Southshire, the ruling

Conservative group were committed to divesting control over how services were run or managed to 'lower cost', third party voluntary community and third sector organisations as part of the NSP (SCC, 2010, Geater, 2013b, Hargrave, 2012).

A good example of a service in which this cutback management logic was applied was that of school crossing patrols. For instance, the Southshire authority cut funding for school crossing patrols from the school budget delegated to the local authority by central government. Although this represented a form of internal rationing, also evident in Northshire, the assumption that parents, governors and teaching staff would operate a voluntary school crossing patrol service reflected broader differences in the strategic stance or position either authority adopted when designing and implementing spending cuts to services. While in Northshire greater emphasis was placed on using LGR-type savings and internal rationing of services to reduce costs, in Southshire there was a much broader and more radical change agenda involving 'the divestment of all but a few core services' to third party organisations (SCC, 2010).

Protecting statutory services at the expense of protecting local public community services that have a social value or civic status can undermine the perceived legitimacy and fairness of the spending cutback process. This is a point that is illustrated in both case studies in separate ways, but nevertheless expressed by one senior Northshire politician:

> *We just leafleted for the Police Commissioner Council elections… There is a common thread through the issues raised on the doorsteps: dog fouling, state of the roads and footpaths. We can talk all day about safeguarding children… safeguarding adults… social care… demographic changes through, for example, people living longer – and that's a high priority with us. But these are front-facing issues in the areas I've been talking about* (senior Northshire politician, 3/12/12, lines 447–51, p.5).

This statement raises a broader range of questions about the extent to which it was politically and organisationally feasible to consistently apply a corporate approach using internal and external performance-based benchmarks to evaluate the cost and quality of public services. However, it is important to understand why the creation of 'new central control and monitoring systems' was used across both case studies as a response to the 'strategic uncertainties' created by austerity. For instance, Ferry et al (2017) observed, based on evidence gathered from a survey of English and Welsh local authority responses to austerity, the 'increased emphasis on diagnostic control systems… [even though] local government in each county operates within a different performance framework and has been subjected to varying levels of funding cuts' (Ferry et al., 2017, p.228).

Equally, LGR also provided opportunities to improve Northshire's financial and budget management record prior to the onset of austerity in 2010. For instance, a 2009 National Audit Office report gave the old County Council a score of 2 out of 4 for use of resources, managing finances, governing the business and managing resources (National Audit Office, 2009). Prior to LGR, a Comprehensive Area Assessment (CPA) conducted by the Audit Commission highlighted that 53 per cent of all local authorities had a higher Use of Resources score than Northshire County Council. Similarly, on the question of whether Northshire had a "sound understanding of its costs and performance so that it could implement changes to 'achieve efficiencies in its activities", 57 per cent of other councils had received a higher score on the CPA assessment (ibid pp.8-9).

In part, the above evaluation reflected a tendency of some senior managers and budget holders across the authority to engage in departmental 'in-fighting' to protect their resource base. For instance, one senior officer observed:

> There were tensions because of the dysfunctional way in which the authority used to be run. I think when people worked in environments where it was dog eat dog… everyone was fighting for their own resources… I would say from a member and an officer point of view you waste so much energy and effort on fruitless in-fighting... When you actually worked in a way in which all that is taken out of the equation… colleagues in corporate management team are all really good. So, people don't wish to go back to that behaviour…. (Northshire senior officer, 13/09/12, line 229-234, p.7).

Following unitarisation, Value for Money and other performance-based evaluation frameworks were adopted to identify ways of providing the same service for less resources. For instance, one Corporate Management Team report to Cabinet observed that the new unitary authority sought to 'embed value for money across the organisation' (Northshire CMT Report to Cabinet, 10/3/10, p.10).[19] The senior officer who authored the above CMT report also commented: 'How we develop our approach to value for money within Northshire over the next few years has to reflect the situation the Council finds itself in and the opportunities from LGR in becoming a much more efficient organisation' (ibid.). Hence, Value for Money also fed into the development of a same for less and/or more for less philosophy, despite the troubling political connotations the concept of more for less might have for a Labour Council which was very critical of the Coalition and Conservative Government approach to funding cuts for local authorities such as Northshire. The following definition is used to illustrate how the concept might be operationalised: "In layman's terms, improving value for money means 'same for less', 'more for the same costs', or at best 'doing more in terms of delivering better outcomes for less'... at its simplest, value for money means delivering the highest performance with the least costs" (CMT Report presented to Cabinet 10/3/10, p.1).

[19] Formal and informal communication channels (e.g. 'employee updates, cascade briefs, staff roadshows, learning meetings, one to one sessions and individual performance appropriate discussions around delivering results behaviour competency') were to be used to develop 'consistent and effective communication around value for money' (ibid.).

Northshire's poor resource allocation performance prior to unitarisation contrasts with that of Southshire. Between 2005 and 2009, there had been a marked improvement in how resources were managed in the latter which had resulted in the County Council being ranked using the CPA measures as the joint second most efficient authority in England and Wales. Despite this, LGR was viewed as an opportunity to embed new organisational priorities, values and ideals. These differences in history and experience also affected how decision makers in both case studies responded to austerity. On the one hand, in Southshire, austerity was presented as a threat to organisational survival which could only be responded to through radical changes in how public services were delivered. On the other hand, in Northshire, the response was more incremental and more focused on maintaining and – in some cases – further developing new systems and processes which had developed out of LGR (CMT, 2010b). Consequently, in Northshire there was a greater political-corporate consensus on further developing corporate intelligence gathering and coordination capabilities under the oversight of the Assistant Chief Executive and Head of Corporate Resources. Therefore, it could be argued that while LGR helped mitigate some of the financial costs and risks, it also provided a corporate-political template for the continued evolution and reform of established processes and procedures, which also mitigated the need for more radical change measures or responses to austerity.

However, implementing a cutback management approach which consistently applied Value for Money efficiency and performance benchmarks was difficult to maintain in Northshire. This was despite LGR having provided the unitary authority with more opportunities to design/implement economy of scale savings through merging back office functions or leveraging efficiencies from the sharing of human and infrastructural resources across local services and facilities previously controlled by the District Councils. Indeed, libraries provide

a good example of some of the limitations associated with using a Value for Money framework when designing and implementing spending cuts to services. Northshire had a statutory duty to provide library services, but they had flexibility in how to interpret this. Like Southshire, it was initially proposed that rural library facilities should close to concentrate resources in large urban population settlements where, statistically, library usage rates were higher. But this strategy proved politically unsustainable because of rural backbench opposition within the ruling Labour party to the decision. In addition, while some communities accepted the need to close rural library facilities, the very same communities rejected this corporate intelligence to sanction the closure of their local library or facilities. For instance, whilst most communities wanted to keep their library services open where failure to close a branch might result in a substantial reduction in opening hours, closure was a preferred option in a neighbouring community or area.

> *... in some AAP's where community libraries are at risk of losing a substantial proportion of their opening hours…. there was feeling that closure of smaller libraries that are not so well used, or that are close to other libraries, would be preferable to reducing hours in certain communities. However, such comments tended to be about libraries in other areas – in all AAP's there was a strong support for local libraries and the importance of retention* (CMT, Library Strategy, presented cabinet 11/7/12, p.7).

Some parish council members of opposition parties also talked about longstanding territorial rivalries resulting in frequent complaints of unequal treatment being made to the Council Leadership and senior officers in the unitary authority – particularly in relation to the maintenance and availability of local facilities and services, especially those which looked after the physical appearance of the locality (re: grass cutting) (Independent Parish Councillor, 5/6/13, p.1; Lib Dem Parish Councillor, 5/2/12, line 270-274, p.8).

For the reasons outlined above, applying a strict statutory/non-statutory distinction between services when deciding where to invest or withdraw resources from local community services and facilities could be equally politically difficult to implement, even though the financial case from a Value for Money perspective might encourage such action. In Northshire, senior politicians viewed this strategy as being too restrictive because it ignored the 'bread and butter issues' that local communities were concerned about on the doorstep. Despite their obvious similarities, Southshire's Council Leadership had no political inhibitions in abandoning such services. How or why this was the case is a point that is explored in greater detail in Chapter 9.

7.5 The Impact of Centralisation on Shaping Politician–Officer Resource Allocation Decisions

In both case studies, the power of central service departments to set limits on departmental spending meant that Heads of Services and budget holders had discretion in deciding how they reallocated resources. However, both the magnitude and scale of spending cuts strengthened the power of the 'corporate centre' to monitor/scrutinise financial and service performance. In Southshire, budget holders in high-risk, high-spend departments (re Adult Social Care and Children's Services) were given additional budget training and resources to help avert the potential financial, organisational and reputational risks associated with being unable to meet unexpected increased service demand. Rather than these processes leading to fragmentation in resource allocation decision-making, there was a similar emphasis in both authorities on maintaining the consistency and transparency of a corporate approach to resource management through utilising MTFP processes and procedures. Although this process depended on the professional officers' knowledge and skill, it did not preclude senior

politicians from vigorously arguing that the budget process was driven by the ruling party's policy priorities.

The scope and pace of reform in Southshire meant the design and implementation of spending cuts represented more of a technocratic enterprise which was heavily biased or oriented towards a corporate managerial efficiency rather than a managerial department-based agenda for reform and change. This also negatively impacted on the organisational capacity of senior politicians and officers to involve internal and external stakeholders in the cutback management process. Moreover, this had a fragmentary effect on legitimising the policy choices or decisions made by the shire authority on spending cutback priorities.

Therefore, a crisis of legitimacy occurred when changing the operational model of services to local communities operated led to the complete abandonment of long established local public services and facilities. This was not the case for other services and redesign did not carry the same weight of political controversy that closing rural library services or cutting the budget for school crossing patrols had done. For example, on this point the former Council Leader observed how the NSP was merely renamed and softened following MB's election and this was due to mounting pressure from the Conservative Parliamentary party and district councils who called for a 'softer' communication strategy or approach (JP, 31/3/16, pp.10-11). This was a process which the new Council Leader, elected by the party group following JP's retirement, likened to the Bananarama effect:[20] "We got rid [of] the libraries, but we did it in a way that was acceptable. [The new Chief Executive] and I used to talk to the LGA [Local

[20] The so called Bananarama approach (i.e. 'it is not what you do, but it is the way that you do it') sought to soften the communication tone of the NSP which seemed to suggest to local communities that the local authority would unilaterally withdraw services without providing the necessary support to put in place viable alternatives unless they took responsibility for the operation and management of these services.

Government Association] and we'd say: 'it's not what you do but it's the way that you do it'' (Council Leader 2, 27/3/16, p.6).

Another key question or issue is how austerity affected the decision-making relationship between politicians and officers in both case studies. This is especially important because increased demand for services during a prolonged period of fiscal constraint puts increased pressure on politicians and officers to find innovative ways of developing service and resource solutions that cross departmental–silo organisational hierarchical boundaries. Moreover, many local authorities are having to work across traditional territorial and organisational boundaries to identify new resource and economy-of-scale savings. But what happens when the potential to achieve such savings diminishes or is stymied by the lack of agreement on the development of new organisational structures and processes involving multiple civic community and public body stakeholders? The current Chief Executive of Southshire County Council highlighted some of the challenges of working across organisational boundaries and traditional operational structures when describing the need for local government officers and politicians to develop whole-system rather than siloed service planning to address 'complex adaptive needs':

> *The challenge is how we can be different enough in our approach to get something significantly better than we have now, pushing the boundaries of service delivery and traditional operational structures. Austerity measures, coupled with current and predicted increases in demand for public sector services, also provide stimulus for system integration and collaboration. It is important to take a system view so that complex adaptive issues can be best served in the most efficient way – going it alone is no longer a viable option… Working as a system leader requires a range of skills that go beyond the traditional approaches that most of us have developed and refined over the years.* (*MJ Journal,* 14/8/15).

The prominence given to integration and collaboration across traditional operational and governance boundaries seems to reflect the type of professional skills and values emphasised

in the 21st-century public servant concept (Liddle, 2010, Needham and Mangan, 2016). This concept has taken on increasing importance given the increasing financial stress local authorities are subjected to. In response, local authority officers needed to develop Key Skills and Attitudes (KSAs) to enable officers to work across public and private-public political and organisational boundaries while also being able to apply commercial skills appropriately within a public-sector context (see Appendix C).

However, my research questions the extent to which the lack of these generic skills affected politician–officer relations within the shire authority. Moreover, there is no study evidencing how the concept was operationalised in terms of reshaping routine and strategic decision-making practices of members and officers. Nevertheless, despite this proviso, it is possible to observe how the 21st-century public servant model was linked to a broader drive. This was to introduce a more commercial or entrepreneurial approach to the running and management of public services. This is something that the current Chief Executive links with Southshire's financial and organisational capacity to survive 'an era of permanent austerity'(McBride, 2015, McKendrick et al., 2015).

Those local authorities who are key advocates for the mutualisation of public services have also embraced this concept. This is a point that Craig Dearden-Phillips (a prominent campaigner for PSM enterprises) and Southshire's current Council Leader writing in the *MJ Journal* (2015) implicitly acknowledged when illustrating how large and small-scale politics can sabotage public service mutualisation:

> *We think the reason there are not more PSMs (Public Service Mutual) than there could be is that, despite the quality of the solution, the local political hurdles are still too high. For many left-leaning councils, mutualisation is still viewed as a 'right wing' idea, pushed as part of austerity and, possibly, part of a deeper, longer-term plan to push public services into the private sector. Equally, many on the political right cannot quite get their heads around the idea that new companies, owned and*

> *controlled by staff, can make for strong, grown business. For these councillors, mutualisation is still too fluffy. In the middle are a lot of quite cautious councils, of all colours, who are viewing commercialism simply as the council itself setting up shop in as many sectors as possible, turning its own departments into local owned ventures. To these councils, the case for* [PSM] *has remained marginal* (*MJ Journal,* 24/6/15).

In the *MJ* article, the capacity of Southshire to reduce a £10 million library budget by £2 million, and the creation of a PSM committed to providing learning and social care services to adults with learning disabilities, are presented as examples of how mutualisation has been a success in the shire authority. Moreover, linking the development of public service mutuals to the delivery of a 'strong local agenda of devolution to communities, local enterprise and pride of place' (ibid.) is a point that the incumbent Chief Executive emphasised when reinforcing the need for officers to act as 'system leaders' capable of working 'beyond traditional approaches' to commissioning and delivering public services.

In Section 8.2, I will show via several mini case studies how this service outlook or philosophy contrasted with the approach that politicians and officers adopted in Northshire. However, in making this assertion it is important to contrast the Labour authorities' political and administrative response to austerity in the 2010–11 and 2012–13 periods (which seemed less predisposed to experimenting with different models of service delivery) with later time periods in the spending cutback process. Northshire's capacity to protect front-line services provided a strong financial and organisational rationale and incentive to experiment with alternative service delivery options, especially when contracting out the provision of elderly or residential care resulted in significant cost savings (e.g., such as the decision to close down council-run nursing homes in 2011–12) or presented tax advantages (e.g. the transfer of library and leisure services into a service trust in 2014–15).

However, in some cases, such as transferring library and leisure services into a service trust, the transition process was more problematic because of concerns that contracting out a service to a newly created organisation might weaken democratic scrutiny and organisational control over the service (Cabinet, 25 January 2011, Cabinet, 8 February 2012, Cabinet, 11 July 2012). Furthermore, in contrast to Southshire, where there was a more experimental, open-ended approach to civic–community divestment of services, and the externalisation and commercialisation of former council-run services (Southshire's Chief Executive, *MJ Journal,* 15/8/15), senior politician–officers and the ruling party group in Northshire seemed less predisposed to implementing a mutualisation agenda in response to austerity.

This raises the question of how these differences in the political–administrative assumptive outlook conforms with the local government's decision-making models outlined in Table 2.3 (p.60) by Wilson and Game (2011) – an important issue when assessing the applicability and limitations of either of the models to the political–administrative context. Writing on the Conservative Party home page, one former cabinet member observed how 'the public sector is notorious for waste. I'm sorry to labour the point, when so many authorities are rigorously addressing this, but [I] often find that the endless bureaucracy inhibits progress; a review of officers' delegated decisions would help' (Conservative Party home web page, 9/7/15, accessed 23/6/17). Based on the experience of being a cabinet member in Southshire's County Town District Council and County Council:

> *Most* [officers] *knew where the savings could be made, but officers will only tell you what you want to know, and it takes a while for you to build a relationship with those officers that you trust and who will tell you the truth. Most of them want to protect their jobs and that's understandable they won't always tell you the truth* (Conservative politician, 14/8/14, p.3).

In Northshire and Southshire, the relational capacity of senior officers to elicit trust from senior politicians seemed to depend on their intuitive ability to understand the political complexities of their respective policy environments. However, there were differences in how this was emphasised. For instance, one Northshire senior officer observed that an emphasis on collaborative working between senior officers and politicians meant there would be less potential for a political–administrative divide to open up over how spending cuts were designed and implemented:

> *You're trying to the best of your ability to say, 'the impact of a spending cut will be this'. The politicians weigh it up and they can say 'no way, don't want to go there… that is not in line with priorities'. It is rare that would happen in a good authority where officers and members work together where they write the strategy together* (Northshire senior officer, 3/12/12, line 345-349, p5).

The relationship between Southshire's former Chief Executive and senior and middle-ranking officers tended (in some, but not all, cases) to be more conflictual than in Northshire. There were several reasons for this, two of which I will elaborate now, and address in greater detail in later sections of this chapter. First, the relationship dynamics between the Chief Executive and former Council Leader were an important driver for changing how services were provided. On one level, this reflected the elevated level of delegated control and autonomy that the Council Leader had conferred on the Chief Executive in formulating, directing and implementing the NSP – something that the former Council Leader had not seemed to grant a previous Chief Executive, who was viewed as less interested in challenging the job-for-life culture in the shire authority. Indeed, some Conservative politicians argued that the former Council Leader had delegated too much power to the Chief Executive to implement a vision for public service, which some in the Conservative backbenches and district councils viewed as 'alien' to the political culture or 'Southshire way'. On another level, in retrospect, some

elected conservative politicians believed the former Council Leader (JP) handed too much personal or political power to the former Chief Executive (AH). Nonetheless, here, in contrast to the former Council Leader, the ruling administration's service reform agenda was viewed as suffering a death by a thousand cuts because of the more conservative and consensual approach of the newly elected leader to decision-making (officer, 23/01/13, p.2). Conversely, in part, such a perception was influenced by the impression (however vague or deep rooted) that MB failed to engage or sufficiently consult with senior political colleagues, despite, to a greater or lesser extent, having adopted a more open and consultative approach:

> **[Senior Conservative politician]**: I think people were surprised at how well he took to the leadership role, because he's always been a bit of a bruiser when he was in a portfolio role, but in a leadership role you must have a slightly different way of approaching things. That is why a lot of people now are thinking 'X politician is a good leader'.
> **[Interviewer]**: It wasn't the direction of policy that was the downfall of MB?
> **[Senior Conservative politician]**: No, we wanted to see the leader, and can engage with him. Also, there's been a lot more group meeting talking about issues that are coming up, and deciding upon the direction we want to go in.
> **[Interviewer]**: And is there a sense as a party group that you're in the driving seat, rather than the officers being in the driving seat – would that be a fair comment to make?
> **[Senior Conservative politician]**: Yeah, I think X politician is a lot more direct with officers. Much more likely to direct them – for them to go to him and ask whether this is a good idea rather than say, 'Yeah, this is okay' (senior Conservative politician, 2/3/16, p.11).

However, there was a price involved in adopting a more consultative approach, albeit one that was consistent with the middle-of-the-road 'one nation' values of shire Tory backwoodsmen. It also gave senior and even middle-ranking officers sceptical of plans to divest all but a few core services a greater opportunity to influence decision-making. Indeed, this emphasis on collaborative decision-making between senior officers and politicians was frequently identified in Northshire by senior officers and politicians when contrasting the un-

corporate behaviour of the old county council with the new unitary authority. However, in Southshire collaborative decision-making between senior officers and senior politicians was viewed with suspicion on the backbenches and among some senior politicians, especially when they believed they were not being adequately consulted by the newly elected Council Leader (senior Conservative politician, 2/3/16, p.11).

Second, the pace of reform was described by one senior officer as 'frenetic'. This assessment contrasted with the more programmatic cutback management response in Northshire. This does not mean that the cutback management process was at times any less controversial and even conflictual. Indeed, in both case studies the initial plans to close rural library services had to be revised because of the ensuing political controversy involving rural backbench councillors, supported by parish councils and service user networks.

7.6 Pre-austerity Political–Administrative Context and its Effect on How Spending Cuts were Designed/Implemented

The pre-austerity political–administrative context was identified early in this thesis as a key factor in shaping the outlook and response of decision makers to austerity. However, in relation to the cutback management literature, this finding is more novel than unique. Public management and administrative researchers in the cutback management and local government literature acknowledge, from a range of differing theoretical and empirical perspectives, the importance of the political–administrative context in shaping how resource allocation priorities are designed and implemented, despite scholars not necessarily agreeing on exactly which formal and informal rules and norms or working practices shape the assumptive outlooks of senior politicians and officers in local authorities.

Hence, the main difference between the approach adopted here and that of more quantitative-oriented cutback local government studies is that a careful reading of a budget spreadsheet or graph will not facilitate an understanding of how variables specific to the case study context affect how top-down fiscal pressures are managed. While quantitative fiscal studies might provide a sector-wide understanding of how austerity affects affluent and deprived and/or urban and rural local authorities, this will not necessarily facilitate an in-depth understanding of how top-down financial pressures interact with political–administrative variables that are specific or unique to the organisational context. Moreover, even when cutback management studies adopt an in-depth qualitative focus (i.e. by interviewing senior decision makers across five or more local authorities or taking a civic community-oriented research approach to understanding the financial–organisational and/or socio-economic–civic impact of austerity on deprived communities or vulnerable service users), insufficient attention is often given to the pre-austerity context (be it political–administrative or socio-economic–civic) and how it affects the ways in which spending cutback decisions are designed and implemented.

A good example of this was the impact that LGR had on Northshire's ability to develop a more corporate approach to resource allocation. While LGR provided an opportunity to introduce new budget systems and processes that empowered decision makers in Northshire's corporate centre to better scrutinise resource allocation needs and trends, culturally integrating the disparate elements of the organisation proved a much longer-term project. This was a finding that was consistent with Cresswell's (2014) qualitative survey findings in Cornwall Council, which, like Northshire, became a single-tier unitary authority in 2008–9.

Furthermore, in contrast to Southshire, LGR provided Northshire with opportunities to leverage economy-of-scale savings, which were achieved on three levels:

1. Rationalising local services and facilities (a process related to levelling the distribution of resources between localities in some but not all cases).
2. Reforming how the local authority engaged with and funded economic development initiatives.
3. Using a carrot-and-stick approach to alter or change legacy-funding partnership agreements involving the former County Council and district councils (e.g., six community-sector training organisations reduced to one following LGR).

Conversely, in Southshire, two councils formally merged their legislative chamber and service functions, creating a super district authority, whereas other neighbouring districts favoured a partial merger of services and/or functions, such as sharing senior managerial staff to reduce the operational cost burden of providing services. The main point of difference between the two case studies is that the districts excluded the County Council in the latter case. In part, this emanated from a desire to protect the political–administrative autonomy and identity of district councils who feared being pulled into its resource and strategic 'orbit' because of its size, and resource and infrastructural capabilities (Southshire Council Leader 2, 17/1/13, line 290-294, p.8). However, as will be shown in Chapter 8, unitarisation also created barriers to community–civic engagement despite 14 Area Action Partnerships being created to mitigate some of the adverse effects of removing an elected government tier (a point that will also be explored in greater detail in Chapter 8).

Moreover, the rejection of Southshire's LGR bid by the Labour government (2007/08) solidified the financial case for a more radical approach to reforming how services were delivered. The new strategic plan reflected key elements of national Conservative policy, such as an emphasis on reducing the cost of public services through divesting control to civic–community, voluntary and third-sector organisations. It supported the case for changing the operational model for how services were delivered, especially when the global economic downturn of 2006–7 was expected to have a prolonged negative effect on future Treasury financial settlements. As observed previously, however, insufficient time and attention were given to creating the political–organisational case for reforming how services were delivered following the 2010 Comprehensive Spending Review.

This also affected how Southshire's Council Leader, cabinet and Chief Executive at the time responded to the onset of austerity. All three groups were important in developing, implementing and refining the service reform and innovation agenda, even though some within the party group (especially elected members representing county and district areas within the ruling administration) were frustrated by the reluctance of the former Council Leader or Chief Executive to change course.[21] Furthermore, prior to austerity, the reform and change agenda was very much focused on improving the efficiency of back-office and in-house service provision through regular service reviews intended to challenge resource allocation estimates and requirements.[22] Austerity represented an opportunity to push through deep system-wide changes in the operational model of how services were provided. However, this approach was also compatible with the ruling administration's ideological focus

[21] Indeed, the Council Leader elected following JB's retirement argued that he was better qualified than current cabinet members to assume the leadership position because MB was not even a cabinet member.
[22] Although there had been a focus on externalising commercial service activities that had a cross-county and/or regional ability to bid for external public sector-related contracts, by and large these reforms were incremental and small in scale, and did not affect most community-facing neighbourhood services.

on keeping council tax bills low (which predated the Coalition and Conservative Government's Council Tax Freeze Grant) (Southshire Council Leader 1, 31/3/16, p.1, p.9).

7.7 Conclusion

This chapter set out to answer two questions: (i) How do decision-makers balance compete resource allocation demands and priorities? (ii) What strategies were used to manage controversial spending cuts? Earlier I quoted Pollitt's (2010) distinction between fiscal and political logic and the impact of this on how decision makers respond to differing resource demands and/or policy pressures, both internally and externally. In looking at how decision makers balanced competing resource allocation demands and priorities, I pointed to examples in which incremental and non-incremental budget cutback management strategies were used. While incremental cutback management strategies were used to protect front-line services in both case studies, different approaches were adopted in Northshire and Southshire in relation to how spending cuts to front-facing, community-facing services were designed and implemented.

This chapter has highlighted how the pre-austerity political–administrative and institutional–organisational context influenced spending cutback outcomes across the two authorities. First, the presence or absence of LGR affected the capacity of decision makers in either authority to drive through economy of scale savings. In Northshire, the creation of a single-tier unitary authority enabled the local authority to reduce staffing or labour costs quite significantly through abolishing and merging roles on a county-wide basis following the abolition of the former district councils. In Southshire, reductions in staffing and operational

service costs were dependent on transforming the relationship between the local authority as the primary provider of services, service users and local communities.

Second, there were also differences in the reform logic or approach adopted. While in Northshire there was a greater focus on using internal rationing to reduce expenditure, in Southshire the focus was on 'contracting out all but a few core services' (SCC, 2010) to local communities. This difference in approach was guided by political philosophical differences in outlook between the Labour-run and Conservative county councils. For instance, in the Labour-run authority, there were financial and organisational concerns over the capacity of the local authority to retain political and administrative oversight over the quality, consistency and cost of contracted out public services. In contrast, in Southshire, austerity represented a 'crisis' which called for reshaping how local authorities provided services to communities. Drawing on national party ideology around the Big Society and localism, the ruling Conservative administration articulated the case for service divestment and contracting out by pioneering alternative modes or models of service delivery involving current or former staff, service users and local communities.

Despite these differences between the two case studies, there were also similarities in how resources were allocated between different spending priorities.

- In line with a focus on protecting front-line social and welfare services, spending on adult social care and children's services remained static in some years, increased in others, and/or was subject to a gradual year-on-year decline in funding. Nationally, Southshire faced higher demographic pressures arising from an aging population than Northshire and other similar sized authorities. This is reflected in a seeming greater emphasis in Southshire on the development of preventative care strategies using save

to invest than was the case in Northshire despite council documents also referring to the use of similar measures to reduce future social care costs. To what extent this reflected a greater willingness in Southshire to experiment with new service delivery systems and models is open to question, although there is evidence that the local authority sought to develop a futuristic philanthropic model in which local volunteers would provide care support to elderly residents in return for time bank points which they could cash in later or at a time when they need similar forms of social care support.

- In both councils, spending on cultural-related and planning and development services was cut by 50 to 60 per cent. Although this appears to mirror national trends, this did not prevent a gradual (and sometimes even dramatic) increase in spending over successive years. For instance, in Southshire, by 2015–16, funding for planning-related services had declined by 50 per cent, but this was after a 40 per cent increase in spending in 2011–12, resulting in a 10 decline in real term spending over the 2011-12 and 2015-16-time period. Similarly, in Northshire there was the equivalent of a 60 per cent decline between 2010–11 and 2014–15. However, spending increased to near 2010–11 levels in 2015–16. Both trends seem to be counter-intuitive, primarily because one might expect spending on planning services to decrease either dramatically or gradually over the intervening years the longer that austerity lasted because of the need to concentrate resources on core high-priority areas of service provision. Indeed, this volatility was replicated in planning and development services in both case studies. For instance, in Southshire, spending on planning and development services increased by 80 per cent before declining by 75 per cent in 2013–14, followed by another 20 per cent decline in 2015–16. Although this volatility

was more apparent in services with larger-than-average cuts in expenditure, such a trend was also replicated (albeit on a proportionally smaller scale) in service areas where an incremental across-the-board approach to spending cuts was taken. However, such variation in spending levels was less likely to arise in spending areas where expenditure was cut the least (i.e. adult social care/children's services), which seems to suggest that high-priority services were less affected by changes in budget or resource allocation preferences, partly due to the need to manage or stabilise increased demographic demand, which could vary from year to year. However, in both case studies such volatility in cultural-related and planning and development services might also indicate a desire to retroactively address the impact of significant cuts in expenditure when these problems came to light. Indeed, this might reflect a need to not invest vast amounts of time and energy researching the consequences of withdrawing funding from X or Y service because of the need to implement savings in a timely and cost-efficient manner. Thus, a Value for Money metric and Multiple Deprivation Indexes are frequently used alongside more qualitative measures involving survey and public budget consultations.

- In both councils, spending on central services seemed to be relatively protected despite differences in the corporate approach taken to the planning and delivery of services. Various explanations may be offered to why this was the case. For instance, it might reflect a difference in emphasis regarding how organisational change processes were developed and managed in each authority. In Northshire, greater emphasis seems to have been placed on developing a top-down, programmatic corporate response to austerity. In Southshire, a direct top-down corporate style of management was adopted when implementing the NSP. But NSP also aimed to foster

the creation of a free spirited entrepreneurial culture, albeit one which gave officers irrespective of their title or position the opportunity to develop proposals for divesting in-house services so long as these changes could be implemented over a short timeframe and achieve a significant reduction in operational cost (Cabinet, 20 July 2010, SCC, 2010, Page, 2011, CC, 2010). However, given the differences in both the scale and scope of reform to how services were provided, such as the greater use of internal rationing in Northshire to reallocate resources between internally provided services rather than changing the operational service delivery level, consideration must also be given to the impact the latter response had on Southshire's organisational capacity to deliver 'radical' change over a short timeframe. Advocates for NSP, such as the former Chief Executive and some Conservative politicians, believed some officers were obstructing the implementation of NSP by emphasising the lack of policy detail and questioning the scale, scope and timeframe for implementing changes to how services were provided.

- Despite the differences in strategic approach or positioning when designing and implementing spending cuts to services, in both case studies the presence or absence of a resource slack was associated with the capacity of decision makers to 'identify easy savings'. For other services, an across-the-board spending cutback strategy was used, especially when a spending cutback issue presented organisational–strategic–logistical problems that might mean there were financial costs to reducing the scope or provision of a service, such as redundancy payments or upfront innovation costs that inhibited the procurement of new technological systems and processes. Moreover, the political–organisational controversy surrounding a spending cutback decision also created political timing barriers to implementation – a point that will be

examined further in Chapter 8 when comparing the similarities and differences in the decision-making dynamic between senior politicians and officers.

- An equally key factor (sometimes underestimated) was how differences in the pre-austerity political–administrative context affected the outlook of decision makers when designing and implementing spending cuts to services. For instance, the presence or absence of LGR shaped how decision makers in both authorities managed the design and implementation of spending cuts. Northshire could mitigate the impact of central government cuts in funding by leveraging economy-of-scale savings during the first two to three years of austerity. Rejection of the Southshire LGR bid created political–organisational barriers to driving through county-wide service reforms on a similar scale to Northshire, which resulted in the search for much deeper and broader savings through the abolition or withdrawal of some front-facing services.

Chapter 8

Interest Group and Civic Community Influence

8.1 Introduction

Chapter 7 identified how key political and organisational drivers for change arising from the financial imperatives of austerity were responded to in either case study. This chapter will develop some of these issues when exploring how local stakeholder influences affected spending cutback outcomes in the Northshire and Southshire case studies. This issue is important given the differences in how the territorial governance institutional space of either authority is organised. This chapter further seeks to understand how senior politicians and officers responded to top-down financial and bottom-up organisational–civic community pressures. Based on interview data and secondary source material, three interconnecting relationships are explored. These include (i) senior politician–officer interactions, (ii) Council Leadership backbench relations and (iii) how austerity impacted the relationship between the local authority and communities. My intention here is not to provide a comprehensive commentary on how internal and external actors influenced spending cutback outcomes; the concept of influence itself can be nebulous because no one factor, but rather a mixed range of motivations, can affect spending outcomes (Dahl, 1963; Bachrach and Baratz, 1970).

Chapter 8 is divided into three sections. Section 8.1 draws on the local government literature on local interest group decision-making to examine how differences in territorial governance structure affected how external stakeholders engaged with the spending cutback process. Section 8.2 begins with a review of local authority civic-community relations across both case studies. This is followed by the presentation of a mini case study on how LGR affected local authority community relations following the creation of 14 Area Action Partnership forums in

section 8.2.1. Section 8.2.2 will also examine some of the democratic governance challenges created by LGR in Northshire. Section 8.2.3 examines how the NSP for divesting services was influenced by the Conservative-led coalition government's localism agenda. On the basis of analysis carried out in chapters 7 and 8, a table summarising key similarities and differences and their theoretical significance is presented in section 8.4. The theoretical implications are also explained in light of the conceptual issues introduced previously in Chapter 2. This is followed by a summary overview of Chapters 7 and 8 in Section 8.5.

8.1.1 Local Interest Group Influence on Spending Cutback Decisions

Gerry Stoker devotes a whole chapter to local interest group involvement in local government decision-making in his 1991 book. Stoker identifies four types of interest groups: producer/economic groups (e.g., businesses/trade, unions/professional associations, community groups); cause groups (concerned with promoting ideas and beliefs rather than immediate material interests); and voluntary sector organisations (Stoker, 1991, pp.115–17). In both Northshire and Southshire, the first, second and fourth types of interest group were most apparent. The capacity of any of these groups to influence decision makers was, to a greater or lesser extent, influenced by their ability to gain access to senior political decision makers. In line with Dearlove's study of politics in Kensington and Chelsea (1973), a situation of imperfect competition in terms of access and influence prevailed between different interest groups in both authorities and, to varying degrees, this was affected by whether they were viewed politically as neutral, friendly or antagonistic to the ruling administration. For instance, one senior Southshire politician observed how the ruling administration tended to listen to some groups more than others when designing and implementing spending cuts to services. A good example of this in Southshire was the decision to cut library spending by closing rural library branches. Although senior politicians believed that libraries as a 'quality

of life service' had to be sacrificed to protect spending on higher-priority services, civic community groups attached to town and parish councils sought to oppose these austerity measures. Such a campaign was effective because of the broad support it received in traditional Conservative voting wards and areas, which had additional electoral and political consequences for the ruling administration. However, initially these dissenting voices were largely ignored because there was a greater focus on reducing the cost of services than prioritising the potential political and electoral consequences of driving through a politically unpopular and controversial spending choice:

> '*Although many people do not want to think libraries are a luxury because it is more related to quality of life. That is really the platform of those who wanted to save the libraries… it was about quality of life… These local groups obviously highlight your reasons why you shouldn't do something, and they provide that emphasis that possibly makes you polarise your thinking more carefully around what they are saying. It doesn't mean that they compel you into doing something you wouldn't otherwise have done… Every politician should listen to the arguments that are being put forward and shouldn't dismiss them purely on the grounds you don't believe in them or you don't believe what they're saying is right. Each group has their own priorities and wants to save some areas of spending over others* (Southshire senior Conservative politician, 23/1/13, pp.4–5).

The above comments reinforce the findings presented in Dearlove's (1973) study of local politics in Kensington and Chelsea Council. For example, Dearlove found that a 'local authority's response to groups would revolve around councillor assessment of the groups' demands and communication style', which contradicts the 'straw man' pluralistic assumption that 'perfect competition' for access and influence exists between different interest groups (Dearlove quoted in Stoker, 1991, pp.118–19). The reasonableness of the petition to reverse or postpone a spending cut was inferred via the placatory or conciliatory way in which a request (albeit demand) for a policy reversal or postponement was framed. A point which the senior Conservative politician quoted above (see p.320) repeated when observing the

'unfortunate' capacity of 'human instinct to disregard some groups who are purely agitators rather than people who are convinced of their own ideals. [This means] you listen to some groups more than others because you trust what they say more than others' (ibid.).

Stewart observed a similar phenomenon in local government when he talked about interest groups using public and private forums to influence policy, and how this is 'expressed [in the form of either] strong protest or subdued statement' (1983, p.129).

The above accounts raise broader questions as to how senior politicians and officers balance competing resource allocation demands on several levels. First, they suggest (albeit subtly) the presence of insider and outsider groups who have differing levels of influence over spending cutback decisions. However, such an assumption, particularly in the Northshire case study, must be interpreted against any attempt to increase public participation via budget consultation exercises in the 14 Area Action Partnerships located throughout the county. This suggests the appearance of contrary or contradictory trends around promoting public discourse on spending cutback priorities on the one hand, via annual budget consultation exercises held in 14 Area Action Partnership forums located throughout the county, and the apparent tendency in some cases to close public discussion about controversial spending cutback decisions on the other – which was in contrast to the capacity of the Labour group to engage in behind-the-scenes discussions or deliberations. In this respect, the capacity to maintain a united public front both enabled frank discussion on controversial policy questions behind the scenes and strengthened the hand of the Council Leadership to close down public debate or discussion. Thus, one campaigner challenging a spending cutback decision, based on the experience of attempting to influence (if not publicly embarrass) the ruling Labour

administration into postponing or reversing spending cuts on council-run nursing homes via a media and street campaign in 2011–12, observed:

> *We did have a heated discussion in the council chamber at X place. I tried to present a convincing argument against the motion favouring closure of the residential homes. But then we heard from another councillor that* [Labour members] *were not allowed to vote against the motion. Being subject to a three-line whip by the Labour group. Also, we were told by a member of the opposition that if they voiced anything against it, they would be excluded from the council chamber* [p.1] *… It went out halfway through the campaign…when I started getting the media behind me. I was persona non-grata. There was a change because when I turned up for meetings at the council, I would say good morning to councillors entering the council chamber and they would not reply* (Northshire campaigner against closure council nursing home, 6/2/13, pp.1–2).

Second, although these resource allocation trends followed similar national or local policy rationale, such as the desire to protect front-line services by cutting back office services, which one senior Conservative politician described as 'enhancing quality of life', the political and organisational narratives used to justify or explain these policy choices also differ because of differences in how the decision makers in the local political–administrative environment communicated these changes to external stakeholders and the general public. The presence of different organisational and political logic influencing the development of these narratives can have important consequences for how the local authority related to its external environment – a point that Stewart himself observed when he described how a local authority is:

> *… subject to a variety of influences on its actions by the public to which it relates… The demands to which the local authority is subject can take many forms and be applied at different points within the local authority… The extent of such demands and influence is often underestimated, because it is not overt… When significant change is required, or significant change is imposed by the local authorities, demands that are part of the routines of maintenance can be replaced by pressure upon councillors or officers. A distinction can be drawn between pressure exerted within the processes of consultations and meetings that the local authority*

> *provides, and public protest that goes beyond that framework. Pressure can become strong protest and involve large publics*. (1983, p.129)

In Southshire, the pressure of large-scale public protest was significant in forcing the ruling administration to change how it responded to austerity (senior officer, 15/3/15, pp.6–7).

Equally important was the political effect of such a negative public response on Conservative council members. The Council Leadership's failure to manage the political fallout resulted in a backbench rebellion, which, over a succession of weeks and months, broadened to include a range of other issues, namely, the Chief Executive's pay and the negative impact this was having on the austerity rationale for cutting back on 'much-loved' public services (CN, 2013, Officer, 2014a; CN, 2010a, Council Leader 2, 2013). Despite the noticeable absence of a similar political, reputational and legitimacy crisis in Northshire, which to a greater or lesser extent was influenced by the decision to conduct extensive public consultations vis-à-vis budget consultation exercises in Area Action Partnership forums, examples of the ruling administration closing down public debate or discussion were present. The difference between the two case studies is that the 'toxic' political and organisational climate forced a change in the political and administrative leadership:

> *The Conservative group was very much split over it. Lots of hostility from the public. And a lot of negative publicity around the previous Chief Executive. So, it was a real turmoil of a situation. The first few months of my time as leader were spent redefining where we went… post New Strategic Plan. I felt it was very important that the council was seen to be listening to the community…and our staff. There was a great deal of turmoil within the council at the time and all of that needed to be stabilised. I think the point at which we really began to turn the corner* [was] *when we appointed a new Chief Executive last year… I think from then the council has really moved from what was a really difficult place…to a much better place* (Council Leader, 17/1/13, lines 20–21; 29–34, p.1).

This was something that MB, the new Council Leader, sought to address immediately,

> *I meet in small groups and really listen to the pavement politics stuff. That's good for me because I've spent my life looking at big strategic stuff but for them* [i.e. Tory backbench councillors] *it's about faulty street lighting, dog dirt that has not been picked up in a couple of weeks, and I take the Chief Executive along with me and it is good for us to touch base with the parochial as well as the day to day strategic stuff* (Council Leader, 17/1/13, lines 56–60, p.1).

The failure of the former Council Leader to address these locality or ward issues made it much harder for the Council Leadership to legitimise the spending cutback process in the face of public and media opinion. Indeed, failure to adequately consult seemed to delegitimise the process, leading some to argue that the new strategic plan for divesting public services was driven more by ideology than a genuine concern to empower communities to take greater control over how public services were designed and delivered, which was one of the key goals or aspirations for divesting services to local communities (SCC, 2010). Furthermore, the complexity of divesting services and assets to local communities at the same time also created added stress and uncertainty for staff at a time when they were being expected to do more for less with fewer staff and support services to mitigate some of these top-down financial budgetary and organisational pressures (Council Leader 2, 2013, Council Leader 2, 2016). Consequently, this had a negative effect on staff morale and the organisational culture of the local authority. Externally, there were also challenges in restoring long-standing external relationships with district town and parish councils and the voluntary sector, which had been fractured because of the non-consultative way in which the new strategic plan to divest front-facing community services had been implemented. On this point the second Council Leader (MB) observed:

> *The imagery that went around the* [NSP] *was very provocative… not great for staff… it destroyed a lot of partnership working we had with other organisations, other authorities and the voluntary sector who had not actually been involved in any consultation* (MB, 17/1/13, lines 182–6, pp 4-5).

Having been leader of a district council for many years, MB was also able to "talk the language of district leaders". This more collaborative approach was emphasised through seeking to identify practical ways the county and districts could work together with other public-sector partners such as the "police and health service". This was further reinforced through taking a more consultative approach in which the financial reality of Southshire's situation was described to the districts in such a way that they could seek to collaborate on local cross-county solutions through the development of partnership initiatives between local government and voluntary sector organisations (Southshire Council Leader, MB, 17/1/13, lines 198–203, p 5).

This approach contrasted with Northshire's programmatic managerial response to local government reorganisation. Although Northshire was able to use the economy of scale savings generated from unitarisation to mitigate some of the impact of austerity, which also encouraged the use of a more gradual incremental approach to redesigning services, there was also a greater political and organisational focus on maintaining long-standing service delivery models or templates. Whilst this limited the ability of politicians and officers to adopt a radical approach to organisational transformation or reform, this did not constrain the adoption of a more corporate approach to how the local authority managed its resources and monitored service performance. In this regard, LGR represented an incremental rather than radical reform template which also helped mitigate some of the (immediate) adverse effects of austerity. There was no similar political–organisational consensus for reform in Southshire prior to austerity, which also had consequences for how top-down messages (i.e., 'corporate diktats') were received by staff but also for the pace and sustainability of the reform process.

The failure to identify a suitable working model for reform prior to the 2010 Comprehensive Spending Review encouraged the belief that now was the time to tear up the 'bureaucratic' rulebook and adopt a more radical service redesign/reform approach. This does not suggest, however, that the ideas or values which fed into the development of the new strategic plan for divesting all, but a few services had not existed prior to 2010 (indeed, evidence presented in Chapters 7 and 8 suggests otherwise). However, a 'never waste a good crisis' mentality on the part of some key architects and advocates of the strategy was also evident, suggesting that the political instincts of the Council Leadership were that austerity represented the best opportunity to drive through a radical change agenda (Council Leader 2, 2016; Hargrave, 2012, SCC, 2010; Dearden-Phillips, 2011, CC, 2010a, CN, 2010a). The adoption of a crisis mentality via the invocation of metaphors which likened austerity to an 'oncoming storm' or a 'burning oil platform' off the Southshire coastline affected how corporates messages around spending cuts were cascaded down the organisation but also the pace and stability of the reform process. Senior and middle ranking officers frequently talked about the unsustainable pace of change, poor planning or programme management of the service redesign and reform process (Officer, 2013c, Officer, 2012a), and the frequent use of 'top-down corporate diktats' (Officer 2012d), which resulted in staff throughout the organisation feeling they had no direct ownership or input into the reform process (Council Leader 2, 2013). This also affected how the local authority engaged with external stakeholders and local communities because insufficient time had been set aside to build viable community–civic and public/voluntary sector service delivery networks, exacerbating tensions or conflicts between the Chief Executive and some senior managers and middle/lower-ranking staff and trade unions.[23] In

[23] Despite service departments having the autonomy to decide who they partnered with when delivering local services because of the emphasis on local service procurement and commission, this discretion was often viewed as marginal because of the issuance of 'top-down corporate diktats' driving the scope and pace of service reform.

this sense, both the scope and pace of reform and the lack of effective internal and external consultation contributed to undermining the creation and maintenance of organisational consensus between politicians and officers – which also affected regime stability.

Full case histories of the four mini case studies outlined in Tables 5.1 (p.171), 5.2 (p.172), 6.1 (p.216) and 6.2 (p.217) are presented in Appendices E and F. These describe how senior politicians, officers and ruling party groups balanced competing spending priorities by examining how they responded to different internal and external pressures on the spending cutback process. The impact these influences had on the decision-making process are described and analysed within each mini case study. In all cases, spending cuts were revised and postponed, but never reversed. This seems to indicate that across both case studies the achievement of financial targets was viewed as more important than postponing spending cuts to a later date or time. For instance, one Labour politician in Northshire estimated that 90 per cent of officer recommendations for spending cuts were accepted (Scrutiny Committee Member, 22/1/13, line 299-312, p.9). Although no such figure was provided in Southshire, there was a similar focus on not wanting to reverse or even postpone spending cuts unless there were serious political, strategic or logistical barriers to implementation (MB, 2011, Officer, 2013c, Council Leader 2, 2013, Council Leader 2, 2016).

8.2 Local Authority Civic–Community Relations

Within the local government cutback management literature there has been much debate around the role that institutional structures and processes play in deciding where and how

These included the following: (1) financial/operational responsibility for the service was divested to local communities; (2) financial savings targets were met or exceeded; and (3) start-up costs were minimal, involving short- rather than long-term financial/resource-transition arrangements.

spending cuts are made and implemented (Lowndes, 2009). Such a perspective takes as its starting point the question of how institutional structures and decision-making processes can increase or diminish the capacity of local communities to resist cuts to front-facing activities, such as library services. The role that elected representatives and community groups play in influencing spending cutback outcomes is both complex and multifaceted. Careful attention needs to be paid to how historical, institutional, social, cultural and political forces helped to shape the decision-making dynamic within both authorities. One should also consider the impact that institutional–political factors have on the capacity or willingness of elite decision makers to respond to grassroots community pressures.

This subject focuses our attention on the interaction between the local authority and communities within the local policy environment. Consequently, there is a need to understand how changes in the size of the local authority affected levels of civic engagement in democratic processes and procedures. This is an issue that political scientists have tended to explore in greater depth and scope than local government management scholars. Nonetheless, the public administration and cutback management literature share similar concerns. For instance, there are examples of local government management scholars who look beyond the economic utility case for local government reorganisation to consider a wider range of organisational and administrative problems associated with merging political institutions that have distinctive organisational, institutional and cultural histories and political–policy trajectories (Cresswell et al., 2014). These questions are particularly suited to a dynamic dependency model of local government decision-making because, as noted earlier, this policy-making model provides a methodological space to explore how decision makers institutionally and politically rationalise the choices they make within an organisational context and local policy environment in which resource-allocation dilemmas are managed or

deliberated (Gains et al., 2005). Equally, cutback management and public administration researchers share a common concern about understanding how national and local political institutions shape fiscal budgetary and political priorities.

Rescaling or resizing the territorial governance structures of a local authority can have wider systemic benefits and costs**.** For instance, one of the main benefits of LGR is that it can enable decision makers to leverage economy-of-scale savings to reduce operational costs. Additionally, it can also expand the pool of professional knowledge and talent, which can further challenge or disrupt established working practices. On the cost side, however, rescaling a local authority's territorial size can have a disruptive impact on the capacity of political representatives to listen, or respond, to the needs of constituents located within diverse socio-economic and demographic communities. Hence, the issue of how the political or corporate–bureaucratic 'agendas' of elite decision makers open or close avenues for political debate and discussion is an important determining factor (Bachrach and Baratz, 1970). While this may depend on the political resources of the Council Leader or ruling party to push through a legislative programme in a council chamber, the community's willingness and capacity to mobilise against a spending cutback decision is also a critical issue. An apathetic response might arise when the democratic voices of local communities are marginalised because of the perceived remoteness of the decision-making setting, and/or the size and longevity of the ruling parties' control over legislative proceedings in the council chamber. This can also limit the capacity of opposition groups to effectively oppose controversial spending cutback proposals. In the following section I present mini case studies address some of these issues in the Northshire/Southshire case studies.

8.2.1 AAP Budget Consultations: Direct Democracy at Work or Something More Ambiguous

In the Northshire context, Area Action Partnerships (AAPs) provided a forum through which the Council Leadership received feedback on local needs and issues and spending priorities within the cutback management process. As noted in Chapter 5 the AAPs approach was developed as part of the LGR process to act as a channel for community influence in the decision-making process within the county hall. Following the onset of austerity, AAP forums were also used to conduct an annual budget consultation process around which spending priorities or services would be protected when designing and implementing cuts to services. However, AAP budget consultations were also used by the unitary authority to educate the public about the scale of Northshire's financial challenges. For instance, a medium-term financial plan report (2014–17) observed how in 2012 the public began to understand the council's approach to designing and implementing spending cuts:

> *The council asked the public to vote on a scale of 1 to 10 on how we managed the spending reductions at the end of 2012. Overall, the most common score was 8 for people involved in the AAPs* [where 10 is the best score]*, while it was 7 for the public. This suggests that the council had been successful in taking the public with us to date. In addition to the overall budget strategy, AAPs and partners have been widely consulted on individual budget savings on changes such as refuse collection and library opening hours* (MTFP, 2014–15, para. 32, p.9).

The problem with this conclusion is that there is only a one-point difference in the approval rating of those who participated in the AAP budget consultation process and the public. This hardly provides concrete proof that Northshire 'had been successful in taking the public with us' (ibid.). Additional survey evidence would have to be gathered to determine whether the public were satisfied with Northshire's approach to austerity, and in the absence of such data it is hard to determine the empirical validity of the above claim.

However, this approach also the Council Leadership to manage any internal political–administrative conflicts that might have arisen behind the scenes. This was because the AAP budget consultation exercises represented a form of public plebiscite (or straw poll) of why X service and not Y service should be protected, especially when there was internal party political or Council Leadership–officer disagreement on spending cutback choices and options. Proof of its effectiveness can also be gauged from the widespread public and political discontent in Southshire over the 2010-12 period because of Council Leadership failure to adequately consult service users and local communities. In this sense, Northshire's focus on consulting the public early in 2010 added to the political stability of the spending cutback process. Despite this, fundamental difference in the political sustainability of spending cutback decision making problems around the representativeness of the AAP budget consultation process remained. For instance, although AAP budget events encouraged residents to reflect on the value or priority of different services, the consultation process was only able to focus on the *majority* voting preferences of urban and rural communities. Given the size of the unitary authority and the geographic spread of its population settlements, it is hard to see how the budget consultation process could account for pronounced or marginal differences in spending priorities between communities. This is a point that Barnes (2007) addresses when observing how the 'motivations of participants and the ways in which the identities and interests of citizens are negotiated' can be affected by how 'public participation initiatives are managed by decision makers within the local authority' (ibid, p.2). Stewart also addresses this point when he talks about the political and administrative culture of the local authority affecting how 'values, assumptions and beliefs' influence the decision-making dynamic around resource-allocation priorities (Stewart, 1983, pp.200–1).

8.2.2 Democratic Governance Challenges in Northshire

A key question raised by democratic theorists, such as Dahl and Tufte, is whether size and democracy matters. For instance, in their book *Size and Democracy* (1974) they ask, 'Can we say, then, that there is an optimal size for a political system?' They give an unequivocal negative response to this question: 'In our view, the answer is clearly no. Different problems require different political units of smaller size' (Dahl and Tufte, 1974, p.135). This can have important consequences, in terms of deciding what is, or is not, meaningful participation in a spending cutback process. Dahl and Tufte make two points. On the one hand, participation is necessary to underpin the idea that those allowed to make decisions and those affected by them are effectively determining policy-making. On the other hand, the capacity of the political system is crucial to solving complex problems in accordance with expressed demands – in an efficient way.

Northshire's territorial rescaling posed democratic challenges which the Council Leadership sought to ameliorate through the creation of 14 Area Action Partnerships. AAPs rewrote the territorial governance boundaries of the former district councils, replacing them with what a 2010 Council Plan described as 'natural communities [which provided] opportunities to engage with the council and its partners' (Northshire CC Plan, 2010, p.13). Although this meant that previously unparished areas of the county now had a local forum to liaise with the County Council and the local community, which included elected representatives and other local stakeholders, some town and rural parish councillors questioned the wisdom of bypassing more locally elected bodies.

Conversely, in Southshire the two-tier structure of the authority resulted in a much more ad hoc and diverse approach to developing localist policy and initiatives. This reflected a reluctance to impose what might be seen as a top-down uniform model on established

territorial governance structures and boundaries. In contrast to Northshire, parish and town councils in Southshire were generally more instrumental in challenging the Council Leadership's policy of withdrawing services from local communities.

In Northshire, however, parish or town council opposition to spending cuts to services tended to be less pronounced. There might be various reasons why this was the case such as the perceived levels of passivity within some communities which created a reluctance to challenge the authority of the unitary authority might be perceived as politically futile given the dominance of the Labour Group within the council chambers. Other explanations contend relatively higher levels of socioeconomic deprivation within Northshire impacted on the capacity or willingness of concerned citizens or residents to mount an effective campaign against the closure of a local community facility or service. This latter explanation tends to ignore the important intermediary role which town and parish councils and other civic community associations play in helping forge a strong community identity. Indeed, in some very remote rural villages, parish councils provided residents with a civic-community and political forum to publicly berate the Labour unitary authority about the impact of spending cuts on local services and facilities. Town and parish councils also provided another political forum to express alternative political narratives or outlooks which differed from the Labour-dominated ruling administration. Thus, one parish councillor representing a village close to Northshire city, who sits on an AAP committee, observed:

> [The AAP] *was probably some kind of way of compensating for the abolition of the [former] city council, which was quite focused on Northshire city, as were the other district councils in the area. I think it is unfortunate that what we have now are* [county councillors] *from far and wide making decisions that affect us locally: who are not familiar with the area. They're not grass-roots level. What they tried to do is bring that influence of the district and city council through the Area Action Partnerships. I quite frankly don't think it works. You get the same members of the*

> *public coming along. Attendance is not that good.* (Northshire Parish councillor, 5/2/12, lines 293–301, p.4).

Moreover, for independent council members in remote parish council areas on the periphery of the county borders, AAPs represented a top-down technocratic response to developing local democratic forums of representation.

Another problem is that the AAPs did not adequately address issues of territorial suspicion and disagreement between communities. To some extent these conflicts increased following the LGR because of the complex pattern of population settlement in Northshire county and the cost implications of providing services across a wide geographical area. For instance, one rural parish councillor observed: 'If you go down to East or Middle of Northshire the grass is cut better, they get lovely plants in the borders… We just get what is left' (parish councillor, 3/4/13, p.4). The territorial suspicion that some communities were treated more favourably than other areas presented something of a governance challenge to the unitary authority to distribute resources fairly between different localities and areas within the county. There are two ways in which it is possible to interpret the parish councillor's statement. One can either accept it at face value, or critically question what other historical or cultural factors may influence such a response. In taking the latter approach, one is moving into the realm of examining the identity of the physical, social and cultural landscape and how this can give rise to the expression of irredentist or essentialist beliefs about the distinctiveness of a locality or area in relation to a close or distant neighbour.

For instance, one Northshire Liberal Democrat parish councillor near Northshire city frequently talked about 'outsiders' who had no personal stake or vested interest in the future of the village: 'I don't get involved with party politics. I joined the Liberal Democrats simply to

do something for Village X. I don't give a shit about what they do in parliament or elsewhere. I have my priorities. It is village X, Northshire, England, and sod the rest of them.' Such territorialism illustrates the difficulty of demarcating one community or village from another. These boundaries were hard to redefine because of their historical, social, civic and economic importance, but also because their very existence sometimes had the potential to impact the connection between the unitary authority (as a 'political–administrative unit') and urban and/or rural communities. In this respect, a range of perspectives was expressed about the importance one should attach to territorial boundary lines demarcating or binding together urban and/or rural areas.

Another issue that presented itself in the case study was concern about the capacity of the unitary authority to make informed choices or decisions about the provision of services within local areas. For instance, one local campaigner in an isolated rural area observed how council officers 'don't bother to do their homework' when making spending cutback decisions. This point was made despite the same interviewee also observing that officers and politicians sought to create the impression that the views and concerns of residents were listened to (Campaigner Against Nursing Home Closure, 23/5/13, lines 455–60, p.6). Another Labour councillor remarked how the size of the unitary authority would make it 'too difficult to control [because it is] too unwieldy, too difficult to administer' (Labour politician, 12/3/12, lines 234–6, p.3). Issues around the perceived remoteness, and indeed competence, of a single unitary authority to govern the territorial size of Northshire were raised during the 'initial stages of LGR'. The concerns focused on the movement of locally-based services out of the district councils into 'something…more detached' (ibid.). Protecting and enhancing the reputational profile of the new unitary authority was an early priority, and one which the AAP Budget Consultation processes certainly helped enhance in terms of raising the community

profile of these local decision-making forums. In addition, the Northshire programme of Participatory Budgeting also helped the local authority gain national and international prominence, resulting in the earning of other national accolades such as winning Council of the Year in 2014-15.

8.2.3 Localism and Service Reform in Southshire

Several national and local factors influenced the development of Southshire's localism strategy. Nationally, the Conservative-led Coalition government focused on the Big Society, and localism provided a policy framework for the development of Southshire's locality or place-based arrangements. For instance, a policy document titled 'Implementing the New Strategic Plan' (2010) describes how key concepts in the localism agenda relate to developing a new operational philosophy for how services in the county are delivered. These are defined by three overlapping themes:

a. Putting people in charge by giving them money rather than services so that they decide where and how to spend the money to best help themselves.
b. Giving communities greater say and control over the services and assets, such as buildings, roads, footpaths and green spaces in their area.
c. Moving the delivery of services outside the council. For example, by enabling residents, staff and communities to take over buy-outs, or to create voluntary, mutualised and private providers. Consequently, the council would deliver fewer services itself (ibid., para. 10, p.125).

Localism provided a policy framework for cutting the cost of providing local services by 30 per cent over a three-year period. However, this was explicitly couched in terms that emphasised how the NSP was a local innovation suited to addressing the ruling administration's goals of reducing or maintaining council tax rates while reducing the overall operational cost of services by leveraging cost savings or synergies produced by changes to how services were delivered:

> *The coalition programme marks an era of political change regarding the provision of public services, with movement away from centralised to local control, and towards greater community and personal responsibility. These changes show that the approval of the* [new strategic plan] *by the county council last year, and/or the commitment to collaboratively redesigning services to reduce the cost of the total public sector in* [Southshire]*, while building social capital,* ***clearly anticipated this shift in the nature of public service delivery*** (SCC, Implementing the New Strategic Plan 2010, pp.33-4, emphasis in bold added).

The NSP drew upon 'New right' thinking around shrinking the size of the welfare state and local government through changing how services were delivered (Ridley, 1988, Smith, 2000, Brooke, 1989). Rather than simply presenting this as a cost-reduction exercise, localism provided the Council Leadership and the former Chief Executive with a national policy framework for devolving power to local communities, which the Council Leadership adapted at the local level. However, success in translating localist policy into an effective local strategy also depended on challenging civic–community expectations and the willingness of Coalition and Conservative Government ministers and departments to devolve power to local communities. Indeed, the Big Society and Localism agendas further challenged the role of the local authority as a producer of local services which communities consumed. The Council Leadership and former Chief Executive also believed austerity provided an opportunity for the local authority to redefine its relationship with local communities when they argued that Southshire should no longer provide services which town and rural communities were 'more

than capable of providing themselves' (Council Leader 1, 31/3/16). Consequently, one objective of the localist dimension of the new strategic plan was to build 'strong communities so that people and communities are less reliant on the state for support' (SCC, Implementing the New Strategic Plan 2010, pp.123–4).

This form of community resilience was based on a belief that local communities were more than able to develop resources and civic–social networks to identify, and respond to, their own needs (Bovaird 2007; Bovaird 2016). Rather than being told by the local authority which services they should pay for, the NSP argued that this power should be devolved to local communities so that they themselves could decide which services should receive funding or no resources at all. Although these proposals around building civic community capacity and resilience in response to austerity were ambitious in scope, insufficient attention was paid to the impact of rurality and deprivation on service accessibility. This is a point acknowledged in a report on the reform of library services following the change in political administrative leadership in May 2012 when it observed the need to take into account the '*the needs of children and young people, vulnerable groups and elderly people were catered for insufficiently*' (Southshire CC, *Library Services for the Future*, July 2011, para. 44, p.5). This resulted in the 2011 Library Service Review 'widening' the 'scope' of its 'need analysis' so that "library service provision… reflects *rural settlement patterns and support for areas of deprivation" (ibid).* For instance, the report observed how the 'rurality factor is one of the main reasons for not proceeding with the county and community library model'. Despite these oversights, which affected other service areas such as school crossing patrols and youth clubs, the intention (on paper at least) was to develop a more 'joined-up approach to planning across public services to cut out waste and duplication', thereby creating a 'smaller council that costs taxpayers less and intervenes less in people's lives' (ibid., pp.123–4).

This latter goal was to be delivered through the implementation of a 'fundamental shift in the council's role' from provider and producer to 'strategic service commissioner' (para. 15, p.125). The concept of the strategic service commissioner was partially rather than fully defined in council documents and this seemed to reflect uncertainty regarding what specific organisational structures or processes might emerge following the implementation of the changes described above. On one level, this involved streamlining back-office functions so that staffing requirements would significantly reduce. According to some estimates published in *The Guardian* newspaper (2010), this would require a workforce of 500–800 core staff responsible for the strategic oversight and management of commissioned services contracted to third-party, public-service, mutual, voluntary sector or commercial entitles.[24] Yet, on another level, enacting transformation and cultural change in the organisational climate proved more elusive because it involved changes in behaviour.

This was due, in part, to the belief within the Conservative group that some officers were apathetic (if not hostile) to the ruling administration's refusal to increase council tax to finance budget shortfalls or maintain services. This represented a red-line policy issue for the ruling party group. It also reflected a greater focus on building on, or consolidating, the efficiencies that had been achieved over the previous five years (CN, senior Conservative politician, 30/1/12). The former Chief Executive reflected on these priorities when talking about the focus on reducing the size of the council through changing how services were

[24] To put this in perspective, the total number of staff employed by Southshire in 2010 was 24,000. A reduction in core staff to 500–800 represented a 95 per cent fall in total numbers. Admittedly, while it was anticipated that many staff would have transferred with their particular service entity to a public service mutual or local authority traded company, and it might have taken many years to achieve, rather than the three years that had been originally anticipated, the former Chief Executive and Council Leader believed such a radical service reform agenda would provide a template that other authorities in future years would follow. In this regard, the language of the NSP was deliberately intended to be provocative to attract positive and negative publicity in equal measure.

delivered and removing 'process maintainers across all directorates' (para. 1.2, p.2). Reference to such individuals or processes might seem to indicate that another key intent of the NSP was the removal of what was perceived as 'town-hall red tape', which was required of local authorities. This also involved challenging existing internal working practices, which added to the operational cost of service provision and was perceived as inhibiting the capacity of Southshire to adapt to the new fiscal reality of austerity. Moreover, the focus on removing such processes, and even individuals from the local authority, was implicitly associated with developing a more commercial and entrepreneurial mindset – one that stripped out managerial tiers while also challenging the 'job-for-life culture', which some elements in the Conservative Party believed limited the capacity of the organisation to reform or adapt to the new financial circumstances. For instance, reference is made to removing 'invisible organisational boundaries with health, other councils, police and the voluntary sector'.

There was also an intent to develop more direct lines of communication between staff and customers by simplifying decision-making processes and structures.[25] Despite this goal, some staff and Conservative politicians complained that 'top-down diktats' were often used to drive forward organisational change objectives during AH's time as Chief Executive (Southshire senior officer, 17/11/12, line 115-118, p.2). When staff were faced with the prospect of large-scale redundancies, there were few material and non-material psychological incentives for implementing organisational changes, which placed a great deal of emphasis on changing existing staff behaviour and attitudes.' (Laffin, 1990)**.** One observation made in the policy

[25] Red tape is frequently described as a multi-dimensional concept requiring different measures for assessing their different dimensions (Schlager in Bozeman and Feeney 2013; Feeney 2011). One definition of red tape provided by Rosenfield (1984) is 'guidelines procedures, forms, and government interventions that are perceived as excessive, unwieldly, or pointless in relation to decision making or implementation of decisions' (1984, p.603). This definition, however, was later criticized by Bozeman because it did not offer a more specific definition of red tape such as that offered by Bozeman as 'burden administrative rules and procedures that have negative effects on the organization's performance' (Bozeman, 2000).

document on implementing the NSP is as follows: 'There will need to be cultural change to support the change in role. The council will need to be less process orientated, less risk adverse and more commercial in its approach' (ibid., p.125).

The first two cultural change goals reflected the desire to create a municipal–entrepreneurial mindset – one vested in 21st-century office skills and/or personal qualities or traits.[26] Although the concept of the 21st-century officer model tended not to be referenced in council documents over the 2010–12 period (this came later, following the appointment of a new Chief Executive), nevertheless, parallels could be drawn between the NSP's focus on leveraging local community–civic networks of elected members to create, develop and enhance local commissioning structures and processes, which was dependent on a corollary modernising concept, namely, that of the 21st-century elected councillor.

The 21st-century elected councillor concept had been used to discuss the future role of elected members in a newly reconfigured strategic or enabling local authority in which Southshire exercised strategic oversight over the delivery of place-based neighbourhood services. For instance, reference is made to the council having a 'clearer focus on place' rather than being a provider of services. This was to be achieved through Southshire using its strategic knowledge and resources to support communities to deliver 'localised services'. A different emphasis was placed on the role of elected councillors in coordinating and operationalising the 'strategic council' concept at a local level. Although, like the localism

[26] The 21st-century-officer model, as articulated by a preceding chief executive to the incumbent responsible for the design and implementation of the new strategic plan, identified the following skills and traits: municipal entrepreneurial mindset; engages citizens in a way that expresses shared humanity and pooled expertise; is recruited and rewarded for generic skills, as well as technical expertise; builds a career that is fluid across sectors and services; combines an ethos of publicness with an understanding of commerciality; is rethinking public services to enable them to survive an era of perma-austerity; needs organisation that is fluid and supportive rather than siloed and controlling; rejects heroic leadership in favour of distributed and collaborative models of leading; is rooted in a locality that frames a sense of loyalty and identity; and reflects on practice and learns from others (*MJ Journal,* 14/8/15).

agenda, equal emphasis was placed at a national level on front-line council members supporting devolved decision-making structures and forums, Southshire's Our Place initiatives, in contrast, tended to differ from one locality to the next. Nonetheless, concern was expressed that elected members might see a potential conflict between their community leadership role – which, under the NSP programme for divesting neighbourhood services, was largely focused on facilitating grassroots community initiatives focused on supporting alternative forms of service delivery – and their role as political representatives:

> *There is an emerging belief that the role of the frontline councillor is starting to change, placing much more emphasis and importance on their community leadership role but also creating tensions between representative and participative democracy. This is likely to continue as policies both locally and nationally continue to evolve in the direction of localism and community empowerment* (SCC cabinet report on the Our Place localism initiative, 12/7/12, para. 13, p.2).

The lack of a clear conceptual or operational boundary between the two roles added to this confusion and gave rise to concerns that an implicit attempt was being made to (somehow) defuse potential localist opposition by expecting elected members to focus more on their community leadership responsibilities to connect potential civic–community service providers with council resources. However, irrespective of the guarantees provided above, some opposition party groups feared that emphasising the community leadership response to austerity risked depoliticising the political–representative identity or role of elected members. This is a point that one senior Conservative (later elected as Council Leader in a second leadership election in 2014) dismissed, arguing that the community leadership role was compatible with political representation and/or ward leadership:

> *In my own council officers talk about the business of the council, and our role as councillors and politicians is to be demanding in the way we hold councils to account. As politicians, we are here to represent our communities and my community tells me loud and clear… There are many aspects of being a councillor*

> *that have nothing to do with politics, but I say there are just as many that are political, and that defining what it means to be a Conservative, Liberal Democrat or Labour councillor is just as important as learning community leadership. In fact, I would say it was an integral part of community leadership* (senior politician, CN, 30/1/12).

Prior to this, the community leadership concept was presented as something that was additional to elected council members' traditional democratic–representative role. However, the above quotation seems to indicate that this is not the case. It very much fell within the remit of elected members exercising a political leadership role within their local community. For instance, CN observed how his local community was telling him 'loud and clear' that the 'best thing he could do' to 'help them in these difficult times as they try to balance their household budgets' was to 'keep council tax down' (ibid.). While I cannot independently validate the truth of the above statement regarding voter attitudes to council tax increases within the council member's ward, it seems to confirm an earlier point I made about the role of political and ideological values in shaping the ruling administration's response to austerity. Frequently, this was represented as antithetical to 'irresponsible' fiscal habits and the mindset of the former Lib Dem/Labour ruling administration that had existed prior to 2005.

Despite these differences, there was general agreement about not increasing council tax beyond the 2 per cent limit imposed by the Coalition and Conservative Government to fund local services, and this policy did not change despite two successive leadership elections in the years following 2012. For instance, CN, the current Council Leader, talked about the many 'sleepless nights' he experienced because of the Conservative leadership's reluctance to 'give in to' pressure from senior officers in the council to increase council tax in response to austerity – that it was something that neighbouring Conservative councils had done in response to inflationary budget pressures and because of difficulty in finding efficiency

savings – declaring: 'We are Conservatives and I do not buy the argument by officers that council tax has to rise' (ibid.).

Two quotes (presented below) identify two versions of the Our Place localism initiative. The first one, following the change in political–administrative leadership in May and July 2012, emphasises local choice or variation in how elected members interpreted their community leadership role. In this policy document, greater emphasis was placed on local choice or variation than before. Although the link between localism and divestment was not completely abandoned, the use of crisis metaphors to enact these changes was less apparent because of the greater flexibility of service delivery models and methods and divestment timelines:

> *Councillors cannot be made to adopt any particular way of working. Thus, engagement in Our Place, whilst desirable, is ultimately a matter of choice. The duty of the council is to make the same level of support available to all councillors; it is up to the councillor to decide whether or not they make use of it* (Southshire Locality Officer, 16/1/14, line 325-328, p.9).

However, in the policy document, 'Implementing the New Strategic Plan', greater expectation was placed on members to utilise local knowledge and networks as commissioners of localised services. Three concepts were introduced to support such a development: (i) councils as leaders of place; (ii) councillors working the politics of austerity; and (iii) councillors having levers of influence, not just levers of power:

> *Members bring a wealth of experience, skills and professional/technical expertise to their role as a councillor. This is a valuable resource that has, to date, remained substantially untapped. Consideration should therefore be given to establishing a database to hold such information; in order that members can be given an opportunity to broaden their contribution, all councillors should have the ability to contribute to the process in shaping policy – rather than simply having the ability to challenge decisions through either call-in or scrutiny once this has been taken… We want to turn the process of scrutiny outside-in so that scrutiny identifies the unintended consequences of council policy in communities and we learn from the grassroots* (SCC, Implementing New Strategic Plan, 2010, paras 5–6, pp.37–8).

Here, in contrast to CN in Southshire, scrutiny of service delivery is focused at the local, rather than corporate, operational level. For instance, a desire is expressed to turn scrutiny outside-in so that it might be possible to learn about the 'unintended consequences of council policy in communities and…from the grass roots' (ibid.). On one level, this is important because theoretically it emphasises the desire to rhetorically (at least) prioritise partnership working under the NSP. This was something the former Council Leader (MB) said had suffered because of the non-consultative top-down approach to reform that had been adopted in Southshire prior to 2012. On another level, however, these contradictions raise interesting questions around the model or type of collaboration that was being proposed prior to 2012, and how this evolved or changed in later years following two consecutive leadership elections within the ruling Conservative Party, and the replacement of a former Chief Executive with one who was more predisposed towards community or grassroots engagement based on the career history of being a Chief Executive in a local borough or district council.

The potential for politicians and officers to have a 'skin-deep commitment to public consultation' despite protestations about the 'robustness' and/or openness of consultation processes is a point which Marilyn Taylor makes when observing how, given a past history of suspicion and even antagonism between central and local government, 'community participation initiatives' could be viewed as another attempt by central government to 'bring them in line or bypass them completely' (Taylor, 2011, pp.179-180). The above point raises a challenging issue around the relative open and closed nature of decision-making within local government which is applicable to both case studies.

In contrast to Northshire, neighbourhood community consultation forums or mechanisms were subject to wider local variation, and this seemed to reflect the two-tier governance structure and identity of the local authority. Rather than local communities having a single tier of local government with strategic economic and planning capabilities (expertise that town and parish councils as the third or, indeed, second tier of elected government in Northshire did not possess), district councils represented a second line of defence against the county simply imposing a one-size-fits-all service delivery model. This was despite the former Chief Executive and Council Leader arguing that this was not the case, and that local communities had the right to shape the future of local services in their locality (CC, 2012).

In the Northshire case study, budget consultation provided another means of attacking central government by passing the blame for cuts upwards. However, although the impact of spending cuts was frequently referenced, they were not presented as 'draconian'. Indeed, in some cases, they were perceived as necessary because they supported the political–corporate rationale for trimming the cost of providing services in much the same way as one would balance a household budget or reduce borrowing costs, such as reducing credit card spending during a period of economic hardship or austerity (Conservative Politician, 23/1/13, line 258-262, p.7).

Moreover, in this regard, the Coalition Government's localism and Big Society agenda provided an initial stimulus and framework for externalising and divesting services, even though the Big Society element of the localisation agenda was perceived as too vague and general and therefore failed to gain policy–organisational–operational support or traction. Southshire's service divestment programme iterated or evolved in response to grassroots civic–community opposition to the threatened withdrawal of front-facing services, especially

from local rural communities. However, this represented a temporary rather than permanent barrier to service reform, which was better managed or addressed when more time was taken to engage external partner organisations, such as district, town and parish councils and other public and voluntary sector organisations. Indeed, once these barriers to reform were addressed, the mutualisation of public services through establishing social enterprises staffed by current or ex-council employees continued in part because of the success of the library divestment, which had seen vocal opponents of the NSP either becoming employees of the new Industrial Provident Society or sitting on its governing board (CC, 18 July 2012, Cabinet, 8 November 2011).

To a greater or lesser extent, changes to the library reform enacted over the 2012–13 period highlight how an adaptation in the presentation, tone and pace of reform also extended the capacity for elite decision makers to garner political–organisational support for broader reform initiatives (March and Olsen, 1989). However, unlike Northshire, the need to reach out to groups who were opposed to changes in how services were delivered was prompted by the need to take a more conciliatory consultative approach. This involved the Council Leadership toning down some of the harsh political policy reform rhetoric (a change in approach which was controversial among some Conservative backbenchers, who believed the former Chief Executive had been mistreated by the press, the public and the new Council Leadership). However, the twin strategies of service divestment and the creation of public service mutuals remained intact following the election/appointment of a new Council Leader and Chief Executive.

8.3 Theoretical Implications of similarities and differences in the Northshire & Southshire case studies.

Previous sections in Chapter 7 and 8 have compared similarities and differences between Northshire/Southshire whilst highlighting some of the theoretical implications of these differences through drawing upon examples from both case studies. Table 8.1 summarises these similarities, differences and the theoretical implications.

Table 8.1 Similarities, Differences and Theoretical Implications of Case Study Findings

Similarities	Differences	Theoretical Implications
Similar budget and cutback management tools and methodologies used to manage or mitigate financial–organisational risks (re: medium-term financial planning processes and procedures).[27]	Unitarisation provided greater opportunities to drive down internal costs through economy-of-scale savings. Although these savings opportunities were closed to politicians in Southshire, the NSP offered the potential to drive down internal costs without requiring joint action or agreement from district councils and other public service partners.	A key question concerned the extent to which LGR austerity and a combination of the two affected how decision makers balance competing resource allocation priorities. Greenwood (1974) offered qualified acceptance for the idea that LGR 'probably did facilitate the introduction of new thinking and a new managerial approach…. [through] unfreezing traditional procedures and budgetary practices' (Greenwood cited in Maurice, 1980, p.45). However, Greenwood also observed how a combination of 'reorganisation' and austerity strengthened the rationale for adopting new managerial thinking. This pattern seems to have been replicated in the Northshire case study.
Protection of frontline social and welfare services a priority.	There were clear differences in both the pace and scope of change and how it was articulated. While in Northshire a steady-as-you-go approach was adopted, especially on the issue of divesting services, in Southshire a more radical approach was adopted, which was not sufficiently flexible to adapt to internal/external political and organisational pressures to slow down the pace and scope of change.	
Incremental and non-incremental spending cuts to manage some of the associated financial and organisational risks applied in the case studies.	Issues of territorial justice, such as the fair distribution of resources between urban and rural communities, were perceived slightly differently in the two case studies. In Northshire, there seemed a stronger urban–rural town divide, which (especially in isolated rural areas) seemed to be exacerbated by the presence of the dominant Labour group in a single-tier council chamber, despite AAP's providing a forum for raising community concerns and being politically bipartisan in terms of political representation on AAP boards. Although the electoral configuration of the council chamber changed between 2010 and 2016 the size of the county council and the diversity of the county remained an issue.	The scope and pace of reform can also affect the perceived political and organisational legitimacy of changing how services are delivered within a spending cutback process. The Southshire case study illustrates how fundamental changes to a local authority's core mission through altering its operational model of service delivery can result in strong internal and even external resistance. Theoretically this would seem to support the idea that changes which happen over a longer time are more likely to succeed if they form part of a pre-agreed action plan using clear timelines and performance success indicators. This
Decision makers in both case studies focused on the challenges of delivering services across diverse urban/rural communities.	In Southshire, there were concerns around the perceived remoteness of the county councils because	

[27] Similarities in the use of 'centralised diagnostic control systems' (Ferry 2017, p.228) suggests a level of convergence between local authorities despite operating in "different performance frameworks" and being "subject to varying levels funding cuts" (ibid, p.223). This reflects heightened vigilance of senior politicians and managers as they scan their environments and organisations for known/unknown threats/risks. But this "converging environment" (Ferry 2017, p.223) is also profoundly shaped by the political and organisational context. These two factors create a family of contextual variables (See Table 2.5 p.28) influencing the scope and pace of change. This also shaped the dialogical language and change narratives senior politicians and officers used when justifying a radical or incremental orientation. In both case studies this was evident either in terms of justifying controversial spending cut choices or in seeking to pass the blame for making such a cut onto a higher authority (Hood et al., 2016, 2014a) or the previous local ruling administration.

	district councils represented another tier of government that could challenge the power of the County Council using formal and informal methods of influence. However, in terms of sites or localities for civic community action parish councils seemed to play a more decisive role in mobilising opposition to spending cuts than was the case in Northshire, except for remote rural communities typically represented by independent council members.	would seem to complement insights provided by Hannan and Freeman (1984) structural inertia theory as to the political and organisational challenges of enacting fundamental change to an organisation's historic core mission (Hannan and Freeman, 1984).
In both case studies the sustainability of spending cutback strategies partially depended on the capacity of senior politicians and officers to balance new and existing cutback management and service reform logics with agile responses to emerging internal/external risks. Both the vigilance and agility of this response was affected by a tendency toward continuous corporate and financial self-monitoring and correction largely focused on responding to top down financial/regulatory pressures.	Although there was a financial corporate focus in responding to top down financial pressures, the cutback management and service reform logics which developed out of this response differed across both authorities. For instance, the adoption of crisis mode language (likening austerity to a 'burning platform') resulted in the articulation of a cutback management/service reform strategy that was both radical in scope and pace that had a deteriorating effect on the political and organisational decision-making climate. Dialogically it also reinforced a flight and flight response. Although this was rhetorically adaptive to the top down financial pressures, it also resulted in organisational and political inflexibility in addressing internal organisational-financial readiness capacity issues and bottom up civic community needs/concerns. Conversely, in Northshire, LGR provided a corporate-political framework that was effective in responding to these very same top down financial pressures. LGR also supported a political and organisational change narrative that was incremental in scope but able to implement economy of scale savings and spending cuts to services at a sufficient pace.	These differences in response between my two case studies theoretically highlights the importance of pre-austerity political and administrative factors in shaping how senior politicians and officers reacted to austerity. These are not static but dynamic interactions as highlighted by the capacity of LGR in combination with austerity to 'disrupt' maladaptive resource allocation practices embedded within the organisation prior to austerity. Whilst these changes might have emerged out of necessity in response to austerity, LGR provided a bridge between existing and new service reform logics which could be both comprehensive and piecemeal in scope.[28] This seemed to highlight the importance of path dependent choices in either reinforcing or disrupting established working practices/assumptions. Organisational bricolage seemed to play a greater mediating role in affecting how senior politicians and officers in either case study balanced the potential for conflict between existing political-administrative beliefs and working practices and the emergence of new service reform logics in either case study (See Figure 2.7).[29]While there is little evidence to suggest that centralisation of finance and corporate functions completely inhibited the capacity for bottom up planning in either case study, both the climate of decision making and past service reform history, such as LGR enlarging the organisational size and function, seemed to strengthen the disposition to a top down change programme management approach. But contradictory indicators in either case study also illustrate how the decision making climate was affected by the capacity to elicit cooperative intergroup and interpersonal relations. This also
Centralisation of auditing processes was a feature of both case studies. This had the potential to diminish or enhance service department budget autonomy vis-a-via case limits and the targeted use of council reserves (See AppendixH).	The extent to which centralisation of financial corporate and performance management functions inhibited the capacity for bottom up innovation depended on whether it disrupted or reinforced existing beliefs and working practices. Here the incremental and radical change orientation of politicians and officers in Northshire/Southshire helped shape the culture of decision making insofar as it promoted the development of top down and emergent strategy development. But contradictions were also evident. For instance, despite seeking to encourage grassroot innovation Southshire's former chief executive allegedly issued 'top down corporate diktats' whilst failing to adequately implement a feasible organisational change strategy. In Northshire,	

[28] For instance, resource levelling distribution of services and resources in Northshire were to a greater or lesser extent were comprehensive in scope and indeed accelerated as a result of austerity. Piecemeal reforms included changes to how traditional in-house service were provided where there was a general reluctance particularly amongst traditional and trade union affiliated Labour members and some senior politicians and officers to divest service provision to commercial voluntary and third sector organisations.

[29]Various explanations may be provided for this. It could mean that changes in resource allocation practice and logic were easier to disrupt in the face of austerity than challenging more deeply embedded service reform logics which were seen as fundamental to core mission and identity of the local authority. Furthermore, while there was a common focus on using similar corporate management and budgetary techniques/processes to respond to top down financial pressures there was greater variation in whether this justified a radical or incremental change orientation when adopting service reform logics of particular content scope and pace. Multiple influences both within and external to the local authority influenced this process.

	following LGR strengthened the disposition toward hierarchical management and the merging of services and departments also meant there was greater reliance on the local operational awareness/knowledge of frontline staff.	affected the capacity to develop an effective organisational change narrative. LGR seemed to strengthen the capacity of senior politicians and officers to better manage competing institutional and organisational logics arising from the need to balance top down financial internal and bottom up pressures created by austerity. But this was also affected by leadership and management style. These two findings are theoretically important because while austerity seemed to increase the likelihood for competition and conflict between new and existing logics there was no plausible relationship between political organisational conflict and resource scarcity. Theoretically this seems to reinforce the political versus economic benefits of decremental spending cuts.[30]
Failure to respond effectively to external top down or bottom up pressures on the spending cutback process could threaten the political and strategic sustainability. However, in neither case study did this result in the long-term postponement of spending cuts. Nor did these crises fundamentally alter the corporate and financial management logics used in either case study. This suggests a a repertoire of standardised financial and corporate management practices used that were sufficiently adaptive/responsive to external environmental pressures. However, this did not diminish the value of local contextual variables shaping how cutback management and service reform logics developed in either case study.	Inflexibility in adjusting the pace at which new models of service delivery were designed and implemented in Southshire seemed to a have more profound effect on the sustainability of spending cutback decisions than any other difference between the two case studies. Failure to respond to the needs and concerns of various vested interests had a negative effect on the overall political climate of decision making and worsened change resistant conflictual behaviours between different groups of decision makers, such as senior politicians-officers, council leader and party group, service users and local communities.	Theoretically this appears to seem the effectiveness and sustainability of a change orientation depends on the capacity to manage top down internal and bottom up pressures within the spending cutback process. Effective political and administrative leadership requires a capacity to manage across the multiple political and organisational dimensions. Whilst the strategic stance determined the direction of travel, effective management of competing resource allocation, organisational and political priorities seemed a more important indicator for success or failure. Whilst past working practices shaped senior decision maker response, these were dynamic rather than static forces. This seems to suggest the adoption and adaption of new emerging cutback management logics with existing beliefs and practices was one way in which senior decision makers sought to manage converging financial, political and organisational pressures.

The above table highlights several factors shaping the relationship between contingency and local choice, path dependency and organisational bricolage. While converging financial political and organisational pressures resulted in the adoption of rather similar cutback management techniques and strategies, there seemed to be a stronger association between organisational bricolage and path dependency in managing the potential for conflict between

[30] See Table 2.3 (page 28) for a summary of the advantages/disadvantages adopting various cutback management logics.

emergent and existing service reform logics. This pattern was less evident when dealing with conflicting cutback management logics even though these conflicts were apparent in either case study. These were manifested through the crisis prone language used to justify a radical change orientation in Southshire or concern expressed in Northshire that cutting the budget of smaller departments could hasten their demise.

The grafting of new or emergent logics onto existing practices or beliefs also fed into the display of change adoption, adaptation and resistance behaviours. Irrespective of the scope or pace of change that was adopted these responses could both complement and contradict previous working behaviours or outlooks. For instance, they could pay lip service to the need for deep structural or behavioural transformation yet have little tangible impact challenging existing belief systems or working practices. In part, this contradiction expressed an inherent and implicit challenge faced by both local authorities.

Also evident were subtle but important differences in how the concepts of path dependency and organisational bricolage interacted with the adoption of emergent and existing cutback management and service reform logics. First, while converging pressures forced the adoption of rather similar cutback management logics spending, cutback priorities remained important expressions of local choice. How spending cuts were designed and implemented also expressed political and corporate values that were mediated through a family of local contextual variables identified in Figure 2.7 because they determined the content of spending cutback priorities whilst also influencing whether a targeted or across-the-board approach to spending cuts was adopted. Second, on the issue of whether a radical or incremental change orientation was adopted, there seemed a stronger correlation between past decision-making practice and adoption or resistance to new service reform logics. This factor was particularly

evident when service reform logics sought to alter fundamental organisational or political understandings of the local authority's mission or role. This suggests that service reform logics seemed less malleable to external top down financial pressure. But these were not permanent barriers to organisational change. In other words, objections could alter over time as was the case in Northshire where initial resistance to divesting library and cultural services was overcome through careful organisational design and political stakeholder negotiation (see p.337). In Southshire, both a comprehensive approach to redesigning how services were provided matched with a phased timing, were used to elicit greater trust and support from staff, affected service users and staff. Both were important in helping develop a more agile response to managing competing risks/demands within the organisational change process.

8.4 Conclusion for Chapters 7 & 8

Chapters 7 and 8 examined three interconnecting themes present in the case studies and related to the English local government literature. These were (i) senior politician–officer interactions, (ii) Council Leadership backbench relations and (iii) how austerity impacted the relationship between the local authority and communities. A dynamic dependency model was used to explain some (but not all) of the differences in how politicians and officers in each authority responded to austerity. Although this process might have been helped by linking the different responses to traditions or assumptions present in either authority, such an analysis was outside the remit or scope of this chapter. On the question of how the Council Leadership in either authority managed officer–backbench relations, there were obviously differences in leadership style between the party groups. While in the Labour-run authority the party group seemed to have well-established norms of consultation, which by and large were adhered to by the Council Leadership despite there also being evidence to suggest a strong political–managerial consensus between elite decision-makers, the converse was the

case in Southshire. The relationship between the Council Leader and the party group seemed less politically stable because of continued rivalries between factions looking for a more radical pace of change who firmly believed the NSP was the best way forward and One Nation Tory backbenchers who believed such an approach was damaging both the reputation of the party and the County Council. Added to this were personality conflicts, some of which were never fully resolved between the various leadership contenders following the resignation of the first County Council Leader (JP). These conflicts or tensions persisted following the appointment of a new Council Leader in May 2012. Furthermore, this had consequences for the second Council Leader, who was challenged by the current incumbent because of concerns within the party group around consultation and involvement in decision-making, which resulted in a second leadership challenge and the appointment of a new Council Leader. These political–organisational differences also affected the capacity of the ruling administration to reach a consensus on how spending cuts should be implemented.

However, in making this assertion, differences between the political–administrative context and its impact on the assumptive outlooks of decision makers must also be considered. Hence, in Northshire, the coincidence of both LGR and austerity within a two-year timeline seemed to disrupt the established or path-dependent organisational response to austerity that might have occurred prior to unitarisation. For instance, frequent mention was made in Chapter 7 of the more corporate approach of the new unitary authority to managing its finances compared to the 'old county council'. Whereas in Southshire the election of a ruling Conservative administration in 2005 enabled the local authority to significantly enhance efficiency outcomes, a failure to achieve LGR meant that an alternative strategy for extracting additional savings was seen as necessary. Austerity provided a pretext for driving through radical changes to how front-facing community services were delivered without political–

organisational agreement on how these reforms should be enacted. Conversely, it also highlights how, following a change in political and administrative leadership in May/July 2012, a change in the presentation, tone and pace of reform enabled elite decision makers to gain political–organisational support for the continuance and extension of service reform initiatives.

Part IV

Conclusion

Competition for resources is assumed to increase the longer that austerity lasts as resource scarcity dominates major policy and organisational discussions around resource allocation priorities (Jorgensen 1987 in Dunshire & Hood 1989, p.172). Political and organisational consensus might be harder to achieve as resource scarcity becomes more acute and competition for resources between vested interests increases.

Although in-depth single or multiple case studies have examined how senior politicians and officers respond to internal and external pressures, typically these have focused on large metropolitan authorities (Newton, 1976, Horton, 1982, Dearlove, 1973) or specific issues such as planning and development (e.g. Dunleavy's 'the politics of mass housing' 1978). Furthermore, other studies have looked at how decision makers within different types of local authorities manage spending cutback processes (Cope, 1994, Bailey et al., 2015, MacManus, 1993b) including hung authorities where no one ruling party is in control (Leach, 1988, Leach, 1992). More recent research in local government policy literature has examined how local authorities in deprived areas are affected by the impact of central government spending cuts (Greer Murphy, 2016, Hastings, 2012, Brady et al., 2014, Fitzgerald and Lupton, 2013) or changes in funding formula.

However, few studies within the local government literature have examined how the presence or absence of LGR can affect how spending cuts are designed and implemented. And while there exists wide ranging theoretical, empirical and policy literature on the positive and disruptive effects of LGR these do not directly address the question of how senior decision makers in two local authorities with similar and differing political organisational features and

institutional territorial governance structures design and implement spending cuts to public services. Furthermore, there is little research into how these differences impact on how spending cuts are designed and implemented. Through extensive interviews and analysis of primary source documents within either case study, this thesis has shown how decision makers in either local authority has balanced competing resource allocation priorities within their spending cutback processes.

Chapter 9

Conclusion

9.1 Introduction

The question of how local government decision makers balance internal and external demands on the spending cutback process in the face of government reductions in local authority funding is a core question in this thesis. As such, this thesis identified a range of factors to help explain why decision makers in two shire authorities, identified as 'Northshire and 'Southshire', subjected to broadly similar financial pressures, responded in diverse ways when they designed and implemented spending cuts to services. As explained in Chapter 3, an exploratory case study research method was adopted; an approach which provided the greatest flexibility for exploring the key themes or issues identified in the cutback management local government literature prior to conducting fieldwork in my two case studies. However, given the comparative focus of my thesis, there was also a need to ensure that the 'idiosyncratic' features of each case did not affect my ability to ask consistent questions (Zartman, 2005). Such an approach also provided opportunities to explore subjects (the importance of which) I was unaware of prior to entering either the Northshire/Southshire local authorities.

Furthermore, the sensitivity of the subject matter meant a more conversational rather than formal interview tone was adopted. This complemented a semi-structured interview approach in which both the order and content of questions could change during the course of the interview to reflect the interpersonal dynamics, social, political and organisational influences shaping the response of senior decision makers and research participants to my questions. Data gathered from interviews was triangulated with other information sources

such as official documents and news or media reports within each individual case study and across the two local authorities. By triangulating my data in this way, I was better able to understand how changes in the fiscal policy and political–organisational context prior to and following the formal onset of austerity (2010) affected how senior decision makers, staff, elected politicians (especially within the ruling party group) and civic community stakeholders responded.

9.1.1 Structure of the Chapter

Section 9.2 sets out the core and sub-research questions which informed the development of this thesis. Section 9.2.1 explains how these questions were informed by specific theories or propositions in the cutback management and local government literatures. Section 9.3 reviews the similarities and differences between the two case studies before moving on to assess the theoretical relevance of the findings considered previously in Chapters 7 and 8. Sections 9.4 and 9.5 assess the original contribution of my research to knowledge and future research, respectively.

9.2 Findings Review

This thesis compared how two local authorities with both similar and differing political–organisational features and institutional–territorial governance structures balanced spending priorities when resources were scarce under austerity. This thesis aimed to answer the core research question:

- *How do senior local government decision makers balance competing spending priorities when resources are scarce under austerity?*

In order to answer this question, there are five sub-research questions (see below) that will be answered to further elucidate the core research question:

- RQ1 What are the local internal and external demands on the spending cutback process, and how does this affect how resources are allocated between different spending priorities locally?
- RQ2 How do decision makers balance top-down and bottom-up budgeting when managing competition between local vested interests in the spending cutback process?
- RQ3 How did elite decision makers balance corporate and political priorities within the spending cutback process?
- RQ4 What political and organisational strategies were used to dampen conflict within the spending cutback process and what role did they play in preventing the postponement or reversal of spending cutback choices?
- RQ5 What impact, if any, did differences in the territorial governance structure of either authority have on the design and delivery of spending cuts?

9.2.1 Relevance to Cutback Management Local Government Literatures

The question of how senior politicians and officers balance competing spending priorities **(RQ1)** raises a broad range of other issues. I outlined some of these issues in my review of the unified cutback management and local government literature (Chapter 2), where I distinguished between internal and external influences on the spending cutback process. Internal influences on the spending cutback process included the pattern of power relations between senior politicians and officers, the political values of the ruling party and the effect of budgetary systems and processes on how spending cuts were designed and delivered. How these different internal influences interact with each other will depend on the history of power relations between senior decision makers within the local authority and how resources are exchanged between elite decision makers and other vested interests, either within the local authority or its immediate external environment, to achieve policy goals (Gains et al., 2009, p.52).

In both case studies, the prioritisation of financial or corporate concerns over the needs of service users and local communities seeking to protect a local service site or civic-community facility from closure were a source of continued political controversy **(RQ2/3)**. In part, this tension arose because of the commitment of the Council Leadership and ruling party groups in both case studies to prioritise the protection of frontline social and welfare services over the protection of front-facing community services. This cutback management strategy was, however, dependent on the availability of back-office efficiency type savings which became harder to protect as the availability of back-office savings depleted over time. LGR also enabled decision makers in the Labour-run unitary authority to continue to retrench through efficiency savings over the first two to three years of austerity. Nevertheless, this did not inhibit decision makers in the unitary authority from attempting to take a more targeted spending cutback approach to services which were identified as being of a lower priority. In this regard, even though the financial circumstances of either authority were different over the short to medium term, the magnitude of central government funding reductions meant that decision makers in either authority sought to protect high-need and high-demand and often highly-regulated social and welfare services **(RQ3)**, creating a situation in which senior politicians and officers 'operate in different (if perhaps) converging environments' (Ferry et al., 2017, p.223).

For instance, the decision was initially taken in both Northshire and Southshire to close rural library facilities. Although taking this more targeted approach to spending cuts made financial sense, politically neither Council Leadership anticipated the level of public controversy the threatened closures would generate. Following a council leader and cabinet member service review in Northshire/Southshire, this initial decision was revised. Subsequently, an across-the-board cut was applied to the library service facilities, with rural library outlets receiving a

slightly greater reduction in opening hours than their more urban counterparts. The rural library closures issue highlighted some of the complexities in deciding how local authorities balance corporate financial and political priorities when designing and implementing spending cuts to services **(RQ3).**

The legal duty placed on UK local authorities to achieve a balanced budget every fiscal year meant that the tension between balancing political and corporate priorities within the spending cutback process tended to become more acute the greater the level of resource scarcity. Deprived councils were at greater risk of experiencing financial distress because their higher dependence on central government resources to fund additional social and welfare demand (Brady et al., 2014, Wilks-Heeg, 2011, Bailey et al., 2015) meant they were subjected to a higher percentage cut (Innes and Tetlow, 2014). Failure to design and implement spending cuts within a specified timeframe also meant deeper spending cuts would have to be made in later years. Senior decision makers in both case studies were reluctant to use general reserves to postpone controversial spending cutback choices until a later date or time **(RQ4)**. This reflected an awareness that the fiscal climate was likely to remain negative and that financial costs and risks of failing to implement tough spending choices were going to accumulate rather than lessen in later years (CC, 2011, Cabinet, 21 July 2010, CC, 27 January 2015, CC, 29 January 2013)**.** Moreover, using cash reserves to finance long term budget deficits was likely to exacerbate the political pain of having to make deeper cuts.

This finding is broadly in line with existing research that highlighted the dangers of adopting a salami slicing or incremental approach to spending cuts, albeit one in which the pain of cuts is shared by all budget holders. The problem with failing to take a targeted approach to spending cuts is that it is likely to result in the sizes of the 'slices (of each incremental) get[ting]

larger as the disadvantages become more manifest' (Talbott in Oyarce 2011, p.74). In other words, a situation of 'reverse incrementalism' arises. In these circumstances, deeper strategic cuts are used to counterbalance earlier incremental (salami slicing) reductions. Therefore the difficulty in taking a targeted or strategic approach to spending cuts is that while they are 'managerially more simple than larger scale salami slicing' (Talbott cited in Oyarce, 2011, p.74), they can also be politically more costly to implement (Glennerster, 1981). Moreover, this competition for resources is likely to increase the longer that austerity lasts (Levine, 1978, Elcock, 1987a, Boyne, 1989) **(RQ4)**.

However, my findings are also (to some extent) at odds with the conclusion presented above. LGR enabled decision makers in Northshire to drive through county-wide economy of scale savings. Creating a single organisation enabled the unitary authority to save money on staffing costs **(RQ5).**[31] The levelling of resources throughout Northshire county also provided opportunities to reduce the provision of services in some areas whilst increasing it in others, and also closing service sites or facilities which were previously under the control of a neighbouring district council (Cabinet, 17 July 2013, Cabinet, 29 February 2012). Furthermore, LGR also provided opportunities to change or alter its funding relationship between external partners **(RQ5)**. Hence, in contrast to Southshire, LGR enabled Northshire to leverage economy of scale savings across the following areas:

1. Rationalising local services and facilities (a process related to levelling the distribution of resources between localities in some but not all cases).
2. Reforming how the local authority engaged with and funded economic development initiatives.

[31] This included reductions in the number of chief executives, treasurers, heads of HR, personal assistants serving senior leaders within district council organisations, heads of legal property and IT services, procurement commission and policy staff and revenue and housing benefits staff.

3. Using a carrot-and-stick approach to alter or change legacy-funding partnership agreements involving the former County Council and district councils (e.g., six community-sector training organisations reduced to one following LGR).

While LGR provided Northshire with opportunities to identify and deliver cost savings on a cross-county basis, Southshire had to negotiate with district council partners. This meant Southshire faced additional political and organisational barriers to integrating county and district services **(RQ5)**. For instance, amongst many district councils there was concern that merging back office services or facilities would threaten the political and administrative autonomy. The districts feared that by not maintaining operational space they risked being drawn into the 'planetary orbit' of the larger sized County Council. One former Council Leader observed: 'The County is like Jupiter, and the gravitational force of Jupiter will affect everything around it because it dwarfs the districts' (Council Leader 2, 17/1/13, p.7). Districts looked to neighbouring councils of a similar size and tier to achieve economy of scale savings through merging service functions and job roles. In one instance, two district councils merged their legislative chambers and territorial boundaries. The organisational boundary barriers described above, however, did not prevent cross-county collaboration between Southshire County Council and district authorities. Multi-tier cooperation initiatives included sharing property assets through collocating frontline services, developing a county-wide homeless and addiction service strategy, and pooling business tax revenue into a central county-wide fund (SCC, 2018).

The literature on LGR tended to emphasis the disruptive adaptive effects of merging local authorities. Disruptive effects included 'poor staff morale, loss of managerial expertise due to increase staff turnover, cost overruns, distractions from the core purpose of service provision, work overload, and service user disorientation and disaffected' (Andrews and Boyne, 2012,

p.297). While there is some evidence to suggest Northshire did experience some of the disruptive effects listed above, these tended to be over the short to medium term. In part, this was due to the emphasis placed on consistent top-down messaging which helped challenge and disrupt 'un-corporate resource allocation practices' which previously affected the 'old county council'. These behaviours included 'in-fighting' between budget holders in rival spending departments (Officer, 2012a, Officer, 2013) and distrust between central service departments, especially the Treasury, and budget holders in spending departments.

However, LGR also presented political and organisational challenges. For instance, the levelling out of services and facilities between localities or areas also had the potential to reinforce pre-existing territorial or neighbourhood resentments (Politician, 2014, Politician, 2012, Politician, 2013). The new unitary authority was sometimes perceived as 'too remote', particularly in smaller population settlements located on the county borders and therefore unable to understand the concerns or needs of local communities (Executive, 2009, Executive, 2010) **(RQ5)**.

Despite these challenges, LGR mitigated some of the political challenges and difficulties that senior politicians in the Southshire case study faced when articulating the political case for making radical changes to how services were delivered. This was possible because LGR helped facilitate political and organisational agreement with key internal and external stakeholders prior to unitarisation as to how the new unitary authority would drive through top-down efficiency savings through remodelling how services were provided on a cross-county basis **(RQ4/5)**.

At the same time, however, LGR might provide a partial explanation for why a more incremental approach to organisational reform was adopted in Northshire. There are two

reasons why this might be the case. First, while this might reflect a political and administrative reluctance within Northshire to alter in-house service delivery models, these attitudes did not prevent community buildings, leisure sites and facilities from being divested. The point here is that such action did not fundamentally transform long-standing assumptions about Northshire's organisational mission regarding a local authority involved in the production and delivery of services **(RQ3)**.

Second, these differences in the pace and scope at which organisational change or service reform measures were introduced also affected how corporate priorities or strategies were implemented in both case studies. Northshire's approach to decision-making used top-down strategic planning to mitigate some of the risks associated with designing and implementing spending cuts to front-facing and back-office services. This propensity to focus on top-down management meant that greater emphasis was placed on the use of programme management techniques in Northshire than was the case in Southshire, where senior and junior officers complained about the excessive use of top-down 'corporate diktats' (Officer, 2012b) **(RQ2)**. There was an expectation that staff would create ad hoc systems and processes when deciding how best to divest services within Southshire (SCC, 2010, Cabinet, 20 July 2010, CC, 2012).

Northshire's top-down programme management response, however, did not preclude attempts to encourage bottom-up service innovation or reform. Moreover, there seemed to be a bias toward maintaining stability and order through consistent corporate communication and requiring staff to refer day-to-day operational decisions higher up the managerial chain of command until new performance management and budget control systems had become firmly embedded within the new unitary authority (Executive, 2009, Executive, 2010).

While this corporate-managerial style of decision-making was evident throughout the Northshire case study, the evidence also suggested that, as the ability to extract economy-of-scale-type savings derived from unitarisation reduced, increasing resource scarcity further strengthened the resolve of some key decision makers within the local authority to experiment with alternative service delivery models, which had previously been considered politically off-limits. A good example of such experimentation within a service area that the County Council had historically provided on an in-house basis is illustrated by Northshire's decision to divest library, museum and cultural services to a charitable trust in 2015–16. Although these proposals had initially been formulated in 2011, it was not until much later in the spending cutback process that this reform was adopted. The cumulative effect of central government reductions on unitary authority finances also necessitated the use of reserves to finance budget shortfalls in the provision of front-line services in 2015 (Peters, 14 February 2017, Geater, 2013a, Hailstone and Peters, 23 November 2016, Conrad, 2011).

In contrast, senior politicians and managers in Southshire were less able to win support from internal and external stakeholders. And while considerable time was invested in formulating the NSP, very little attention was given to considering its broader systemic effects in terms of the capacity of staff to design and implement radical changes to how services were provided nor the need to provide adequate time to consult with internal and external stakeholders. Following a change in political and administrative leadership in May/July 2011, there was a shift away from using crisis metaphors (e.g., likening the local authority to a 'burning platform') to emphasising a more consultative approach to how changes to existing models of service delivery might be implemented (Hargrave, 2012, Officer, 2014, Anon, 2014).

I began this chapter by reviewing fundamental similarities and differences between the two case studies. By comparing the responses of local government politicians and officers to austerity in Northshire and Southshire, the pace rather than the scope of service reform agenda seemed to be a more crucial factor in determining the sustainability of a cutback management strategy. The presence of competing narratives for change meant that decision makers did not always adopt a strategic stance that was consistently applied throughout the organisation, even though there were apparent differences in the scope and pace of reform within the cutback management strategy of either authority. This argument seems to suggest that an incremental rather than radical change in response to austerity proved more sustainable from a political and organisational perspective.

However, balancing competing financial, organisational and political interests within a spending cutback process also became harder to manage the longer austerity lasted. Applying targeted cuts to lower priority services to protect front-line social and welfare services can prove politically difficult to maintain when resource slack might be used to support an incremental across-the-board cutback strategy over the first one, two and three years of austerity. Indeed, in both case studies, senior politicians and officers had committed to not postpone spending cuts through using reserves to finance medium or long-term deficits in expenditure. This focus on taking a proactive approach to addressing financial or budget deficits meant that financial and corporate concerns were placed front and centre of decision-making within both authorities. This was even though contextual differences existed in how the ideological assumptions or outlooks of the ruling Labour and Conservative parties affected spending cutback choices and priorities.

9.3 Theoretical Implications of Research Findings

In Chapter 2, I identified several factors which influenced how senior politicians and officers in local government balanced competing spending commitments. These included:

- the political/managerial willpower to drive through tough spending cutback decisions and the challenges this might pose regarding maintaining political and organisational support for the 'legitimacy' of the spending cutback measures;
- the history of local authority–community relations and how it affected either changes in the territorial governance structure of the local authority (two-tier versus single tier) or the ability of local communities and service users to put political/electoral pressure on a ruling administration to reverse or amend a spending cutback decision;
- the capacity of elite decision makers to overcome political, institutional and cultural obstacles to budget services or financial reform, especially when there is a breakdown in the ability of different vested interests to cooperate or agree on spending cutback measures; and
- the ability of external groups (e.g., service users, trade unions and or civic–community and political forums) to force elite decision makers to revise, reverse or postpone controversial spending cutback choices.

How each of these factors individually and cumulatively shaped how senior politicians and officers responded to austerity is an important theoretical concern. In Chapters 5 and 6, I observed how differences in territorial governance structure, political and administrative outlooks and the history of community–local authority relations which was influenced by the socio-economic circumstances and geographic and spatial features of the locality or region (e.g., the distribution of population settlements between urban and rural areas) could

positively or negatively impact on how the local authorities adapted to austerity. In Chapter 2, I argued that both a path-dependency and institutional bricolage approach could provide a broader conceptual framework for understanding how these pressures are mediated and/or managed. While path dependency focuses on how political and organisational resources between senior politicians and officers are exchanged to achieve policy goals or outcomes, an institutional bricolage approach also observes 'how people consciously and non-consciously assemble or reshape institutional arrangements, drawing on whatever materials and resources are available, regardless of their original purpose' (Cleavor, 2015, p.4). Although the latter concept focuses on the creative repurposing of institutional arrangements to meet changing internal or external circumstances, path dependency assumes that embedded values within the organisational context, as expressed through the formal and informal norms or working practices accumulated over time, can stimulate or inhibit service reform initiatives or objectives (Gains et al., 2005). This choice between following what has gone before, on the one hand, and fundamentally or incrementally altering the core mission or identity of the local authority in response to top-down financial and bottom-up civic community pressures on the other hand represented a tension evident in both case studies. For instance, in Northshire, greater emphasis was placed on gradual or incremental changes to traditional in-house models of service delivery. This contrasted with the disruptive effect that LGR had in challenging un-corporate-like resource allocation practices or behaviours which had previously been stubbornly resistant to change. Nevertheless, LGR represented a significant organisational and political upheaval because unitarisation involved 'structural change through dissolution of local government units, [and] changes on organisational mission and identity' (Boyne and Andrews, 2012, p.299).

Decision makers in Northshire/Southshire faced similar 'converging' financial pressures (Ferry et al., 2017). Austerity increased the sense of financial and strategic uncertainty which forced decision makers to re-evaluate past spending priorities using centralised budgets and performance monitoring and evaluation systems and processes. Such a process of revaluation also involved reviewing the core mission or identity of either authority to ensure that there was a strategic alignment between the local authority's core mission and its financial capacity to resource service provisions. However, this review was more limited in scope in the Northshire case study than Southshire given the dominant preference for maintaining control over the direct delivery of services. In both case studies, the need to align resources with the achievement of council-wide priorities resulted in an increased emphasis on the development of centralised budget monitoring or 'diagnostic control systems' (Ferry, 2017, p.228). Frequently, these centralised monitoring systems can build on 'pre-existing budgetary arrangements and performance frameworks' (ibid.) in place before the onset of austerity. In this sense, the legal duty placed on UK local authorities to 'deliver a balanced revenue budget every year' (ibid.) could exacerbate the financial and political pressures local authorities were subject to. Centralising financial and accounting functions provided one means of responding to the strategic and financial challenges posed by austerity. Conversely, in Northshire, the need to integrate or merge 'eight disparate organisations' into a single-tier unitary authority meant this tendency toward centralising financial and corporate functions was much stronger than in the Conservative-run authority. In this sense, the increase in the size of the organisation following LGR created an impetus for increased centralisation because of the concern that its increased size would be politically and organisationally harder to manage. Furthermore, LGR helped forge a corporate–political consensus between senior politicians and officers when identifying and implementing economy of scale and scope savings **(RQ4)**.

The above observations seem to reemphasise the contention by Greenwood et al. (1972, p.45) that 'reorganisation created a favourable environment [in which] financial restraint determined the imprint of [how LGR] change [was implemented]'. Greenwood's point seems to reinforce the argument made in this thesis (see Chapter 7) that the coincidence of austerity and LGR over a relatively brief timespan seemed to have a similar effect in terms of accelerating the search for and implementation of economy of scale savings produced by LGR, so that it was possible to mitigate some of the effects of a 25 per cent reduction in central government funding over the 2010-11 and 2013-14 period.

How can these differences in the scope and pace of reform in the Northshire or Southshire case studies be explained? The ability of LGR to mitigate some of the immediate adverse effects of having to cut expenditure also meant resource allocation conflicts were less likely to escalate on a linear continuum, as suggested by Jorgensen (see Chapter 2) **(RQ4)**. In the Northshire case study, there was no evidence of a race to the bottom, or 'downward spiral' in interpersonal and inter-departmental relationships. Moreover, even in Southshire, where there was vocal public disagreement over the NSP for divesting services, such a phenomenon was evident. Indeed, the main source of political and organisational conflict in Southshire was disagreement over the scope and pace of reform **(RQ4)**.

Equally, unitarisation might only provide a partial explanation for why a more incremental approach to organisational reform was adopted in Northshire. First, as observed above, this bias toward incremental change reflected a political and organisational reluctance within Northshire to alter its dominant in-house model of service delivery. Moreover, while this did not prevent community buildings, leisure sites and facilities from being divested, neither did it fundamentally alter core features of the organisation's identity as a provider of public

services. Second, differences in the pace and scope at which organisational change or service reform measures were introduced in either case study also affected how corporate priorities were designed and implemented. Northshire emphasised top-down strategic planning, meaning that top-down programme management techniques or strategies were adopted, whereas in Southshire a bottom-up, more Silicon Valley social enterprise culture was encouraged, in which staff developed a more entrepreneurial mindset or approach to altering how the local authority provided services.

However, these explanations tend to emphasise, in one way or another, the importance of unitarisation in shaping the Council Leadership's response to austerity. On this basis, another essential difference between the two case studies was observed in the way in which the political leaderships of both councils sought to engage with local communities or populations. This is because, politically, there was a need to ensure that spending cuts were presented as being fair and proportionate. While decentralising budget decision-making provided opportunities for service users and communities to provide their input into which services should receive a higher or lower than average spending cut, such participation did not necessarily translate into direct influence. Consultative processes could be viewed as a tokenistic enterprise – one that was primarily intended to improve community perceptions of the legitimacy, fairness or proportionality of the spending cutback process. Even if this were the case, however, and there was no evidence in either case study suggesting this was a primary motivation, the capacity of budget consultation to represent and respond to the diverse needs of different communities and population groups can be questioned. This was particularly pertinent within remote rural localities or communities where, for instance, vulnerable population groups are geographically scattered, resulting in additional financial

and infrastructural costs associated with maintaining service delivery networks on the periphery of county borders.

Northshire's Council Leadership chose a path of public engagement, even though (as highlighted in Chapter 8) public participation in budget consultation exercises did not necessarily translate into direct influence.[32] Although there may be many reasons for this, both the magnitude of spending cuts and the capacity of such events to effectively gauge the needs of local communities represented two key concerns. Senior politicians and officers in Northshire/Southshire frequently talked about the need to 'educate' local communities and service users about the impact of austerity by changing public expectations of what services the local authorities could or should deliver. Thus, in both case studies, there was an appeal to the logic or narrative of financial necessity to articulate the case for changing public expectations as to what services the local authority could, and should, be able to deliver in the future.

In contrast to Southshire, in early 2010, Northshire chose a path of public consultation and engagement whilst pursing an internal rationing or hollowing out strategy to reduce the operational cost of services. Although Northshire had a legal duty to consult local communities, both the scope of the budget consultation exercise and the use of 14 Area Action Partnership Forums formed part of a broader political and public relations strategy to 'educate the public' about the fiscal pains and uncertainties posed by austerity. However, as observed in Section 8.3.1, the size of the unitary authority and the geographic spread of its population settlements meant it is hard to see how the budget consultation process could

[32] There is some debate as to whether budget consultations ever do this, but this is outside the scope of the PhD. For a full discussion of these issues, see the following: DUROSE, C. & RUMMERY, K. 2006. Governance and Collaboration: Review Article. *Social Policy Society,* 5**,** 315-321, NEWMAN, J., BARNES, M., SULLIVAN, H. & KNOPS, A. 2004. Public Participation and Collaborative Governance. *Journal of Social Policy,* 33**,** 203-223.

account for pronounced or marginal differences in spending priorities between communities. Furthermore, AAPs were intended to improve the ability of local communities to feel they could 'influence decisions in their locality' following a 2010 county council plan report which observed: 'The percentage of people who feel that they can influence decisions in their locality is in the worst quartile' (NCC County Plan 2010, p.13). AAPs also did not have the same strategic planning or resource capabilities of the former district councils or Local Strategic Partnerships (Lowndes and Pratchett, 2012) (abolished by the former Conservative-Lib Dem Coalition government), which in the past had brought together local and regional stakeholders with a common interest in addressing complex policy issues involving holistic whole area planning and intervention (senior officer, 3/12/12, lines 356-363, p.9).

How can these different responses to austerity be explained? One might argue the coincidence of austerity and LGR strengthened the case for adopting a more incremental logic for reform. But the political crisis caused by the NSP also brought about a change in pace and tone in Southshire, even though the overall strategic direction of travel did not alter radically. This seems to indicate that the strategic position the former Council Leader and Chief Executive adopted remained in place in all but name despite the new Council Leader attempting to distance himself from a strategy which had become politically toxic. But, equally, the response of service users and communities to the divestment strategy also illustrated how political opposition to the NSP eventually forced the local authority to revise and, in some cases, reverse how it designed and implemented spending cuts to services.

What is the theoretical significance of differences in outlook and approach between the two case studies? First, given the comparative focus of my research, I initially focused on comparing similarities and differences between the two case studies. This meant

understanding how the beliefs and outlooks of senior politicians and officers were shaped by the institutional context in which they were situated. Hence, whilst I accepted the idea that beliefs and meanings represent 'ideational resources [through] which actors… mak[e] sense of their experiences in orientating themselves to the world they encounter' (Hay, 2011, p.170), there was also a need to understand how the institutional context affected how resource allocation choices were designed and implemented in either case study. Clearly, this could sometimes give rise to responses to austerity which seemed to contradict long-standing political or managerial policy preferences as to how best to respond to resource allocation problems or dilemmas posed by austerity.

This required moving beyond an interpretivist focus on how beliefs and outlooks motivated policy choices or action within the broader institutional context, thus creating 'extra-discursive factors' and 'institutional pathologies in particular'. The significance of these latter two concepts are explained by Hay in the following terms:

> *For here we see a clear link drawn between the institutional context within which political actors are situated (in this case an institutional context conferring prevailing expectations of it) and the ideational context (the context within which such expectations were first forged and must now be negotiated in some way)* [ibid.].

Second, understanding how these 'extra-discursive factors' and/or 'institutional pathologies' impacted on spending cutback choices or decisions also required an appreciation for how elite decision makers sought to balance competing resource allocation priorities. This second objective was a difficult subject to research because it required looking beyond the sometimes-sanitised presentation of spending cutback decision-making, which tended to focus on routine processes and procedures, linear or rational models of decision-making and

politician or policy-driven responses which frequently downplayed the influence of senior officers.

Although in Southshire considerable time was invested in formulating the NSP, very little attention was given to considering its broader systemic effects, either on the capacity of staff to deliver specific outcomes or how internal or external stakeholders would receive these changes. Following a change in political and administrative leadership in May/July 2011, there was a subsequent change in orientation. This focus on ensuring there was consistency in how decisions were reached, as well as ensuring that financial targets were met, was further evidenced in the Southshire case study when a shift in the pace of reforming how services were delivered also effected a change in orientation from a radical to a more incremental or muddling-through approach (Boyne et al., 2001, Jones and Gross, 1996). This change in orientation also seemed to have broader systemic effects on how future spending cuts were designed and implemented. In this regard, and more so than in Northshire, the subsequent change in outlook instigated by the political-administrative leadership crisis in Southshire in 2011 also impacted how the local authority managed vocal opponents of the NSP. On issues such as library service divestment, this change in approach might be likened to a process of co-adaptation (McColl-Kennedy, 2012, Benton, 2013), albeit one in which vocal and previously marginalised opponents of library service divestment also became caretakers in implementing the service reform strategy. For instance, several prominent critics of library service divestment became board members of the Industrial Provident Society Board which oversaw the delivery of services on a county-wide basis (Cabinet, 8 November 2011).

9.4 Relevance of Findings to Previous Research

This chapter began by asserting that while there were more differences than similarities between the two case studies, many points of convergence were also identified. These included the use of financial and budget management processes and procedures, which emphasised the use of centralised priority setting and planning, whilst incremental and non-incremental spending cutback strategies were employed when designing and implementing spending cuts to different services. Although there was a similar focus on protecting front-line social and welfare services and a reluctance to use financial reserves to postpone spending cuts in both case studies, differences in the organisational and political contexts also affected how elite decision makers adapted the pace and scope of organisational change or service reform initiatives to the internal and external environmental pressures present within the local authority. The above findings also suggest that major differences in organisational structure and environment were important in shaping the resource allocation decisions of politicians and officers. Greenwood et al.'s (1980) study into the patterns of management in local government made a similar point when questioning 'why local authorities have different structures and why they change' (ibid., p.156). Two organisational dimensions were identified by the authors when they measured differences between local authorities.[33] These included: (i) the extent and criteria of differentiation; and (ii) the extent and style of integration (ibid., p.156). Although 'these dimensions were selected because they represent… fundamental and complementary processes underlying questions of organisational design' in light of the 'recent history of organisational reform within local government in England and Wales' (Greenwood et al, 1980, p.159), Greenwood et al. also observed differences in both the extent

[33] Territorial governance size or scale, classification/type of local authority, and what effect this had on either their regulatory or technical competence to provide public services.

of differentiation and integration and the style of integration between local authorities, 'but not in their use of alternative criteria for differentiation'. Although differentiation inevitably resulted in some fragmentation because it involved the 'splitting of the local authority into bits' (ibid.), Greenwood et al. (1980, p.13) also observed how the 'creation of structural machinery [can also] counteract pressures toward fragmentation'.

How this occurs is likely to differ according to the 'style' of integration adopted within individual local authority. Hence, Greenwood (1980) also observed how differences in the environment and organisational structure affected how decision makers responded to differing choices or contingencies. Environmental characteristics included the 'range of environmental problems facing an authority', which they argued 'tend to affect its structural arrangements irrespective of the type of authority' (Greenwood, 1980, p.158). However, 'the availability and stability of services' was likely to vary across different types of local authority because 'the same contingency works in different ways upon different types of authorities' (ibid.). For instance, on the issue of resource instability, Greenwood et al. (1980) observed a correlation between the severity of resource scarcity and the degree to which managerial, financial and political power was delegated from the centrally located treasury or corporate functions to service committees and departments. The assertion that, under conditions of increasing resource scarcity, centralised decision-making is likely to be viewed as 'more expedient' because it is easier 'to operate through fewer committees and departments than to have those authorities of a similar type with a greater certainty of resource supply' (Greenwood et al, 1980, p.160) is one made by other cutback management researchers (Ferry et al., 2017, Levine and Posner, 1981, Pollit, 2010). Although 'no such pattern [was] found in councils' providing services in large English cities, the authors highlighted how changes in fiscal or financial conditions also affected the tendency towards centralised or decentralised

resource allocation decision-making in ‘metropolitan authorities’ (Greenwood et al., 1980, pp. 160-1).

In both case studies, there was evidence of increased centralisation of monetary management processes and procedures, although in Southshire, service departments continued to exercise greater control over key budgetary or accounting functions than was the case in Northshire, where these functions had been centralised in 2011–12. The extent to which this hindered the development of a consistent and transparent approach to resource allocation in Southshire is open to question, insofar as the consistency and transparency of financial data was identified in some council documents in 2013–14 as an issue requiring improvement (SCC, 2012). This was evident despite the Council Leadership identifying, in 2005, the development of a corporate approach to resource allocation as fundamental to achieving its aim of reducing the cost of providing services.

Furthermore, differences were determined when examining why changes to budget management processes or procedures occurred. For example, in Southshire, the incoming Conservative administration introduced a three-year rolling budget giving budget holders a financial incentive to transfer savings from one year to meet financial costs in future fiscal years. In Northshire, LGR effected a shift in corporate decision-making power away from departments to central services. Irrespective of the procedural form that developing a more corporate approach to resource allocation took, or the organisational or political value attributed to its implementation, senior officers and politicians in both case studies frequently observed how improvements in the transparency and consistency of how corporate intelligence and/or fiscal information was collected helped to ensure better alignment between political priorities and corporate objectives.

Another characteristic that causes variability in how decisions are structured is the size and scale of a local authority. Issues of size and scale are important for several reasons, including: the number of councillors or employees; political factors, such as the ideological complexion of the local authority; incidence of political organisation; and the range of functional responsibilities. Although each factor represented a distinctive or mutually interdependent organisational characteristic, Greenwood et al. (1980, p.162) also cautioned that 'the precise nature of the relationship is dependent upon the type of local authority'. The reason for this is that 'the effect of particular organisational characteristics [is] specific and vary by type of authority [insofar as] structures and procedures can only be understood in relation to the peculiar blend of local circumstances' (ibid., p.162). While there are differences between these observations and the findings from this thesis, Greenwood et al.'s (1980) research (albeit dated) also highlighted the empirical and methodological value of making comparisons between authorities with similar functional responsibilities, financial and budgetary management processes and procedures and (in some cases) spending priorities. This thesis also examined which factors affect how local authorities respond to top-down regulatory or financial pressures and bottom-up (civic–community) influences. Although local authorities may be constrained by their geography, limited resources and public accountability, insofar as they are a 'creature of statute' (Stewart, 1987, p.145), decision makers can also exercise choice 'within the boundaries set by the constraints imposed by statute' (ibid.).

A similar capacity for local autonomy was observed when describing how decision makers in both case studies responded to austerity. While politicians and officers adopted similar fiscal management and budget processes, there were substantive differences in how political-corporate priorities and compromises were created and maintained. In part, these

differences fell into one of three distinct thematic categories: (i) They reflected differences in political and organisational outlook as to the role and purpose of the local authority; (ii) Differences in defining the scale or pace of organisational change; and (iii) Divergence in political and organisational structures, which, in turn, affected working practices and routines. Although fiscal austerity provided a strong external motivation for decision makers in Northshire and Southshire to drive through unpopular spending cutback choices or reforms, clear differences in the service-reform philosophy expressed in response to central government grant cuts was observed in this thesis. Conversely, while in Northshire spending cuts were politically presented as 'draconian', over which the unitary authority had no direct control or influence, in Southshire, austerity was likened to 'medicine' which had to be administered to an ailing patient – namely the British economy (Cabinet, 20 July 2010, CC, 2012).

Through focusing on the relationship between contingency and choice, the two case studies have shown how senior politicians and officers balanced the interaction between central government reductions, on the one hand, and different organisational and environmental contingencies, problems or difficulties within the spending cutback process, on the other hand **(RQ1)**. These are not seen as mutually exclusive concepts, even though Greenwood et al. (1980) observed how the purpose of their study was to show how the process of choice, or the interaction of contingencies and choice were mediated locally. These differences affected how decision makers identified and developed the strategic content of their respective cutback management strategies (scope, pace and/or speed of change) and mode of expression (how the strategy was communicated) in either case study **(RQ1/4/5)**. How individual decision makers within either authority adapted to top-down financial pressures which are beyond their immediate control is a question which public sector strategy

researchers have in recent years begun to explore, drawing upon the institutional isomorphic literature (Frumkin and Galaskiewicz, 2004). Senior officers in both case studies described funding disparities between rural shire authorities and their metropolitan counterparts, and funding inequalities between affluent and deprived local authorities (especially cash-rich Tory shires compared to deprived Labour-run areas or localities). For instance, in a report to an Overview and Scrutiny Committee in 2012, the Assistant Chief Executive and Council Leader observed how Northshire did the following:

> *In the more recent periods since the* [2010] *CSR, the reduction in expenditure per head in the [Northshire region] was 42 per cent more than the 'national average', while the expenditure reduction per head for East Anglia was 56 per cent less [than] the national average over the same period. East Anglia was in fact one of four regions including the East Midlands, the South West and the North West where the percentage reductions per head were below the national average* (CMT, 2011a).

Individual decision makers within a local authority might have very little direct influence over how changes in the funding formula are implemented. This is an issue that senior officers and politicians articulated when highlighting funding disparities between rural shire authorities and their metropolitan counterparts and affluent and deprived local authorities.

Nevertheless, it is important to keep in mind that local authorities are not simply passive agents of central government whose resource-dependence hinders the development of institutional agency or autonomy (Stewart, 1983, Lowndes and Gardner, 2016b, Lowndes and McCaughie, 2013). Indeed, as demonstrated in Chapters 5, 6 and 8 of this thesis, senior politicians and officers in both case studies proactively articulated a local response to the 2010 Comprehensive Spending Review. This was in terms realigning council priorities with the financial, organisational, reputational and political challenges posed by austerity.

In neither case study was there evidence to suggest political concerns were not viewed as distinct from corporate considerations. They were frequently presented by senior and backbench politicians and senior officers as integral to balancing competing financial, corporate and political priorities within a spending cutback process **(RQ3)**. In other words, local authorities as democratic institutions are staffed by professional officers who need to understand the political complexities shaping the policy agenda across multiple service areas whilst maintaining a position of political neutrality in the advice they provide to service politicians (Leach, 2010a, Leach et al., 2005).

However, as argued in Chapter 2, political-managerial boundaries are also affected by the presence of formal and informal working norms which can shape the roles and identities that senior individuals adopt within particularly policy or decision-making arenas (Peters, 2001, Gains, 2008). One consequence of this insight is that the relationship between politicians and officers is also likely to be less fluid and dynamic than the above account suggests (Gains, 2008, Gains et al., 2005). Equally, the exact boundaries of the relationship can also depend on the pattern of power relations between the two groups of decision makers (Leach et al., 2005, Leach, 2000, Leach, 1992, MacManus, 1993b).

Senior politicians and officers in both case studies talked about some of the difficulties associated with balancing corporate financial concerns (e.g., implementing spending cuts in a timely and strategically effective manner) with bottom-up civic community pressures or influences on the spending cutback process **(RQ1/2)**. For instance, politically, Council Leaderships were aware of their duty to appear to be consultative and responsive in listening and responding to the diverse needs and priorities of service users and local communities. However, Council Leaders and their cabinets also needed to make financially prudent choices

or decisions relying heavily on the professional expertise of senior officers to provide financial and administrative advice on how best to implement policy or spending cutback priorities.

The capacity of senior officers to maintain the trust of a cabinet member or portfolio holder was a key factor in helping balance competing political and corporate priorities within the spending cutback process in either case study **(RQ2/3)**. This involved the senior officer being proactive in understanding the political ramifications of spending cutback proposals or options in advance of them being scrutinised by the cabinet or in other political/public forums. Thus, one Northshire senior officer observed:

> *I think if members have confidence that officers are* [being very solution-focused] *rather than just saying to them 'you go and do all the political stuff', politically we'll not change anything as a result and it will all break down. So, there's a lot of corporate work on that* (Senior Officer, 13/9/12**,** lines 419–27, p.12).

The extent to which Northshire's Council Leadership had to compromise on political priorities to accommodate financial and corporate agendas within the spending cutback process is hard to independently verify. While the senior officer's description (above) implies that the two were aligned since failure to do so could negatively damage the relationship of trust, both the Deputy Leader and Head of Corporate Resources observed how the budget process was primarily driven by political priorities. This meant that if a spending cutback option presented to Cabinet or the ruling Labour group were likely to be politically opposed, it was either revised or vetoed using a 'Northshire Asterisk' (senior politician & officer, lines 517-521; 522-537, p.14). These behind-the-scenes interventions were not made near the end of a formal decision-making process but prior to formal (often public) deliberations **(RQ3/4)**. 'Away days' involving the Council Leaders and the party group, portfolio-holders and senior officers also provided additional opportunities for addressing problems or issues that could not easily be

resolved. Moreover, when officer–member conflict did arise between senior managers and backbench council members seeking to protect the delivery of local services or facilities within their communities, disagreement often centred around concerns about the impact of spending cuts on the social, civic and economic life of local authorities **(RQ3/4)**. As demonstrated by the Labour council member (Northshire) who fought to keep a leisure facility (see Labour politician final quote p.259-60), the quality of the cost/performance data used to substantiate the case for closing a service or facility could also be called into question. Or, as in the case of the decision to change the criteria for receiving free school transport, council members could draw upon large civic-community networks (namely, school parents, head teachers and governors backed by Labour MPs and MEPs) to protect subsidies currently being given to parents living within a three-mile radius **(RQ1/2)**.

Although similar behaviours were evident in Southshire, differences in the political, organisational and environmental context also affected political-managerial relations **(RQ1/2/3)**. First, while some of the legacy issues relating to the NSP were being addressed following the 2011 leadership change, such as the time and attention given to implementing a more inclusive and consultative style of decision-making, Conservative concerns around staff underperformance remained an issue. This occurred despite attempts to link improvement in staff wellbeing with professional development initiatives to encourage greater participation and engagement. Second, unlike Northshire, there was less evidence of an internal corporate-political consensus on how best to drive forward service reform initiatives, which, to a greater or lesser extent, mirrored external public and service-user concern as to the merit or viability of divesting all but a few core services without adequate time being given to secure financial/organisational support, training and transition arrangements **(RQ1/2)**. This period of political uncertainty seemed to further

enhance the capacity of senior officers to influence the divestment strategy. For instance, the new Council Leadership appeared more open to officer proposals or interventions regarding how to deliver the same savings (as envisaged under the NSP) without reigniting past controversies. For example, in Southshire, the various political controversies arising from the NSP meant that officers who might in the past have been perceived as barriers to the timely implementation of the Southshire divestment agenda were now called upon to perform a policy interlocutor role or function. This meant that such officers actively helped cabinet members articulate a revised financial or policy case for changing the scale or pace at which services or assets were divested.

So far, differences in how the political and organisational context affected how political-managerial relations in both case studies were managed have been discussed. While senior officers in both case studies used similar financial and budget-management techniques, in Northshire, greater emphasis seemed to have been placed on ensuring that top-down corporate messages and processes were consistently communicated throughout the organisation. Conversely, in Southshire, the pace of organisational change, the lack of a clear blueprint for implementing or embedding reform, and the emphasis on bottom-up innovation processes challenged traditional managerial hierarchies by 'letting the middle man decide' (Council Leader 1, 6/3/14, pp. 6-7). This contrasted with the more top-down, corporate-management, process-driven approach to strategy development and implementation evident in the Northshire case study **(RQ2/3)**. However, it is important to note the impact that the 2011 change in political/administrative leadership in Southshire had on altering how the NSP strategy for divesting services was communicated. Nonetheless, several Conservative Council members and documents articulated the case for continuing to challenge the routine decision-making processes and procedures that prioritised the interests of individual

spending departments over the development of a more holistic, corporate approach to decisions, insofar as they were 'excessively bureaucratic' and hindered the development of a more private-sector commercial mindset **(RQ3).**

In Northshire, the use of cost and performance benchmarking within the spending cutback process could (at times) exacerbate political tensions between senior officers and elected Labour members. Officers frequently faced public and political criticism when designing and implementing spending cuts to services **(RQ1/2)**.

So far, this chapter has related differences in the scope and pace of reform adopted in the two authorities to the concepts of contingency and choice (Greenwood et al., 1975, Hinings et al., 1975). Attention now turns to understanding how these concepts relate to how institutional context influences the behaviour of individual actors. The difference between strategic stance (the extent to which a strategy anticipates events or reacts to them and the orientation towards change and/or the status quo) and action (strategic plans intended to effect changes in markets, services, revenues, external relationships and internal characteristics) seemed more relevant in the Northshire case study. This was because LGR seemed to reduce some of the political and organisational barriers to internal and county-wide service reform, which proved harder to put into effect in Southshire. Moreover, LGR also created an organisational and political template for reform to which politicians and managers could refer to, even if the consequences of merging/integrating seven former district councils and a county council into a single organisational entity could prove perplexing, indeed even confusing. Nevertheless, LGR seemed sufficiently adaptive that it could simultaneously disrupt and challenge old working practices or assumptions whilst also providing some level of stability as to the future identity or mission of the local authority **(RQ5)**. However, like

Boyne and Walker (2004) and Greenwood et al. (1980), I do not assume that LGR created an all-encompassing dominant organisational or political logic for reform that excluded the presence of competing narratives or logics (Reay and Hinings, 2005). As highlighted by the example of rural library closures, changes to the criteria for free school travel and the closure of council run nursing homes (see Chapter 5), contentious issues did arise, which had to be carefully managed politically. In contrast to Northshire, the Conservative Council Leadership was less able to win broader organisational legitimacy for the NSP. Consequently, in Northshire there was a more forceful articulation for a top down planning approach, one which emphasised senior leaders 'banging the corporate drum'. This was to be achieved through consistent messaging and increased capacity for reform which LGR seemed to provide especially in terms of centralising corporate decision-making functions and creating/reinventing budget and performance management monitoring systems/processes.

To what extent the decision to move some corporate decision-making powers from service departments to central services contributed to this outcome in the Northshire case study is open to question. Nevertheless, while budget holders still retained discretion in deciding how to achieve specific spending targets, there seemed a greater commitment to ensuring an alignment between council-wide goals and individual service department spending priorities than was the case in Southshire. This centralising agenda was also supported by emphasising the collaborative and collective responsibility of the 'corporate team' to address the tendency toward 'departmental infighting'. (Council Leader 2, 2013, CN, 2010a, CN, 2010b). Equally important, the corporate political consensus forged between senior politicians and officers prior to 2010 also seemed to reinforce a tendency toward incremental (gradual) change.

9.5 Contribution to Knowledge

My first original contribution to knowledge is that I have shown there was a correlation between the scope and pace for incremental or radical change and the presence/absence of LGR. In making this assertion, however, it is necessary to add several qualifications. Although the ideological disposition of the party groups and their Council Leaderships was an important factor in determining how organisational change agendas were articulated, this did not inhibit the former Conservative Council Leader (JP) and former Chief Executive (AH) in Southshire from pushing through a top-down managerial efficiency agenda which tended to ignore civic community influences or concerns when redesigning how services were provided within the spending cutback process. Opposition to the New Strategic Plan for divestment, however, did not just come from communities but also internally within the Conservative Party across the various district councils in which they were the ruling party and within civic-community associations such as town and parish councils and other organisations. While the New Strategic Plan prioritised cost-cutting over political concerns, long-standing ideological and policy commitments such as reducing the cost of providing services to keep council tax bills low and national Conservative policy priorities promoting civic participation/volunteerism as an alternative to state-run public services vis-à-vis the Big Society and Localism agendas were also decisive factors.

In Northshire, LGR also seemed to reinforce an incremental reform which enabled decision makers to reinforce longstanding assumptions around the mission and identity of the local authority as a deliverer of public services whilst also providing opportunities to experiment with alternative models of service delivery **(RQ3)**. This finding would seem to extend Greenwood's observation around the potential benefits of LGR in helping secure a more strategic approach to resource allocation (Greenwood et al., 1975, Hinings et al., 1975).

Moreover, Greenwood qualified this assertion by arguing that LGR in and of itself might not produce this outcome. However, both the coincidence of austerity and LGR seemed to strengthen not weaken the development of positive political-managerial relations in Northshire. Although a strategic-corporate approach to resource allocation was adopted in either case study, Northshire was better able to politically manage the spending cutback process – despite the Conservative-run authority in Southshire having a longer record of driving top-down efficiency savings. This seems to suggest LGR helped reinforce 'positive political managerial relations' (Cepiku et al., 2016, p.240) through, in part, delegitimising past 'uncorporate' resource allocation practices (senior officer, 13/9/12, lines 167-177, p.2). LGR also strengthened the ability of senior decision makers to convey a consistent message around the scope and pace of reform, something which was lacking in the Southshire case study. This finding seems to strengthen the association between good political managerial relations and the capacity of leaders to elicit trust in their ability to 'deal with the 'sudden' decrease in resources from central government' (Cepiku et al., 2016, p.240) **(RQ3/4)**. At the same time, it also seems to challenge Boyne et al.'s (2001) assertion that environmental change, such as increasing fiscal constraint, is often more important than leadership capabilities, insofar as central government funding cuts have a greater impact on determining the sustainability of a cutback management strategy **(RQ1)**.

A second original contribution to knowledge is that my case study findings (to some extent) challenge the assumption that organisational change or transformation initiatives are particularly difficult to implement under conditions of austerity (Bach and Stroleny, 2014, Laffin, 1990, 2011, Dukelow, 2014, Joyce, 2011, Sharples, 2011, Ferry et al., 2017). For instance, Ferry et al. (2017, p.231) observe in their study of 70 local authorities in England and

Wales that while 'local government officers… were not averse to innovation... the extremely tight financial situation, together with the prevailing focus on budgetary stewardship, restricted their ability to experiment with new ways of working'.

However, findings in my Northshire case study suggest that the structural reform enacted through LGR also strengthened a predisposition to 'experimenting with new ways of working' even though in most cases this precluded radical changes to the inhouse model of service delivery. Nevertheless, data gathered from both case studies also highlights the importance of political and administrative leadership in setting an appropriate tone, direction and pace for reform **(RQ2/3)**. In this sense, the failure of the NSP to align with Southshire's existing organisational capabilities created an additional barrier to implementing the proposed service reforms. Despite these difficulties, following a change in political and administrative leadership, the strategy for divesting services remained, even though a less definitive path to future service reform was set. This would seem to suggest that adjusting the pace rather than the scope of reform was a key factor in seeking to win broader internal and external support for the strategy. In Northshire, while LGR had facilitated the adoption of an incremental reform logic (one initially focused on changing peripheral rather than core public service activities), there was not the same appetite for root and branch service reform. This was less affected by austerity than a reluctance to stray beyond the accepted political or policy boundaries regarding how the unitary authority should provide public services. There was a deep-seated political and organisational reluctance to consider experimenting with new models of service delivery unless there were compelling financial and strategic reasons for doing so. This would seem to suggest that the capacity of senior politicians and officers to agree on a shared outlook or response was an important determining factor in shaping the climate of politician-managerial relations (Cepiku et al., 2016).

This seems to reinforce Vince and Orrs' (2009, p.655) contention that 'routines, structures and processes' might also affect how senior politicians and officers appealed to local authority traditions when articulating the case for or reforming how services are provided. In both cases studies, there is evidence suggesting that the scope and pace of reform also affected whether political–managerial relations could be described as creating either a climate of consensus (Northshire) or mutual suspicion and hostility (Southshire).[34] Consensus did not mean the absence of conflict or disagreement but a commitment to shared outcomes or goals. For example, in Chapter 5, I made reference to a political–corporate consensus within Northshire which had a positive impact on politician–managerial relations because it provided a blueprint or framework for pushing through a top down corporate reform prior to the onset of austerity.

My research found there was a tendency to frame the cutback management strategy or response adopted by either local authority within a larger political narrative. In Northshire, this meant that blame for having to make deep cuts to services was passed onto the Conservative-led Coalition Government and its successor administration (Tallentire, 2015, Merrick, 2010, Tallentire, 2011b, Anon, 2010, Tallentire, 2011a, Councillor, 2011). Alternatively, in Southshire, the previous Blair/Brown Labour Government was blamed for its *alleged* fiscal mismanaged of public finances (CN, 2010b). Through reinforcing political and

[34] Such a perspective methodologically places the individual and the institution at the centre of understanding how different political/organisational norms or traditions become embedded through a process of 'shared meaning' and goal setting (GAINS, F. 2009. NARRATIVES AND DILEMMAS OF LOCAL BUREAUCRATIC ELITES: WHITEHALL AT THE COAL FACE? *Public Administration,* 87**,** 50-64.). It also reinforces the value of understanding of how key events either prior to and following the onset of austerity in 2010 informed how senior politicians and officers viewed the organisational context and external environment in which they were situated. For instance, paraphrasing Bevir and Rhodes (2003), Gains observes how 'traditions' constitute a 'set of beliefs that are not fixed' but 'vary over time and across communities of meaning' (Gains, 2009, p.52). Gains notes that while the assumptive outlooks and beliefs of elite decision makers are 'conduct shaping', they are also less likely to be 'conduct determining' (Colin Hay, 2004, quoted in Gains, 2009, p.52).

policy differences between local ruling party and opposition, such blame shifting (Hood et al., 2016, 2014a, Ross, 1997) seemed to represent a form of local electioneering using party political labels or agendas drawn from the national stage. In both Northshire and Southshire, these 'blame shifting' narratives sought to redistribute blame upward onto a higher authority or power either currently in office or recently exited central government.

These policy differences could also be used in defence of a cutback management strategy or approach. For instance, in Southshire, austerity represented a crisis which called for an emergency response or measures (e.g., the former Chief Executive – AH – likening the council to a 'burning platform'). Even following a change in political and administrative leadership in Southshire, austerity was viewed as a window of opportunity for reform – 'why waste a good crisis' (Council Leader 2, 2013, CN, 2010a, CN, 2010b). Alternatively, in the Labour-run authority, the desire to protect the local authority's core mission or identity by resisting the trend in some authorities – including one neighbouring Labour council – to simply withdraw or divest service provision represented a tangible manifestation of 'local choice' (Stewart, 1983). This was important in maintaining a sense of connection with the past (albeit the identity of the local authority as the main provider of services) and its external environment (i.e., service users and communities the Labour-run authority served and represented).

A third contribution to knowledge concerns the relationship between strategic stance and the scope and pace for reforming how services were provided within either case study. Boyne and Walker's (2004) distinction between strategic stance (the extent to which a strategy anticipates events or reacts to them and the orientation towards change and/or the status quo) and action (strategic plans intended to effect changes in markets, services, revenues,

external relationships and internal characteristics) seemed harder to integrate into the Northshire case study. There might be several reasons why this was the case.

(i) Coincidence of LGR and austerity in Northshire

As suggested above, the coincidence of LGR and austerity meant that it was hard to fully determine the extent to which these two processes were distinct parallel processes or wholly integrated following the onset of austerity in 2010. For example, on the one hand, using the example of the divestment of community buildings and leisure service facilities and grounds, it could be argued that this represents a change in the strategic stance of the local authority. On the other hand, given the number of assets that the new unitary authority inherited from the former district councils, it could also be asserted that the financial and strategic case for rationing would have occurred irrespective of austerity. Far from this representing a change in orientation, divestment of community buildings and some leisure facilities did not fundamentally alter long-standing assumptions about the desirability of maintaining in-house service provision, since these services were perceived as peripheral to the core mission or identity of the local authority. Thus, asset divestment represented a legacy issue created by LGR, which had to be resolved if the local authority were to assert administrative and territorial control over the delivery of services on a cross-county basis vis-à-vis the resource-levelling process. However, this example raises questions about the extent to which it is possible to attribute the creation or maintenance of a strategic stance to a specific orientation, such as a radical or incremental change agenda, since the pace at which a strategic plan is effectively implemented is also likely to differ across various parts of a local authority. The capacity of senior and front-line staff to actively embrace or passively resist

what they see as threats to their own decision-making autonomy and professional independence may also limit the ability of senior decision makers to push through an all-encompassing, one-size-fits-all approach to reform. Again, this would seem to indicate, especially within the Southshire case study, that a more locally adaptive approach was necessary to better mitigate problems associated with implementing the NSP.

(ii) Use of incremental/non-incremental spending cuts

The use of incremental and non-incremental spending cuts in both case studies meant that budget holders within service departments could exercise some level of discretion over how spending cuts were designed and implemented if they stayed within prescribed cash limits or financial envelopes set by corporate/financial resources departments. In this sense, the strategic stance was less of an indicator of whether specific strategic goals had been achieved, since this was reduced to the need for budget holders to stay within centrally imposed budget and cash limits over single and multiple fiscal years.

(iii) Effect of organisational history on strategic goals

Both of these observations also highlight the extent to which differences in policy and organisational history affected how strategic goals around the scope and pace of reform were designed and implemented, despite changes in the immediate fiscal and policy environment (Pierson, 2006). Greenwood et al. (1980, p.171) reinforce this point when they observed that 'the local authority is not a passive system upon which external forces (contingencies) impact' or how 'the process of choice is also crucial wherever an authority is faced with conflicting contingencies' (ibid., p.172).

9.5 Summary Key Conclusions

In the previous section I outlined my contribution to knowledge. Here I summarise my key conclusions in Table 9.1.

	Research Questions & Findings
RQ1	**What are the local internal and external demands on the spending cutback process, and how does this affect how resources are allocated between different spending priorities locally?** Senior decision makers in both Northshire/Southshire were subject to similar top down financial pressures. There were noticeable differences in how they responded to these external pressures which affected whether a radical or incremental change orientation was adopted that affected both the scope and pace at which service reform proposals deviated from past working norms or practices. Therefore, while similar cutback management techniques and strategies were used in both case studies there was substantial evidence that both the scope and pace of change to services reflected political and administrative preferences of senior politicians and officers. The history of service reform prior to austerity was also an important factor in shaping the cutback management response in that, the level of resource slack was influenced by either the presence or absence of LGR and level of resource slack created by previous drives for increased service efficiency (see Levine Efficiency Paradox discussed on pp.258-259). In conclusion, while top down financial pressures created converging responses that resulted in similar cutback management logics being used there was greater evidence supporting the relationship between local contingency and choice on the basis of service demand needs, local political and administrative preferences reflecting the range of continency variables outlined in Figures 2.5 and 3.5.
RQ2	**How do decision makers balance top-down and bottom-up budgeting when managing competition between local vested interests in the spending cutback process?** In both case studies there is evidence that the drive toward centralisation of resource management and performance frameworks occurred prior to austerity. Despite this there are some clear differences in how this centralisation agenda was implemented in either case study both prior to and following the onset of austerity. In Northshire, LGR seemed to strengthen corporate intelligence capabilities and processes, whereas in Southshire, both the scope and pace at which NSP was implemented adversely impacted on the organisations strategic and organisational readiness. However, there is insufficient evidence to suggest LGR alone could have achieved this outcome. Indeed, as Greenwood et al (1980) acknowledged, both the combination of LGR and austerity strengthened the capacity to install new financial and performance management frameworks. Also important was the dependence on central government for additional funding to cope with increased demand for social and welfare types services. In turn this created increased financial pressure particularly on historically deprived localities such as Northshire. In addition, there is also the need to consider the overall dependence of local authorities on central government for funding service provision, the sectors with limited independent tax raising powers and the legal duty placed on local authorities to achieve a balanced budget whilst managing declining resources and increasing service demand (especially for social/welfare services). In both case studies these converging pressures produced an increased emphasis on enhancing the corporate intelligence gathering capacities of central service departments. This did not prevent service departments developing their own spending priorities so long as they adhered to strict cash limits. Reserves could also be used to resource short term budget deficits and fund service reform initiatives that could yield increased savings in future years despite a general prohibition on the use of reserve to finance medium- or long-term budget deficits. There were greater differences in how either local authority consulted service users and local communities that were related to either the presence or absence of LGR, and the effect of service reform outlook on the strategic scope and pace of change. For instance, in Northshire LGR played an important role in shaping the development budget consultation exercises vis-a-via 14 Area Action Partnerships. In contrast, more ad hoc localism and budgetary consultation arrangements were developed in Southshire. Furthermore, the scope and pace of the NSP meant there was insufficient time to meaningfully consult local communities and other vested interests. Conversely, in Northshire consulting local communities formed part of a broader public relations strategy intended to demonstrate the new unitary authorities' capacity and willingness to represent the interests of disparate urban and rural local community's vis-a-via AAP forums. Although questions have been raised about the representativeness of these processes politically, they helped the local authority demonstrate a capacity to serve diverse population settlements. In summary, the above findings seem to indicate that central government budget cuts strengthened and accelerated the adoption of top down budgeting techniques/strategies in both case studies. There was however greater local variation in how bottom up budgeting strategies were used to consult affected service users and local communities.
RQ3	**How did elite decision makers balance corporate and political priorities within the spending cutback process?** In both case studies the political and organisational climate of decision making affected the capacity of senior decision makers to agree on a cutback management and service reform strategy. Vocal external community and service user opposition to

	spending cuts for particular services (libraries or school transport) could provoke internal party group dissent that undermined the political sustainability of spending cutback choices. Despite this there is little evidence to suggest that this source of disruption permanently undermined the capacity of decision makers to push through controversial spending cutback choices. Nevertheless, these sources of dispute could politically undermine the cohesiveness of party leader and group interactions. However, politically, this also depended on the capacity of party leaders to maintain cohesive group council member relations. Trust between senior decision makers was also important in agreeing on the strategic scope and pace of change. This included the ability of senior officers to effectively anticipate and/or pre-empt likely political sources of tension/conflict when deciding between different spending cutback choices or options. Equally important was the capacity of the council leader or leadership to retain the trust and credibility of their respective party groups. Failure to do so could result in successive leadership challenges as was the case in Southshire due to public disquiet over plans to divest services to local communities which led to backbench rebellion that brought about the first leadership election. The second leadership election arose from the perception that party members had insufficient influence or input into key policy decisions.
RQ4	**What political and organisational strategies were used to dampen conflict within the spending cutback process and what role did they play in preventing the postponement or reversal of spending cutback choices?** In both case studies various political and organisational strategies were used to dampen conflict. These included staggering the pace of spending cuts, revising how a spending cutback decision was implemented through reducing or eliminating cuts to front facing service elements. Despite sometimes very strong public pressure to reverse spending cuts there was little evidence to suggest financial targets were abandoned or postponed until a later date. Again, this seems to reinforce the view that austerity had profound and definitive organisational level impacts affecting how decision makers managed competing priorities and risks created by increasing 'resource scarcity'. Some of these risks were configured differently in each case study either because they reflected differences in the pattern of rural and urban population settlements or reliance on central government for additional funding for extra welfare and social service provision. These top down financial pressures also seemed to strengthen a trend toward centralising budgetary and performance management frameworks. The accumulation of council reserves to manage top down funding pressures also produced a risk aversion to using council reserves to finance medium to long term budget deficits (See Appendix G**)**. The decision whether to adopt a radical or incremental change orientation was also affected by the willingness or capacity to embrace new and/or emergent service reform logics. The strength of the relationship between previous working practices (path dependency) and the display of change adaption or change resistance behaviours to the adoption of these new working practices or ways of thinking about the delivery of services were more likely to arise when attempts were made to fundamentally alter how the local authority provided services to diverse urban and rural communities. Although this did not have the same effects on the spending cutback process in Northshire, the political controversy caused by the initial decision to close rural library branches, nevertheless highlights how specific service reform proposals can raise broader questions as to the perceived legitimacy and fairness of spending cutback decisions. Indeed, in both case studies there is evidence that rural and isolated communities believed their needs or concerns were being disregarded by decision makers in county hall. Also, present were allegations of unfair treatment between more affluent and deprived communities, and localities which have historically voted for opposition or independent parties. Beyond increasing the scope of public engagement or input into the spending cutback process it is hard to see how these political and territorial based conflicts would disappear. In many cases they seem to predate austerity and were therefore a more permanent feature of the political, social, economic and cultural landscape. Furthermore, tensions were likely to increase as spending cuts to local public services take hold and became more acute although I do not present definitive evidence substantiating this point. Nevertheless, longstanding grievances concerning the capacity of particularly isolated communities to influence county hall decision was common across both case studies. These issues ranged from concerns around disparities in resourcing levels due to political bias or socio-economic differences arising from the relative affluence or deprivation between localities.
RQ5	**What impact, if any, did differences in the territorial governance structure of either authority have on the design and delivery of spending cuts?** Differences in territorial governance structure also affected how spending cuts were designed and implemented. LGR provided opportunities in the Northshire case study to achieve economy of scale savings through levelling out the distribution of resources between localities. This also enabled the unitary authority to develop a county wide approach to service delivery which included reviewing previous partnership arrangements between the county council and voluntary sector training organisations. Despite this there is insufficient evidence supporting the view that these economy of scale savings were beyond the reach of 2-tier county councils. Indeed, Southshire's plan to divest all but a few core services illustrated both the opportunities and risks of pursing a radical service reform strategy in-order to achieve significant cost savings. These political and organisational risks were much greater because of the radical scope and pace of change compared to Northshire. However equally important was the presence of increased resource slack within Northshire. Whilst LGR played an important part in the identification and implementation of economy of scale savings, account must also be taken of previous top down efficiency drives in Southshire over the 2006-2009 time period. While there is little evidence to suggest that Southshire's ability to extract additional efficiency savings was hindered by the absence of LGR, the two-tier county district structure also seemed to create additional cross county boundary organisational and political hurdles which were harder to detect in Northshire. This is not to say they did not exist but that it was reduced through the removal of district councils and the creation of a more centralised planning and resource allocation structure.

9.6 Research Limitations

In the previous section I outlined a summary of my key conclusions. In section 9.6 I describe some limitations with my study.

I should stress from the outset that my study has primarily been concerned with examining how top-down and bottom-up pressures organisationally within the local authority and its immediate environment impacted how senior politicians and officers responded to austerity. This analysis has focused on understanding how decision-makers respond to top-down financial constraints once organisational and political contingencies at the local rather than national or regional level are accounted for. Although I also examined the impact of bottom-up pressures on the political sustainability of spending cutback processes and procedures, these findings were generally limited to how they influenced the political behaviour of elected council members within ruling parties. This was a more pivotal factor than other civic–community facets because it directly impacted the political capacity of elected council leaders and their cabinets to drive through a spending cutback agenda, which might at times conflict with ward-level needs or overt ideological agendas. This, in turn, also influenced the scope and (to a lesser extent) pace at which the cutback management strategy of either authority was implemented.

However, I was unable to conduct a comprehensive analysis of how the differences in territorial governance structure impacted either the degree or level of influence that civic–community organisations were able to exercise over the spending cutback process. Nor did I attempt to analyse the extent to which external civic–community groups were able to overturn controversial spending cutback choices or decisions. So that it was possible to

address this concern within my research strategy, I have presented several mini-case studies at key points in the thesis.

Another potential limitation concerns the use of two case studies with differing territorial governance structures (unitary versus two-tier), political loyalties (Labour/Conservative-run) and service-reform strategies, although, without the presence of a third case study, making direct comparisons between two authorities with differing organisational and environment characteristics could prove challenging. Both my research subject and method highlight problems around the replication of data results. First, this study was primarily focused on how individual decision-makers faced with similar sector-wide resource-constraint issues responded, both politically and organisationally. Second, the thesis does not seek to provide a generalisable explanation for how my findings relate to county councils in other parts of England and Wales. My approach has been focused on understanding how decision-makers manage or mitigate resource-allocation disputes or dilemmas, balancing internal and external organisational influences on the spending cutback process, rather than asserting a single set of generalisable conclusions.

The methodological approach that I take seeks out alternative counterfactual evidence from a range of data sources. Moreover, I also regard the inclusion of such perspectives as important in helping to explain how the pattern of relations between organisational actors affects the "budgetary rules of the game" within the local governance system (Griffiths, 1989, Gains, 2011). While such a "rules of the game" perspective might explain why organisational behaviours are encouraged or discouraged within local authorities that are subject to conditions of fiscal austerity, I also realise that individual and/or group consequences for breaching an organisational norm, such as overspending on a departmental budget, can vary

according to the identity of the actor involved and the pressure placed on conforming to that norm. Furthermore, although a 'rules of the game' approach would seem to provide a partial explanation for how budgetary norms are created and sustained (Elcock, 1987a, Boyne, 1989, MacManus, 1993a) in terms of the "role individual participants play in defin[ing] the discursive content of the institution (Peters, 2012: 121), understanding how competing groups interpret and engage with this discursive reality can provide some insights into how sensitive behind-the-scenes discussions are conducted around cutback management issues.

9.7 Reflections on the potential for an alternative research design

The limitations presented in section 9.6 raise broader questions about the potential for an alternative research design. Section 9.7 provides a space for reflection to consider what I might have done differently to enhance the rigour of my comparative analysis and therefore strengthen its potential generalisability. There is a case for arguing that a third case study would have served to strengthen my comparative analysis through providing points of comparison between two similar case studies that contrasted with a third county council. However, this assumes motivational variables such as assumptive beliefs and values inferred in Figure 2.7 would have been less pronounced, for instance, if the ruling party groups Northshire and Southshire shared the same party label. This also implicitly assumes that the addition of a third case study might would have strengthened the association between party ideology and service reform outlook or logics. Alternatively, a third case study might have challenged this assumption, whilst also highlighting a range of other motivational variables mediating the relationship between ideology and service reform outlook.

The above perspective, however, is problematic. For instance, while party ideology played a role in shaping dominant/emergent service reform logics a range of other political factors were also present in both case studies. These included the need to make pragmatic political compromises between different ideological wings or traditions within a party group. Moreover, clashing local authority traditions associated with the identification of particular working practices could also enhance the noise surrounding these party group differences. For instance, as was the case in Southshire, in which there was dissatisfaction with the level of consultation between the second council leader and the party group, due to the perceived excessive delegation of political power to senior officers on key policy issues. In turn, the above factors fed into compromises which senior decision makers in either authority made when balancing competing political and corporate interests within the spending cutback process.

Nevertheless, my case study findings also highlighted how existing or emerging service reform logics were shaped by differing ideological visions of local government, public services and the welfare state. These assumptive values and beliefs implicitly expressed political administrative preferences embedded within path dependent politician officer decision making channels in either case study. These contingent structural and motivational factors also affected the way in which senior politicians and officers balanced competing political/corporate concerns within the spending cutback process. However, this did not mean that spending cutback decisions were impervious to external civic community influences. Indeed, elected council members within the ruling Labour and Conservative

parties were keenly aware of how 'bread and butter' constituent concerns could have negative electoral consequences and therefore were also a likely source of party disunity.[35]

Another issue to consider is whether an explicit taxonomic framework for analysing local authorities' responses to austerity could have been developed and whether this would have resulted in the selection of a broader range of case studies. Furthermore, the development of such a taxonomic framework could also provide a range of ideal type responses to austerity extending the four typological categories outlined in Table 2.7 (see p.28) to include other causally and non-causally related factors.

There are several analytic benefits with adopting an explicit taxonomical framework for analysing empirical findings. First, taxonomic categories would have provided an opportunity to organise and structure my research findings using distinct and overlapping categories. This approach might have lessened the need for political or organisational stories to elucidate key research findings. Second, extending the number of case studies might have also provided opportunities to enhance the generalisability of my findings. Moreover, even if the number of case studies was not increased, such a taxonomic framework would have provided a basis for assessing how different spending cutback strategies strengthened, reinforced or weakened the relationship between new or existing ideal types (typological) responses to austerity.

Irrespective of the structural and analytical advantages of adopting an explicit taxonomic framework to analyse key findings, however, I question whether this approach would have

[35] This was particularly pronounced in either case study if spending cuts were perceived to unfairly target localities that shared similar characteristics or interests. In both case studies the closure of library branches in rural areas was a cause of deep party instability.

overcome the above limitations (section 9.6) or altered key findings. These reasons are presented below:

(i) My research looked at broader contextual, structural and motivational variables than the method of planning or implementation that was used. Although this did feature in my analysis it was not the only consideration. For instance, in addition to focusing on the internal dynamic shaping spending cutback decisions I also sought to understand how either the presence or absence of LGR and past service reform history affected organisational practice and the decision-making dynamic between politicians and officers.

(ii) The relationship between contextual, structural and motivational variables in shaping the strategic posture and stance of decision making in either case study was both complex and highly interactive. While imposing a taxonomic framework on my research findings might have enhanced generalisability, especially if a third or fourth case study was added, imposing this analytic framework might have compromised my capacity to develop story-based findings or themes capturing the essence of political and organisational decision making over the first two plus years of austerity. These story-based findings or themes could be open ended in terms of the broader issues they raised, case study research time frames used, and, even contradictory, in so much as they could not always provide a neat definitive answer to specific research questions. Rather than viewing these as loose research ends, they were an inevitable part of exploring complex interactive and dynamic influences on the spending cutback process. These narrative accounts gave rise to positional expressions of power and influence over the management of competing cutback management and service reform logics,

rhetorical advocacy and resistance to central government austerity beside the need for 'prudent' financial and corporate acquiescence and increasing centralisation alongside scope for delegated decision making. In turn each of these factors could affect the expression of change adoption, or resistance, behaviours by different vested interests within the spending cutback process.

(iii) Finally, whilst the addition of a third or fourth case study might have enhanced the generalisability of my findings, issues of access proved difficult to manage the longer it took to collect data from different political and organisational stakeholders. Furthermore, as documented in Chapter 4, I had approached several local authorities with varying political affiliations, organisational size and function characteristics, in-order to account for differences in scaler effect. In each instance access by key organisational gatekeepers was refused. Continuing to focus on gaining access to a third or fourth case study would have imposed additional time and resource constraints. Such action would have also further inhibited my capacity to engage in the exploratory sense making fieldwork strategy that relied on in-depth and detailed accounts of spending cutback decisions including service reform and organisational practice histories that extended back to 2005/06 in the case of Southshire.

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Appendix A

Research Questions

As previously stated in Chapter 2 and 4 interviews with senior politicians' officers, elected council members of the ruling party in either case study, and other internal/external stakeholders in the spending cutback process was guided by the following research questions.

RQ1: *What are the local internal and external demands on the spending cutback process, and how does this affect how resources are allocated between different spending priorities locally?*

RQ2: *How do decision-makers balance top-down and bottom-up budgeting when managing competition between local vested interests in the spending cutback process?*

RQ3: *How did elite decision makers balance corporate and political priorities within the spending cutback process?*

RQ4: *What political and organisational strategies were used to dampen conflict within the spending cutback process and what role did they play in preventing the postponement or reversal of spending cutback choices?*

RQ5: *What impact, if any, did differences in the territorial governance structure of either authority have on the design and delivery of spending cuts?*

These questions acted as a guide for how issues raised within each interview were discussed. For instance, the order and sequence in which topics or questions were not rigidly adhered to. There were several reasons for this. First sometimes the length of time spent asking supplementary questions meant I was unable to more fully explore other issues. Second some questions or issues were avoided in interviews where asking a question about a topic might close the conversation between myself and the research participant. Generally, however, this rarely occurred because questions were carefully phrased to avoid any explicit or implicit bias toward focusing on historic or current controversies within the spending cutback process. Third on other occasions an interview might have answered a question indirectly earlier on in an interview or the person concerned was not necessarily able or willing to offer a viewpoint or perspective on an issue.

Another point to note is that although no direct reference is made to **RQ5** impact of LGR on the design and implementation of spending cuts generally this issue was addressed using ad hoc supplementary questions when discussing the following themes: economy of scale savings derived from service reform reorganisation, financial organisational and political constraints on the design and implementation of sending cuts, spending cuts and its effects on the provision of local government services.

Biographical

Q1. How long altogether have you been a council member in Council X or elsewhere, leaving out any period when you were not a councillor or Alderman?

(Specific Questions for elected council members) Policy Making within Council and Party Group

Q2 What type of roles do you currently hold or have held within your party group?

Q3. Speaking for yourself, do these roles affect the way in which you see your main job as councillor? (For example, do you think your main job as a councillor is – predominantly - to represent the people in your ward or to govern the city as a whole?)

Q4 Which of these two aspects of the council work do you prefer: making broad policy decision, or dealing with the problems of individuals?

Q5 Speaking for yourself, what are the main ways you get to know about the needs and attitudes of members of the public?

Q6 How are major policy decisions involving spending cuts arrived at within your party group – that is what sorts of opinions are sounded out?

Q7 Have you ever openly disagreed with a policy decision of your party group – by openly I mean in council or committee? If (yes) Can you describe what you did and what happened as a result?

Q8. Have you ever abstained or voted against your party group in council or committee?

Q9. How do the political priorities of the ruling party group feed into the Medium Term Financial Planning process?

Corporate-Departmental Cutback Management Questions

Q10. Can you describe how central service departments and individual spending departments decide how resource should be allocated between different spending priorities during the Medium Term Financial Planning Process?

Q11 Can you recollect a spending cutback choice or decision that was difficult to politically and organisationally manage? If interviewee answer ask 'Why was this the case?' How did it contrast with less difficult spending cutback choices or decisions?

Spending cuts and its effects on the provision of local government services?

Q12: How have central government cuts affected the provision of services within your local authority?

Q13: How have these cuts led to changes in how public services are provided?

Q14: Who decided where and how cuts should be implemented?

Q15: Are there some areas of spending which require more or less protection than others?

Central Government Welfare and Finance Reforms

Q16: How have recent welfare or finance reforms introduced by the Conservative Lib-Dem government affected how local services are provided or funded at a local level?

Q17: In what way has this specific reform or series of reforms affected the way in which your service area or division organises and delivers the provision of services?

Doing more for less

Q18: To what extent have you been able to reduce the impact of budget cuts through redesigning how services are provided?

Q19: Some think it is possible to 'do more for less' through redesigning how local government services are provided. While others are more sceptical of this assumption arguing that it is only possible to do 'less with less' given the level of cuts taking place in the public sector. Can you identify examples where it is possible to 'do more for less'?

Q20: Can you identify examples where 'doing more for less' was unable to reduce the negative impact of budget cuts on a frontline or back office service?

Constraints on the design and implementation of cuts?

Q21: How do you consult with stakeholders inside and outside of the local authority as to where and how cuts should be made or implemented?

Q22: What challenges as a local authority do you face in implementing spending cuts?

Q23: Have some spending cuts proved more/less controversial than others? If so, please explain?

Service Reform/Reorganisation

Q24: Within the areas of council business you are most connected with, can you describe the range of organisational strategies being planned or in current use to achieve efficiency and budgetary savings?

Q24 Prompt Card

Whole Place or Neighbourhood Budgets	
In-house service/departmental level redesign	
Integration of silo departments under themed or umbrella policy areas	
Pan-Authority shared service provision	
Development of Employee Owned Mutual (John Lewis style partnerships)	
Expansion of Joint Commissioning with Private Sector	
Expansion Joint Commissioning with Voluntary Sector	
Delivery of frontline/back office service provision through local authority or pan local authority-controlled trading companies.	
Transfer of Community Assets to local neighbourhood groups or community trusts	
Use of payment by results contractual arrangements with the private or voluntary sector.	
Service user involvement leads to behavioural or attitudinal changes which reduce the operational costs of frontline service provision	
Use of volunteer labour to reduce the operational costs of the public service within, for example, a library, museum, theatre, leisure or community facility.	
Compulsory Redundancies	
Voluntary Redundancies	

Q26: Which of these organisational strategies proved the most politically or managerially contentious to implement within your spending area or local authority?

Q27: What underlying considerations led to this mix of organisational changes being put into use within your spending area or local authority?

Spending Cut reversal

Q28: Rank from 1-6 (1=highest/6 lowest) the factors which best explain why difficult spending decisions have been reversed or postponed since 2010?

Q 28 Prompt Card

Explanations for spending cut reversals	**Rank Number**
Voter Attitude [on or near a local election]	
Local Trade Union Council Opposition	
TUPE Regulations/HR/Trade Union issues	
Local Service User Opposition	
Neighbourhood or ward level opposition to a spending cut	
Opposition to how efficiency savings are going to be achieved (e.g. jobs cuts, contracting out to private/3rd sector providers).	
Policy disagreements between party members and leaders leading to concerns being expressed about policy compromises being made at cabinet level.	
Insufficient agreement between cabinet members and Local Government Officers on how spending cuts should be designed and/or implemented	
Concerns about maintenance of service quality once frontline or back office services are contracted out to private or 3rd sector organisations	
Poor communication and collaboration between local authority spending departments and other private/3rd sector contractors affected by the spending cuts	
Limited organisational capacity to effectively commission service due to a skill gap.	

Q29: Referring to the unique local circumstances within your local authority and any national policy considerations, please explain why you selected your top 3 choices?

Q30: Do any of the issues outlined above pre-date the spending review of local government finances in 2010? If so, can you please explain.

Third Sector/Voluntary Organisation Partnerships

Q30. Do you have any involvement with Third Sector/Voluntary Organisations? How long have you been associated with this organisation?

Q31. Which of these organisations that you are involved with have been hardest hit by cuts to the county council's budget?

Q32. How long have you been associated with this organisation?

Q33. What measures have or are being taken to reduce the impact of the cuts on this organisation?

Appendix B

Letter of Introduction and Consent

Thomas Kehoe
Durham University Business School
Mobile: XXX-XX-XX-XX-XX

Dear X,

I am a PhD student in my second year of research at Durham University Business School. Durham Business School has an excellent research reputation amongst Local Authorities in the North East and further afield via The Institute for Local Governance.

My research aims to contribute to the public management austerity literature on how local authorities manage the imposition of central government budget cuts. This research could help local authorities recognise how they respond to the dual challenge of maintaining public services whilst achieving reductions in operation costs. Several specific research objectives flow from this research goal.

1. To conduct an in-depth case study of a current or past cutback spending decision

2. To understand the short, medium and long-term effects of central government budget cuts on local public services.

Given the sensitive nature of these issues the following ethical research guidelines will be adhered to throughout the research process.

1. The identity of the local authority, key personnel or facts related to a spending decision will be anonymised.
2. I will ask you prior to the interview where you are happy for the interview to be recorded. If so interview transcripts will be made available at the earliest opportunity should a request be made. This consent can be communicated verbally or via email.
3. I am supported by two senior academics at Durham University Business School and Queen Mary University School of Business & Management, University of London. Further queries concerning the nature and scope of my research can be directed via my primary supervisor at any stage during the research process.

Please do not hesitate to contact me should you have any further questions or queries. I look forward to hearing from you at your earliest convenience.

Yours faithfully

Thomas Kehoe

Appendix C

21st Century Public Servant Concept

Needham and Mangan 2016 in interviews with local government officers and third and voluntary sector employees engaging with local authorities highlighted the need for officers to be able to work across public and private boundaries relating to "ethics, careers and identities" (Needham and Mangan 2016). Needham and Catherine Mangan in a 2015 report identify 10 KSAs which help facilitate the development of a 21st century public servant outlook identity and skillset.

KSA	KSA Descriptor
Municipal Entrepreneur	"A 21st Century Public Servant is a municipal entrepreneur undertaking a wide range of roles"
Consultation and Engagement	"Engages with citizens in a way that expresses their shared humanity and pool expertise"
Holistic and Technical Skills	"Is recruited and rewarded for generic skills as well as technical expertise".
Public Sector Commercial Skills	"Combines an ethos of publicness with an understanding of commerciality"
Can work across organisational boundaries	"Builds a career which is fluid across sectors and services"
Service Reform/Innovation focus	"Is rethinking public service to enable them to survive in an era of permanent austerity"
Non-Hierarchical & Supportive	"Needs organisations which are fluid and supportive rather than siloed and controlled"
Team Player	"Rejects heroic leadership in favour of distributed and collaborative models of leading".
Local Focus/Identity	"Is rooted in a locality which frames a sense of loyalty and identity"
Reflective Practitioner	"Reflects on practice and learns from that of others"

Taken from Needham and Mangan 2014 p6

Appendix D

Data Analysis, Explanation & Coding Themes

The table presented below is a summation of key coding themes or categories derived from 55 in-depth qualitative interviews and notes on official documents collected across the Northshire/Southshire case studies. Coding is used to identify and summarize key themes presented in the raw data. Initially, each interview line of an interview transcript was numbered. Over 60 per cent of interview transcripts across the two case studies had been prepared in this way. This proved prohibitive from a time perspective, so the decision was taken to refer to the page reference or use NVIVO and Microsoft Word to identify an interview quote line number should this prove necessary.

Once interviews were transcribed, they were uploaded to NVivo and then coded. 133 main coding themes were initially identified. This total number did not include sub-coding themes or categories, which increased the total number to 200 plus main and sub-code categories. Initially, this activity increased the total number of coding titles since I was less concerned with data reduction than seeking to map the causal connections between different themes or issues within my raw data. This meant coding categories/themes were continually revised as new conceptual linkages or causal associations were established. Later, through reanalysing raw data, it was possible to merge main and sub-code theme categories together. This data reduction process involved rereading interview scripts and notes on official documents many times. This suited my exploratory case study method approach in which semi-structured interviews were adopted because they enabled me to make comparisons between emerging themes across the two case studies whilst also providing opportunities to explore issues which I had not anticipated might arise prior to commencing my fieldwork in either case study. I sought to facilitate conversational encounters with research participants both inside and outside each local authority. This process enabled me to immerse myself in the raw data and identify/respond to emerging themes through pursuing new lines of inquiry.

Table 1 Data Codes/Frequency

Internal Drivers	Frequency in Northshire	Frequency in Southshire	Locally Mediated Responses	Frequency in Northshire	Frequency in Southshire	External Influences	Frequency in Northshire	Frequency in Southshire
Protecting front-line social and welfare service delivery	10%	10%	Impact of legacy choices on shaping pace/scope service reform	12%	10%	Top-down financial pressures	9%	4%
Creating new operational service delivery models	2%	8%	Managing service user/community expectations	5%	8%	Shifting central-local policy narratives	3%	4%
Political-Managerial support for maintaining in-house service delivery	9%	2%	Influence of political-administrative culture on (a) senior politician/officer relations	8%	4%	Civic-community resource allocation conflicts following (a) local government restructuring	6%	1%
Centralised control and monitoring systems via new budget and performance management systems	4%	2%	(b) change adoption/resistance behaviours	5%	7%		3%	11%
Disrupting 'uncorporate' working practices through top-down and bottom-up organisational change initiatives	6%	2%	(c) balancing political/corporate priorities	7%	10%	(b) controversial changes to public services		
Developing more pro-business practices to challenge 'culture' waste/inefficiency	0%	3%	(d) challenges of aligning party group-council member ward level service user and civic community concerns	2%	5%			
			Maintaining local-authority community connectedness following (a) change in territorial governance structures (Northshire)	9%	3%			
			(b) changes to service delivery models	0%	6%			

A decision early on to analyse raw data for each case study separately within NVIVO was important for several reasons. First, it enabled me to examine the subjective thoughts and experiences of senior politicians, officers and other stakeholders involved in the spending cutback process. Second, coding labels were then categorised under headings making it possible to create a direct comparison between codes in the two case studies despite variations in coding language, situational nuance or emphasis. To assist with this process, I followed Bogdan et al 1992 division of coding data into the following heads: setting/context, definition of situation, perspectives, ways thinking about people and objects, process, activities, events, strategies, relationships and social structure, methods (Bogdan et al in Miles and Huberman, 1994, p.61). Six of their ten coding labels were adopted, as shown in Table 2. This matrix analysis enabled me to iteratively develop my coding labels across the two case studies separately whilst also ensuring there was a good level of consistency in terms of where I positioned emerging themes or issues arising from the data. In this sense, the table below acted as a 'middle of the range accounting scheme' in which I was able to identify discrete and overlapping coding labels or boundaries which were later merged or completely deleted following various rounds of re-reading and reanalysis.

Table 2: Code Label Descriptors

Code Label	Descriptor	Northshire Frequency	Southshire Frequency
Situation/Context	General information on surroundings that allows you to put the study in larger context	High	High
Definition of the situation	How people understand, define or perceive the setting or the topic on which the study bears	High	High
Perspectives	Ways of thinking about their setting shared by informants ('how things are done')	High	High
Process	Sequence of events, flow, transitions and turning points, changes over time	High	Medium
Strategies	Ways of accomplishing things; people's tactics, methods, techniques for meeting their needs	Medium	High
Methods	Problems, jobs, dilemmas of the research process – often in relation to comments by observers	High	Low

Being able to populate raw data within both case studies with coding labels which were unique to each case study, but which could also be mapped against broader themes or issues common to both case studies, was important in helping create a framework from which comparisons within and across the two case studies could be made. This also involved identifying sometimes nuanced differences between the Northshire/Southshire case studies that were often based on seemingly mundane or even innocuous accounts of political/organisational life. Such an approach, however, could prove problematic. Coding data in this way also supported the development of an interpretative methodological approach, albeit one which focused on identifying and understanding what Colin Hay describes as 'extra-discursive factors' shaping the relationship between senior politicians and

officers, cabinet members and elected council members within a ruling party, and the relationship between the local authority and internal/external stakeholders. This involved also understanding how descriptions of political and organisational life affected the key assumptions – or 'ideational resources' (Hay, 2011, p. 170) – senior politicians and officers adopted when designing and implementing spending cuts to services.

Appendix E: Northshire Mini-Case Studies

Mini Case Study 1: Community Buildings

Following a local government review, Northshire assumed ownership, or sole trusteeship, of 120 community buildings from former district councils. This raised several financial and strategic issues for the council. First, this fed into the council's decision to strategically ration the assets inherited from the former district councils. In 2010/11, the council undertook a community buildings review, which was set up to challenge the lack of a 'transparent' and 'consistent' approach to how community buildings were managed, maintained and financed by Northshire CC. Second, following unitarisation, Northshire inherited several community buildings from the former district councils. Much of the responsibility for their continued resourcing and maintenance automatically transferred over to the new authority (Northshire cabinet minutes, Community Building Findings and Recommendations, 26 October 2011, item 5, p.3). Historically, these community buildings held a county council function. However, many district councils had inherited community buildings from local charitable foundations and trusts. Over time commitment to funding projects and services had resulted in the former district councils taking increasing responsibility for their financing and maintenance, something that had proven financially burdensome and difficult to sustain.

This also created a legacy problem in which many community buildings were in a 'varied state of knackered-ness' (anonymous, 16/4/14). The review carried out over 2010/11 identified that over the next few years £10 million would be required to bring these buildings up to a 'half-decent standard' (ibid.). Early on the decision was taken that resources would only be invested in buildings that were salvageable, reducing the capital investment cost from £10 million to £3 million. Third, although service reform formed part of a broader LGR effort to remove historic and systemic issues of resource duplication inherent within the former two-tier county system, the financial and budgetary consequences of failing to reform the community buildings service were too great for politicians and senior officers to ignore (Northshire cabinet minutes, Community Building Findings and Recommendations, 26 October 2011, item 5, p.3).

Austerity helped to galvanise a political–bureaucratic consensus on these issues despite middle-ranking managerial tiers lacking the professional and organisational capacity to create and develop service-reform initiatives. Several factors contributed to the response of middle-ranking managers within the community buildings service. First, many middle managers within the community buildings service had accepted offers of voluntary redundancy or early retirement and were not replaced. Second, the increased organisational size of Northshire following LGR also resulted in a perceived loss of decision-making autonomy. Consequently, many middle-ranking officers talked about how they struggled to adapt to new working systems and processes within an organisational context that seemed more disconnected from the local context.

All of this negatively impacted the ability of middle-level decision makers to develop an 'alternative vision' for service delivery. For instance, one interviewee familiar with Northshire's organisational culture observed how the above issues impeded, but did not block, the drive for service reform. However, given these concerns, the capacity of the service to take ownership of the reform process was curtailed by the lack of middle leaders, and a more general organisational cultural reluctance to take an entrepreneurial or experimental approach to service innovation, unless there were an explicit buy-in or sponsorship from senior managers:

> *My latest understanding is that certainly it is difficult to change cultures if you don't have leaders to help make it happen… If you have a lot of middle-ranking juniors who do not have much personal autonomy… there is not much in the way of leadership saying they are against change. So, it is hard to achieve cultural change within leadership… That's the uncomfortable truth that's going to be problematic when* [Northshire] *move(s) onto libraries, for instance… There is not much leadership in library services. There are lots of troops* (anonymous, 16/6/14, lines 245–54, p.8).

This risk aversion also resulted in a middle manager being reticent about opposing top-down service-reform initiatives. Nonetheless, in the past, regulatory or legal challenges had prevented attempts to transfer assets between the council and the local community:

> *Community buildings* [and] *community centres bring in people from the legal section and people from assets, building control and planning. All this bloody stuff and huge inflexibilities generally. So, there is the community buildings support team, a bunch of people who are really great, who are very flexible. I watched them move over the last two years from a position of saying, 'But we can't possibly do that because the rules say X, to I am going to have word with an officer to see if we can have funding redefined in that way, because basically we all want this to happen.' Now that's a very, very different approach from the 'Huff, more than my job's worth*' (anonymous, 16/6/14, lines 260–7, p.7).

Furthermore, the fact that community buildings had remained 'largely unchanged since the 1960s' seemed to reinforce the power of moribund rules and procedures to block the path to service reform. Although austerity strengthened the political and business case for service reform, concerns remained about the potential impact of divestment of the community building service on Northshire's ability to deliver a viable service once the funding outlook improved.

Internally these political–bureaucratic discussions fed into a broader debate about how Northshire should renegotiate its relationship with local communities. Austerity forced the council to challenge political–bureaucratic assumptions that 'the council' should be the primary agent for social and economic change within the locality through the services it

provides and, by default, the employment opportunities this creates for local people living in urban or rural deprived communities. However, this change in outlook did not prevent the council increasing the amount of resources set aside for capital investment.[36]

Politically this also demonstrated how Northshire was investing in the counties' socio-economic future, thereby protecting and even expanding capital investment projects in large spending departments, such as neighbourhood services, despite withdrawing resources from other categories of public spending. This also sent a clear political message that while the council was withdrawing resources from front-facing public services, it was not abandoning deprived communities through pursuing a kind of fiscal scorched-earth policy. Such an approach to capital investment, however, was not evident in the case of community buildings. For instance, the capital investment budget substantially decreased. Moreover, when capital was invested in the management committees for the repair and maintenance of community building sites, this was provided on the condition that the council's works and maintenance department would carry out the work, despite significantly increasing the labour and material costs, and concerns being raised about the quality of the work undertaken.

Austerity also forced the portfolio-holder for neighbourhood services responsible for community buildings to re-evaluate past policy priorities and service-delivery preferences, and this was reflected in their comments before the council chamber:

> *The review had simply confirmed what was already assumed… That while certain community buildings play a vital role in the health and wellbeing of local communities there are a number that have outstanding capital requirements for which it would be difficult to justify significant public contribution based on their current level of usage by local communities* (Northshire CC chamber minutes, report from cabinet, 26/10/11, item 7, p.13).

Elsewhere, the portfolio-holder responsible for community buildings talked about the impact of the current economic climate and the pressure this created for the local authority. Here arguments about public value were presented in terms of 'low usage rates', and the necessity to exercise financial prudence through rationing where Northshire invested money in community buildings, particularly those requiring significant levels of capital investment. This also seemed to reflect political–bureaucratic consensus on the need to contract out the future financial liabilities and risks inherited by Northshire from the district councils following LGR. For instance, one interviewee, who was familiar with the inner workings of the policy of divesting community buildings, observed how Northshire CC adopted a tough negotiating position when engaging with community building chairs and committees. They observed:

[36] There was an economic and political rationale for this. Economically, Northshire could borrow money from the Treasury's prudential borrowing scheme at Bank of England base interest rates to fund capital expenditure projects designed to stimulate economic growth and feed into the wider private sector economy.

> *The hard message for community organisations is that this is the only show in town. You may think you might survive but the people at county hall are quite hardnosed. Frankly if you don't play you'll find you'll be starved of resources, and ultimately, for instance, it might be found that you'll not be building-regulation compliant. All sorts of things could be difficult! If you want to keep this centre going in your village, and it matters to you, recognise that* (anonymous, 16/6/14, p.5).

Another key driver for service reform was developing a more 'innovative' or 'entrepreneurial' approach to public service delivery. Senior officers and politicians followed a similar approach to reforms applied to sport and leisure centres. In this sense, the decision to divest community buildings neither set nor established a service-reform model that would be applied across other community services of a similar scope or political ambition, as was the case in Southshire.

A greater challenge to service reform in Northshire was external. Divesting or contracting out of service provision challenged the paternalistic assumptions of local civic groups or associations (e.g. community-centre management committees) regarding the public and moral duty of Northshire to provide a range of public services. This was despite changes in the wider economic and central/local government policy context causing political–bureaucratic decision makers to question the dominant service paradigm. Moreover, although this affected other areas of service delivery, the paternalistic outlook of some management committees posed a greater threat to the asset-transfer processes:

> [Local communities] *expect the local authority to do X, Y and Z. But the metaphor I tend to use: it's a relationship between the people at the community centre and county hall, which is like that between a rather exasperated parent – county hall – and a rather tetchy child who really should have left home by now. And the child is already late 20s, yet the child is saying, 'But you can't chuck me out… I know you are rubbish at doing my washing, and I know I am often late for meals and stuff, and the bloody meals are rubbish. But how can you do this: you are my parent.' And the parent is saying: 'It's pretty much for your own good*' [anonymous, 16/6/14, lines 209–13, p.?].

A senior officer involved in the community buildings review expressed a similar perspective. For instance, the officer observed: 'The challenge…is years of dependency on the council. The expectation [is] that we just step in and do stuff… The challenge has been around changing the mindset of management committees, which I think has been that they should be more entrepreneurial' (senior officer, 11/6/14, p.2). This also influenced the way in which senior and middle-ranking officers negotiated with the management committees. For instance, one management committee chair was surprised at the extent of the financial and management transfer of responsibilities and risks that Northshire sought to pass onto committee

volunteers. Many were retired and had little or no financial and business management experience, and even struggled to develop a basic business plan:

> *… basically, as residents we wanted to run the centre to ensure it stayed open, and we would just do bread and butter things to ensure that was achieved. We did not envisage what we were then faced with. At a meeting, when we were told about* [the asset-transfer process] *I do not think even…one person on the management committee was okay with the asset transfer. The extra liabilities and costs it was to put onto the community* (Community Buildings Management Committee member, lines 32–8, p.?).

These challenges in the asset-transfer process also seemed to influence the way in which officers negotiated with some community building management committees. For instance, a committee member observed how officers were presented with an ultimatum – an outcome that could result in the existing management committee being replaced with one that was more amenable to the conditions of the council's asset-transfer offer:

> *There was one meeting where a member of the management committee said: 'What happens if we do not go along with an asset transfer?' The response was that they would endeavour to find another management committee to take over and run things. The argument in response to that was: 'We are the alternative committee and there is not an alternative; in that case it* [the community building] *could shut.' This was the stance taken by the county council* (Community Buildings Management Committee member, lines 328–32, p.?).

In several difficult cases, these negotiation tactics proved counterproductive, in so far as they required Northshire to employ external mediators to smooth the asset-transfer process where negotiations between the county council and management committees had reached an impasse.

Mini Case Study 2: Leisure Services

The leisure service strategy was developed out of the need to restructure how services were provided on a cross-county basis as part of the unitarisation process. Like community buildings, Northshire had inherited several sports and leisure centres from the district councils, which were a source of concern because they added to the resource disparities between different areas in the county. For example, Northshire city had a larger number of leisure centres per head of population than any other locality within the county. Hence, as with community buildings, the leisure centre strategy that emerged following LGR was very focused on reducing resource disparities between different localities.

However, during 2010/11 and 2011/12, austerity strengthened the economic and political case for service reform. Initially, decision makers focused on leveraging LGR savings to offset

the need to make harder choices in other areas of spending. Thus, the sports and leisure strategy published in May 2010 framed the case for service reform in terms of LGR impact, rather than austerity requiring the setting of resource-allocation priorities:

> *As resources, services and standards vary significantly from area to area the* [sports and leisure] *strategy reapportions resources across both geographical and service areas. The strategy takes into consideration the various delivery models currently operated across* [the county] *and ensures the fair and just allocation of resources while allowing local communities to develop and flourish their own sport and leisure offer* (Northshire CC, sport and leisure strategy, 26 May 2010, paragraph 17, p.8).

Before the onset of austerity, the focus was on ensuring the 'fair and just allocation of resources' (ibid). The frontloading of spending cuts resulted in sports and leisure services being placed top of the list of discretionary or lower-priority services in need of reform. Austerity forced senior officers to question whether what was 'fair' and 'just allocation of resources' was adequate in addressing the scale of the financial challenge that the unitary authority faced following the Comprehensive Spending Review in May 2010. For instance, up to 2009/10, it was assumed that LGR would produce £20 million of efficiency savings over the first four or five years. Now the unitary authority was being asked to find £66.4 million in the first year of spending cuts. Surprisingly, despite these financial pressures, the sports and leisure strategy (2010) proposed a 10 per cent cost reduction in the amount of resources that Northshire provided to subsidise the provision of sports and leisure services (e.g. from an average of 65% to 55% over the 2011/14 period) (Northshire CC, sport and leisure strategy, 26 May 2010).

As with the approach adopted by Northshire when designing and implementing cuts to libraries and cultural services, there was an early focus on protecting those parts of the service that were linked to broader council priorities, such as the health and wellbeing agenda. Protecting the capacity of the service to deliver on health and wellbeing targets meant that more resources would be withdrawn from less strategic areas or service functions. Furthermore, in common with other discretionary service areas (i.e. community buildings), senior officers sought to transfer the financial risks and future liabilities onto local community trusts or organisations.

Despite these similarities, the asset transfer of sports and leisure was at a more advanced stage than the asset transfer of community buildings. In part, this reflected the fact that the number of assets subject to asset transfer was much smaller in scale. However, other factors also influenced this outcome. First, the decision to transfer five indoor and outdoor leisure facilities represented a test case for determining how the council could transfer other assets to external organisations. Unlike community buildings, leisure services had already been the subject of some reforms under the former district councils. For instance, prior to LGR, five indoor leisure facilities had been divested to a local trust (e.g. leisure works) and a national private contractor (e.g. leisure connection). The existence of these alternative delivery

arrangements within the former district councils also seemed to provide a blueprint for divesting parts of indoor and outdoor sports and leisure facilities. The challenge was how to hold on to those parts of the service that Northshire viewed as strategically important while maintaining a level of control or influence over the delivery of a sports and leisure service even though the asset in which the service was based was divested to a third-party organisation or provider.

Second, more importantly, however, the existence of alternative service-delivery arrangements within the former district councils also seemed to demonstrate a political willingness to respond pragmatically to issues of resource scarcity. For instance, a (senior-ranking) cabinet member, typically identified with the left wing of the Labour group, described how previously he had decided to divest several leisure facilities:

> *I always remember a district auditor coming to see me when I was* [district council leader]*. 'Do you realise you're spending 40 per cent of your net budget on a discretionary service that is being used by 3 per cent of your core constituents?' And it was leisure centres. It was a horrendous cost and we had to revamp it* (cabinet member, 3/12/14, lines 419–22, p.11).

This outlook seemed to feed indirectly into the managerial efficiency logic of LGR, and austerity, with its focus on repositioning the role of the unitary authority from being a deliverer to an enabler of services to drive down operational costs. For instance, the aforementioned cabinet member frequently talked about the importance of downgrading service provision through 'doing less for less' (cabinet member, 3/12/14, pp.10–12), changing the model of service delivery to implement efficiency savings (doing more for less) and prioritising resources within statutory service functions through the abolition of a non-statutory service function following the onset of austerity (cabinet member, 3/12/14, pp.10–12). Similarly, a senior officer who participated in the interview observed:

> *If we can deliver the same level of service or even better level of service by moving some of the function into the private sectors, there's an understanding politically that that's what we've got to do. For example, a huge decision coming up on this council is around our leisure service offer…our cultural offer through museums and libraries. The option we're looking at is to transfer this away from* [the] *local authority into a trust. The reasons for doing that are financially based. We can control the specification and level of service delivery, but we must look at each area to – in effect – deliver savings* (senior officer, 3/12/14, lines 473–82, p.13).

Thus, although LGR helped to present the business case for service reform within the sport and leisure services, austerity accelerated the pace at which change was introduced. This was a point that the assistant chief executive highlighted: 'If you look across the county there were 18 or 19 indoor facilities in which 6 were in 1 area. It made no sense whatsoever! So even

though the leisure review may superficially not look very much like a local government reorganisation issue, it was' (assistant chief executive, 3/12/12, lines 316–19, p.6?).

Third, however, unlike the community building service, Northshire committed itself to a strategy of divesting those parts of the sports and leisure service for which it no longer wanted to assume fiscal responsibility, while maintaining strategic competencies or functions that contributed directly to the health and wellbeing agenda. On 25 January 2011 Northshire published a management options appraisal document, which examined the different options for service delivery. Six options were outlined in the policy paper:

1. Retain current service-delivery arrangements;
2. Form a private partnership through hybrid trust or voluntary contract transfer;
3. Utilise an existing non-profit-distributing organisation (NPDO);
4. Establish an NPDO for the entire sports and leisure portfolio;
5. Create a community interest company;
6. A mixed economy of different delivery options (management options appraisal, paragraph 12, pp.4–5).

The option of divesting the entire sports and leisure portfolio to a non-profit-distributing organisation (NPDO) in 2010/11 was identified as the preferred option.

It became clear early on, however, that the wholesale divestment of sport and leisure services to a local trust or NPDO was not possible because of the size and scale of the financial risks and liabilities that a charitable organisation would have to underwrite, such as the legal and cost implications of council employees transferring to a new organisation. Subsequently, the decision was taken to focus on divesting only indoor and outdoor sports and leisure facilities that had low usage rates and were (consequently) deemed more costly than other leisure or sports facilities.

In a review of indoor facilities published at the same time as the sport and leisure strategy (201–14), six indoor facilities were identified as candidates for officers to enter negotiations with third-party operators (corporate management team report to cabinet, 14/12/2011, paragraph 2, p.1). Following a cabinet decision on 13 July 2011 to close three of the six indoor facilities, the council leadership also promised to

> *…consider any further third-party submissions that might be received prior to the closure to date that would result in the continued operation of the facilities, so long as this was at nil cost to the council in terms of revenue and capital funding and that TUPE requirements had been fully met where appropriate* (ibid., paragraph 4, p.1).

However, this qualified support did not prevent two of the three indoor sport and leisure facilities shutting their doors. In one of the two cases, this was due to a lack of regional or

local interest from third-party, non-commercial providers. In the other case, no suitable bids or submissions could be found because of concerns about the credibility of the business plans submitted to the unitary authority. Several policy and political factors contributed to this decision outcome. One was related to internal senior officer concerns about the ability of third-party operators to provide a sustainable, long-term service-delivery alternative once the council decided to transfer ownership of a sports and leisure service facility to a third-party provider. For instance, one senior officer observed, in response to a question about internal policy pressures around a policy of transferring indoor and outdoor sports and leisure facilities to community groups or third-party organisations:

> *There was a lot of anxiety internally about the competence of a community group to take on a leisure centre and things like that, because ultimately, we've got an asset that we're looking to give to a well-meaning, reasonably organised community group. If you were entering a contract with them you'd want evidence of their experience of being able to manage that asset. Then we had compliance issues: safeguarding and all those types of things. On one hand, we were externalising the service and asking them* [the community] *to take on the management of a building. We had this sort of quasi-moral and legal responsibility for what they were doing in our building. So, it is difficult in terms of community capacity to do, and if they are operating it like for like: TUPE applies. And if TUPE applies they can't make it work either* (senior officer, PD, 23/1/13, lines 553–63).

The asset-transfer process raised several professional concerns for senior officers. One related to the 'competency' of a 'community group' to run and manage a leisure facility. This anxiety seemed to originate from the managerial and financial consequences of externalising a service to third-party providers who had no direct experience of running a professionally managed leisure service. Externalising parts of the service also raised additional concerns about the capacity of the council to shape future strategic or service priorities. Similar concerns were raised when discussing an appropriate organisational or institutional model for the delivery of library services.

Like leisure services, a key concern was ensuring that Northshire's 'objectives are aligned with those of any new organisation and that the performance criteria provide formal links to their achievement' (management options appraisal, paragraphs 39–40, p.10). The shift from being a direct service deliverer to an 'enabler' also had consequences in terms of the threat to the personal and professional identity or autonomy of middle-ranking managers and front-line staff. They believed they were being subjected to a seemingly long list of narrow and/or peripheral quantitative, performance-related measures, while also operating within a constrained budgetary context in which leisure and sports staff believed they were unable to adopt a balanced or targeted approach to service delivery:

> *Obviously, services that people like to deliver but don't have to do suffer. For my service, I was managing a team of eight staff and a quarter of a million-pound budget. So, we went from being* [a] *direct deliverer to enablers because we couldn't afford the service across the board. But now we're hitting less people than we used*

> *to. We're not directly delivering a service; we're supporting people to deliver on our behalf. So that was a big change* (middle manager, 18/4/12, lines 105–11, p.3).

Concern was also expressed about Northshire's continued quasi-moral/legal responsibilities following the divestment of its assets and any corresponding service. These were framed in terms of 'safeguarding issues' related to the protection of vulnerable children and adults, and a concern about the need to compare costs between a council-run and divested service on a 'like-for-like basis' (senior officer, 23/1/12, lines 553–63, p.15). However real or imagined these barriers to asset transfer were, they highlighted a bureaucratic reticence to relinquish control of discretionary council-run services. Although several competing explanations may be attributed to this outlook, a dominant concern seemed to be the negative impact this would have on the ability of senior officers and politicians to control the 'level' and 'specification' of service delivery (senior officer, 3/12/14, lines 481–2, p.13).

In summary, the diverse ways in which senior politicians and officers enacted reforms to the sports, leisure and community buildings services shared similarities and differences. Both involved the transfer of assets to local communities and third-party organisations, the transfer of financial and legal liabilities to reduce costs, and rationalising Northshire's asset or property base vis-à-vis LGR. This was despite austerity accelerating the pace at which these assets and services were divested. Although LGR provided an impetus for reform, austerity accelerated the pace at which its plans for action were consolidated. However, there were also major differences in how service reform was enacted in the two service areas. First, former district councils, such as those located in ex-mining rural areas, had (surprisingly) experimented with different models of service delivery for sports and leisure services. There was a strong financial incentive to do so during the 1990s when resources from central government had contracted and there was a greater need to prioritise spending on other higher-priority service areas. However, in the case of the community buildings, the former district councils had not done much to reform how they were resourced or maintained. One can only speculate why this was the case. Maybe the community buildings – which, following the decline of the coal and steel industries during the 1970s and 1980s, had fallen into a dilapidated state – represented a link with a more vibrant economic past that civic/community leaders and former district councils wanted to maintain but did not have the resources to do so. Second, austerity provided an added impetus for reform in community buildings, but in the case of sports and leisure services the political/organisational blueprint for reform existed before its onset. Third, unlike community buildings, Northshire did not completely divest its sports and leisure service. It sought to retain control of service areas with strategic and coordinative functions that crossed service themes or areas (health and wellbeing).

Appendix F: Southshire Mini-Case Studies

Mini Case Study 1: Changes in Library Services

As in other local authorities, spending cut proposals for library services had been at the top of a list of services that would be subject to a 30 per cent cut in budget following the 2010 Comprehensive Spending Review. This contrasted with the approach taken in some service areas, such as school crossing patrols, which was not a statutory service, and bus subsidies, which were over and above national minimum guidelines; the decision was taken to stop the services by permanently withdrawing funding. For instance, Southshire's head of finance observed:

> *Central government cuts to our funding started part-way in 2010 and 2011… Initially, in the first year of the cuts, because it came quite quickly, we did have to stop services… For example, we reduced significantly our bus subsidies. We completely stopped what we call our 'explore card', which was concessionary travel for young people and school crossing patrols. It was things like that which just went: things where we could turn the tap off quickly* (GD, 3/2/13, p.1).

Libraries posed more of a challenge because of the statutory duty under the 1964 Museums and Libraries Archives Act for Southshire to provide a 'comprehensive and efficient library service'. How Southshire should legally interpret these terms was open to question despite the Wirral Inquiry into the closure of libraries within the Metropolitan authority, establishing that local authorities had a 'duty to assess the needs of local people' (RM, 21/2/11, Southshire Parish Council meeting). This might explain why the head of library and archive services in the Southshire Parish Council meeting frequently emphasised how this was a 'consultation process' in which the issue of whether 29 community libraries should be kept open or closed was yet to be decided. Thus, RM observed:

> *The MLA Act says we provide a comprehensive and efficient* [service], *and it does not define what comprehensive and efficient mean. That's a long-standing problem in library services: it's a classic! You're quite right, the nearest we've got to a definition of what comprehensive and efficient mean came out of the inquiry into the Wirral three or four years ago. They said several things. They said we had to assess the needs of local people; it especially says adults and children. We must have a strategy: so, we just can't make it up. But we can consider the budget. There is a set of things we must do. The consultation document you must consider* [and it] *...starts to suggest a strategy for the provision for libraries in Southshire. There are categories you can put libraries into: where the bigger concentration should be on the rural libraries, and actually we're asking you: 'What do you think about that? Do you think the categories are right? Do you think the classification is right? Do you think the libraries are put in the right place?' We are not now talking about library closures: the paperwork says very clearly if nothing changes there is a risk there will be closures. But it's not about closures now: it's about alternative ways of providing the service* (RM, 21/2/11, Southshire Parish Council meeting).

One local resident, however, challenged this assertion, observing how the portfolio-holder for libraries was quoted in a local newspaper as saying: 'If we do not receive your ideas for ways in which the county council can substantially reduce its funding we propose to fund or part-fund some of the county libraries and stop funding the rest. Therefore, your ideas are important' (RM, 21/2/11, Southshire Parish Council meeting). Public opposition to library spending cuts also fed into a broader anti-austerity narrative that the Tory administration and the county council in general 'did not care about public services' (CB, 23/2/13, p.2). Moreover, the decision to treat libraries in urban and rural areas differently reinforced a view that rural communities were being treated unfairly. Thus, the Southshire Parish chair observed how many residents believed that the approach to divestment adopted by Southshire was 'threatening and bullying the small towns and villages with the closure of their libraries. The entire process is undemocratic, targeted and bullied by the county council' (Southshire Parish Council, 21/2/11).

Following a change in the political/administrative leadership within Southshire between April and June 2011, a library service review was initiated by the new council leader (MB) in April of the same year. The review was designed to achieve several purposes: first, to take some of the political heat out of the controversy over library divestment; and, second, to find an alternative model for service delivery, which could reduce library spending by 30 per cent without closing any library [SCC Library Service Review, July 2011, paragraph 43, pp.59–60]. The cutback management strategy that had been applied under the previous library service review had used metrics for assessing the viability of each library branch that did not take sufficient account of the socio-economic and spatial geographic context in which public services were delivered. Nor did it consider some of the strategic and logistical challenges of co-locating library buildings within other local community facilities (e.g. community centre or school) or investing money in the building maintenance of an existing library site or facility.

The question of financial support was another significant concern. For instance, how could a parish council like Southshire Parish Council, with limited resources, pay up to £51k a year to run and staff what was seen by many as a professionally run service. Although this left open the possibility of financial support by a generous and wealthy local benefactor (because of several public figures and celebrities residing in the parish or county), if no individual stepped forward this meant 'your library will close'.

> *If you happen to live in a relatively affluent community it may be that a benefactor will come forward to provide some or all the funding required. If not, your library will close. It's clear to me, despite their reassurances that Southshire want and need to close some of the libraries, despite all their promises about listening to town and parish councils, libraries in Southshire are likely to close… When you look at the criteria – although there is some pretence at a rationale – they don't seem to make a great deal of sense. It says: 'Community libraries are in smaller communities.' Yes,*

> *they are. 'And principally attract users from the immediate area all within easy reach of a county library.' What does that mean? I don't know what this means. I know we are 30 miles from the nearest county library and as far as I know there is no public transport to X place. 'Community libraries open fewer hours than county libraries.' Well, that's Southshire County Council's choice of how much they're willing to fund. 'They have varying library loans from 11k to 72k per year.' But this does not measure against the percentage of the population and nor does it really reflect the rural nature of part of Southshire. 'They have higher costs per visit and so deliver less value for money.' This is to be expected in rural areas, but it just seems to be that we count less because we live in a smaller rural village. According to Southshire County Council, we are not efficient, but that ignores our location and our needs. '*[Community libraries] *are normally in areas of affluence.' Well, I would dispute this and I think many of you would dispute this. Relative affluence to what? We are certainly not served well by public transport and many of the services. We have services which make for a sustainable community: doctors surgery, pub and post office, but we don't have a bookshop, university or college which might support our library, and those are some of the suggestions made in the consultation document. In my mind, at least the criteria are entirely flawed, and to my mind the local authority fails in its duty to provide a comprehensive and efficient library service to all who want it. So, we could end up with ad hoc closures based not on need, but on the ability of the community to pay, and I don't think that is what is meant by a comprehensive and efficient library service* (Chair, Southshire Parish Council, 21/2/11).

Residents also actively courted the support of local elected Conservative and opposition members. Faced with a continuous wave of public opposition, elected Conservative council and cabinet members felt deeply conflicted about having to publicly champion an approach to spending cuts about which they had deep personal reservations:

> *Several local councillors genuinely, I believe, wanted their library to survive. So, part of our support was keeping track of where things might start [to] look a bit dodgy for them and making sure they weren't ambushed by one of their colleagues saying: 'What about taking the mobile library stock to my village… What about taking away my library.' Another reason why outside opposition was effective was that there were very articulate individuals involved in these groups and* [they] *could influence politicians who had local interests to protect – even if they are cabinet members they're still reliant on their local electorate. A lot of councillors stood because they are interested in their local village or locality* (Southshire senior officer, 17/12/12, p.13).

Initially, the council leadership believed that the prospect of fledging community/civic organisations taking over the running of divested services start-up capital would mitigate some of the concerns around the financial and operational viability (officer, 15/12/12, p.5). However, the offer of resources to finance the organisational start-up cost was viewed as

largely tokenistic because it did not finance the full costs of operating a 'fully fledged divested service', such as employing a library assistant or professional librarian. Both the high-profile nature of protests outside the county hall and negative national and local press coverage over 2010/11 convinced both the council leader and chief executive 'very quickly to rethink their approach' to cutting spending in a service that was originally viewed as an 'easy test case for divestment' (Southshire senior officer, 15/12/12, p.5). The resolve of rural residents and parish councils to protect a 'much-beloved service' challenged Southshire's ability to turn the tide of negative public and press opinion, resulting in 'some damage to the reputation and perception of the council' (press officer, 24/4/14, p.4).

> *So, in the end, we decided, 'No… We're not just going to keep libraries closed to save money.'* [P.1] … [p.4]. *You can't get away from the fact that* [there have been] *tens of thousands of people signing petitions, people campaigning, marching, making it very, very clear that libraries are a much-loved service which the council had to find innovative ways of keeping open... If nobody seemed bothered by potential closure, then why would we keep it open* (press officer, 24/4/14, p.1, p.4).

The acknowledgement that it was the joint responsibility of the local authority, in consultation with the local community, to find 'innovative ways of keeping libraries open' represented a nuanced but important shift in mindset. However, there was also concern that a change in direction would have been tantamount to a 'U-turn', which might also be 'politically dangerous' given the emphasis placed on catastrophising Southshire's response to the onset of austerity (CD, 17/12/13, p.4).

The role that parish councils played in mobilising opposition to the issue of libraries added to existing tensions between county, district and town/parish council tiers of local government. For instance, town and parish councils believed the county council and the districts often adopted a 'paternalistic' and 'critical attitude' towards the reluctance of parish, town and borough councils to accept responsibility for unwanted assets and services, which the first and second tiers of government wanted to dispose of to 'save money'. Town and parish councils were also expected to accept fiscal responsibility for running a service without being provided with adequate assurance about how the service would be resourced in the future. Thus, a CEO of a para-local government organisation representing town and parish councils observed:

> *What we found in practice is that the town and parish councils are deeply upset about the fact that they felt the district and county council is trying to dump things on them. They* [town/parish councillors] *never went into* [it] *thinking they were going to have to run libraries, or fund school crossing patrol people, or run county parks or anything like that. They suddenly find themselves in a situation where there is an awful lot of pressure on them to deliver more, but also, they're being tarred with the same brush as the district and county councils by the government. The government is seeing local government…as putting away money unnecessarily, and spending money profligately and so on. Parish councils can be very upset about that*

> *because the only money they get is their precept from their local community…* [yet] *parish councils are under enormous pressure not to put up their precept and they are having these services and assets dumped on them* (CEO community organisation in Southshire, 21/3/14, pp.5–6).

The proximity of the parish councils to rural communities also meant that they were viewed as less remote than the county and district councils. This resulted in the perception that town and parish councils were a more effective channel for expressing community frustration with the new strategic plan. Moreover, the fact that parish councils were not involved in delivering community services at risk of closure also helped them to distance themselves politically from controversial spending cutback decisions being made at county and/or district level while also 'organising opposition' to threatened service closures.

> *Certain towns and parish councils were vehement opponents of* [library closures], *and because town and parish councils are a ready vehicle for such complaints this resulted in them being the vehicle for communicating this complaint to the county council. Districts weren't really involved in that debate. They weren't delivering the service, and they weren't local enough to become a focus for individual residents* (CEO community organisation, 21/3/14, p.9].

In many cases parish councils were excluded from cutback management decisions despite acting as a vital link between decisions about the grassroots community being taken at district or county level. This intermediary role became more important as opposition to the closure of rural libraries gained political momentum. Equally, parish and town councils were asked to take on more and more responsibility for the delivery of local services, which they had neither the resources nor expertise to deliver. The tendency of parish and town councils to be viewed as a dumping ground for services that the county or district councils simply wanted to dispose of meant they were not neutral participants or onlookers but a force to be reckoned with in terms of galvanising opposition to divestment proposals.

> *The county started getting quite cross with us, basically saying 'all we are hearing are all these complaints'. 'Well, actually', I said, 'it was a really important safety net for you because people are really angry out there and you are not realising how serious the anger is. We are actually channelling the complaints to you in a constructive way, in open dialogue, and we are happy to hold* [a] *meeting for you to talk to parish councils and be an honest broker for finding solutions if any can be found… because there are people out there who are angry saying', "Why don't the county talk to us?"' Then we can help provide the services, we can help fund school crossing patrol people, and we can help run libraries and so on and so forth* (CEO community organisation, 21/3/14, p.2).

Attempts to develop more of a partnership approach to engaging with parish and town councils were less effective than they could have been, for several reasons. First, within unparished areas of the county, such as the county town and an urban coastal settlement, local populations were dependent on district council members to represent parish or ward-level concerns. Historically, this arrangement had not always been effective because district council members in some cases were not seen as sufficiently local to understand or respond to local needs. This tension was also exacerbated by the lack of open and robust engagement with the public over plans for library divestment:

> *The county town and X town don't have parish councils. The two biggest urban areas don't have parish councils at all. What they do if they want to engage is they set up, in the case of the county town, various hearing committees: their councillors go along, and they set their parameters. They say, 'Right if you are a good community we will let you have a grant.' There is no community freedom to decide about spending; all they can do is influence the politicians to give the money to them within the parameters which the politicians have set. So, it's not grassroots upwards at all. In X town, we had examples when the new strategic plan was going and there were all these changes taking place; individuals from the other parish area were phoning us up as an organisation; we knew nothing about what was going on: the only reason we heard about the changes was because we were with the parish council and advised X town. We heard them discussing, somehow through networks people would hear information that was going out to parish councils, and they were feeling extremely deprived in their areas because they had no access to information and even less chance to influence the change process* (CEO community organisation, 21/3/14, p.7).

Second, parish councils had a range of different attitudes towards Southshire's plans to divest rural community library services. For instance, some were more accepting than others, despite many expressing pragmatic concerns about the financial capability of small rural communities to manage and operate a library service without the direct support of professional librarians. In response to these concerns a series of town-hall-style meetings were held throughout the county, with the head of library services and local representatives from the Conservative administration, which often included a senior politician. Such action was seen as integral to developing a more conciliatory partnership-oriented approach, which was viewed as necessary if Southshire were going to win over local residents to its divestment. One parish council chair and local libraries campaigner, for instance, observed:

> *If* [Southshire CC] *is going to roll out new initiatives, it only has to capture the imagination of one or two people on a town or parish council. Equally, if there is going to be a backlash there will be one or two individuals locally who say this is unacceptable and we are going to have to do something about it. They will make the council get off its bottom and actually do something about it. They will act as the catalyst for the* [parish/town] *council becoming very active on that front* (parish council chair/Friends of Southshire Library Group, 24/4/14, p.1).

By March 2011, however, it was hard to take back the idea that the Tory administration did not care about community services being described as 'essential'. Failure to gain control over this narrative placed the council leader under increasing political pressure to step down, especially with the county council elections being 16 months away. JP also came to realise that it would be in the interests of the party if he stepped down so that his successor could turn a corner in soothing public anger and altering negative press coverage. Thus, on 1 April 2011 JP stepped down as council leader.

Mini Case Study 2: Spending Cuts to School Crossing Patrols

Like the decision to cut library services, spending cuts to school crossing patrols were made in early 2010. Although the total budget amounted to £174k per year, the response of both urban and rural communities was just as vocal and controversial as the spending cut option of closing rural libraries to centralise the provision of services within rural areas.

Although Southshire was unable to apply a similar budget-allocation approach for rationing how resources were distributed between urban and rural areas when cutting school crossing patrols, in the absence of any cost differences the county also sought to invoke the language of crisis and panic when articulating the necessity for having to cut neighbourhood or community services. In other words, it was the responsibility of individual schools and communities to decide whether they could raise the necessary resources to continue to provide a school crossing patrol service once funding for the service had been abolished. Unlike libraries, schools used funds provided by the council to run and manage the school crossing patrol service. Thus, while the county retained overall responsibility for the supervision of the school crossing patrol service, individual schools were responsible for direct provision. Therefore, it was up to them to decide whether they would provide a school crossing patrol service. This difference in the funding relationship also enabled the county council to argue that it was the responsibility of individual schools to decide whether school staff or parents should act as volunteers, and/or the charitable donations to local charities and companies to fund service provision:

> *School crossing patrols, they used to be the responsibility of the police. They gave it up a long time ago. The local education authority took it on. But it is not a statutory service and in Southshire it is well run. There are several areas in the county where we couldn't find school crossing patrols. So, I devised a plan where we would devolve to schools within their own budgets the issue of school crossing patrols. We would train them, but then they would organise them. That was intended to encourage parents, those who weren't working, to become part of the voluntary school crossing patrols. So, if someone was off sick the school could organise someone to step in. Whereas if you've got someone who is off sick in the middle of*

> [X place] *it is bloody difficult for the county council to find a replacement* (senior Southshire politician, 4/3/16, p.3).

The decision to 'devolve to schools their own budget' meant that individual head teachers and their governing bodies could decide whether to continue with the service. On one level, the lack of uniformity in service provision seems to go some way towards explaining why this approach to spending cuts was adopted. In this regard devolving the funding decisions to schools was in line with how funding to schools had been distributed in the past. Thus, the transport portfolio-holder observed: 'There [were] several areas where we couldn't find school crossing patrols' (ibid.). But, on another level, the need to save money provided an obvious rationale for abolishing the school crossing function. However, such an approach was also consistent with key messages around local communities developing a more resourceful, resilient response to austerity. Although this was presented as being motivated by a democratic impulse to devolve power to local communities to decide which services they wanted to protect or let go, the overriding need to save money also meant that deep cuts were made to front-facing neighbourhood services that decision makers believed were 'easy to divest' (ibid.).

Southshire's cutback management strategy on the school crossing patrols issue was problematic on several levels. First, there was no legal or technical clarity about whether volunteers could substitute for school crossing patrol officers. On the one hand, the November 2010 Equality Impact Assessment observed how between 2000 and 2010 there had been 'relatively few children injured in road collisions on their school journey' and that, in the absence of a statutory duty of care to ensure the safe passage of minors between home and school, parents or guardians should take full responsibility for the road safety of their children (Southshire Equality Impact Assessment, 30/11/10, p.2). On the other hand, while Southshire did not have a legal responsibility to provide a school crossing patrol service, local communities could not use volunteers to perform the role of a school crossing patrol officer because the Department of Transport regulations forbade such a move. 'Patrol officers need to be employed by the council or the police authority as it is only these organisations that have the right to stop travel.'

Moreover, Southshire CC's website was less clear on this matter, observing: 'It may be possible for a school or other authority to take on a volunteer to perform the duties of a patrol. However, currently the law is very strict on how a patrol must operate and a school or other authority would need to fulfil the supervisory responsibilities.' To establish legal clarity on this issue the county town Conservative MP lobbied a junior minister in the Department for Transport to change the regulation wording so that school crossing staff who were paid less than £2,500 per annum could be sacked and replaced with volunteers. Local campaigners seeking to protect the service were aghast. For instance, one local campaigner asked whether the local MP would be prepared to 'become part of the "Big Society" and volunteer his time to patrol the school crossing himself' or 'put his hand in his pocket and sponsor a school

crossing within BG's local constituency' (senior Conservative politician blog, Southshire blog, 15/8/12). Other campaigners scorned the idea that removing school crossing patrols would not risk the safety of children, commenting in the local press: 'Remember this when the first child is injured because of a no lollipop strategy. Will they be happy with this great cost-saving strategy then? May it not happen, but something tells me that given time it most certainly will. What will the legal costs be then? Big Society indeed' (local press, 21 February 2011). Some Conservative council members were equally sceptical about the viability of providing a volunteer-run school crossing patrol service, to the point that in a vote on the spending cut issue in mid-February 2011 seven Tory councillors voted against a three-line party whip – an action that could result in suspension or permanent expulsion from the Conservative Party. For local campaigners, news of the backbench revolt led some to believe that 'public opinion [was] getting through to them [the Tory administration]. So, keep fighting' (ibid.).

A second problem with withdrawing school crossing patrols was that while the county council was under no legal obligation to continue to provide funding to schools, local communities viewed their provision as an 'essential service' because of the threat this posed to the safety of their children. As with libraries and (to a lesser extent) open access youth centres, the decision to withdraw resources without adequately consulting local communities about the viability of providing an alternative [volunteer-led] service exacerbated local opposition in urban and rural communities (senior officer, 7/12/12, p.2). Like the approach adopted on other spending cutback issues, Southshire did not properly consult the local communities and in this respect the cutback management strategy pursued was consistent, even if messages around engaging communities to become more involved in delivering services were contradicted by the non-consultative, one-size-fits-all, top-down approach to implementing the new strategic plan. Thus, while on one level Southshire's actions on the crossing patrol issue were consistent with the service-reform outlook that individual parents and communities should be responsible for managing a volunteer-led service, the council leadership approach was politically divisive within the Conservative Party because it 'gave so much ground to our political opponents':

> [**MB]:** *Southshire CC was trying to be very brave in coming out with what was called a new strategic plan. Which was all about cutting services in what I saw as quite an indiscriminate way…. We gave so much ground to our political opponents. I could see that the county council and the Conservative group were getting into political trouble* (council leader 2, 17/11/12, p.1).

A lack of community consultation added to public anger over the school crossing patrol issue. The public's response was also further affected by the inability to offer viable financial, logistical and strategic alternative solutions for how a school crossing patrol service might continue and, in part, this reflected the lack of forward planning or thinking about how it was possible to create a county-wide framework for reducing or removing services that communities valued. Thus, one senior officer observed that while:

> *…the council must do certain things – whether they're statutory or not – it must ensure that there is some sort of framework; otherwise it will create cost somewhere else. And the more you get into this idea of closing services down* [i.e. school crossing patrols]*, the more some of those issues became apparent. So, we saw a morphing of policy away from completely shutting down and offering to communities a much more structured approach* (senior officer, 17/12/12, p.2).

In the case of school crossing patrols, the decision was taken following the election of the new council leader in May 2011 to reverse the spending cutback decision. Several factors contributed to this outcome. Internal party group dissent, and the high social health-and-safety value that parents and staff attributed to the continued protection of the service, added to a sense that the new strategic plan was a:

> *…'panic response' to austerity – one that did not consider the needs or interests of local communities. Both these factors resulted in the council leadership and former chief executive trying to take some of the political heat out of the school crossing patrol issue – through, for instance, developing a more structured and consultative approach in response to the overriding budgetary need and goal of 'saving money'* (JT, 22/4/14, p.2).

Appendix G: Use of Cash Limits and Council Reserves To Manage Budget Shortfalls

Financial–organisational Rationale for the Use of Cash Limits

Cash limits were used as a means of curtailing expenditure in both Northshire and Southshire. These were important in helping decision makers in each authority to maintain a balanced budget. However, there were differences in how the cash limits were used. In Northshire, cash limits were introduced as part of LGR. Consequently, they formed part of a broader corporate agenda for centralising and integrating resource allocation, decision-making, planning and intelligence capabilities located within a single corporate administrative suite of services. In contrast, in Southshire, cash limits were introduced because, over the 2009–10 and 2010–11 periods, there had been an increase in the level of resources available – not as a direct response to austerity. Furthermore, another explanation for why cash limits were not introduced earlier was that, in the absence of LGR, the case for a complete overhaul of resource allocation systems and processes was probably less apparent despite the newly-elected Conservative ruling administration introducing other reforms such as three-year rolling budgets, in which service heads could transfer budget surpluses from one year to the next. Although these contextual differences did not seem to materially affect how cash limits were integrated into MTFP processes and procedures, this highlighted how differences in the pre-austerity political–administrative context also affected the ways in which decision makers used different corporate–financial tools to allocate resources between different spending priorities in response to austerity.

Use of Reserves to Offset Financial and Budget Shortfalls

Both in principle and in working practice, senior politicians and officers in both case studies were unwilling to finance budget shortfalls using reserves unless there was a strong strategic or financial rationale for doing so. In Northshire and Southshire, this included the use of reserves to finance the cost of organisational change such as redundancy payments to staff, upfront innovation costs resulting from the introduction of new IT systems and processes, or changes to how services were delivered. In both case studies, this financial outlook was associated with a focus on ensuring that managers stayed within the cash limits imposed upon them. Indeed, in Northshire, one senior officer observed how overspending one's budget would be career suicide (Northshire senior officer, 3/12/12, line 778-781, p.20).

However, despite these exhortations to fiscal prudence, reserves played a key role in addressing financial and political contingencies within the spending cutback process. In both Northshire and Southshire, winter road maintenance became an issue of national and local concern as the result of a frosty winter period in 2010. In Northshire, a proposed £300,000 cut to winter road maintenance was withdrawn following a budget consultation with local communities across the 14 Area Action Partnership forums established following the abolition of the district councils in 2008/09. Consequently, the Council Leadership vetoed the officers'

recommendation for a £300,000 cut, because this would result in a budget overspend unless resources from the infrastructural reserves budget were used. For instance, one senior officer in Northshire observed:

> *We have a budget of four or five million pounds for winter maintenance, and that is based upon how much we must spend on gritting the roads and everything else. This year we have had a week and a half where there was snow. So, now we're forecasting that that budget is going to be overspent by seven hundred thousand pounds. In that process, the council has a contingency budget that's in place every year. Once that contingency is gone you're into your reserves* (senior officer, 8/5/13, lines 82–9, p.2).

Reserves, in this sense, were not just important in managing unexpected risks. They also created financial opportunities to manage politically controversial spending cuts. Although in both case studies politicians and officers emphasised the importance of not postponing difficult spending choices, reserves created opportunities to amend either how a spending cutback proposal was presented or its content. Equally, how reserves were used, either to postpone the implementation of a controversial spending cut for political or pragmatic reasons, such as the need to spend more time assessing the associated organisational financial or reputational risks, differed between the two case studies. For instance, in Northshire, a corporate team-oriented approach between budget-holding senior officers and politicians helped maintain a political–managerial consensus on how spending cuts were designed and implemented. Moreover, when the Council Leadership applied the Northshire Asterix to indicate that the party group would most likely disapprove of a spending cutback proposal, reserves provided senior politicians with some financial discretion to revise or postpone a spending cutback decision. While this was the case in Southshire, relations between the Chief Executive Officer, Cabinet Leader and other senior officers were generally less stable and more conflictual because of the ensuing controversies related to the new strategic plan.

Equally, however, in Southshire reserves played a key role in providing short and long-term finance to pay for the cost of changing how the local authority provided public services. Here, there seemed a greater emphasis on using reserves to finance upfront innovation costs of reforming how services were provided. This save-to-invest strategy, especially in Adult Services, was viewed as key to developing new service delivery models which emphasised the importance of early intervention in mitigating the potential long-term social care costs caused by declining health. Although similar save-to-invest strategies were in evidence in Northshire, often these could be financed from efficiency savings achieved as part of the LGR process. As these economy of scale savings was not present in Southshire, there was a greater focus on experimenting with new models of service delivery involving remote or virtual health care systems and the use of pilot studies to test run the development of new systems and processes. This was especially the case in the Adult Social Care field, where cost pressures and

demand for services were at their greatest. For instance, a Review into Home Care and Community Meals Procurement presented to Cabinet in July 2013 observed increases in demand for Adult Care Services, budget pressures and difficulty recruiting home care providers as three key issues affecting the provision of services (Review into Home Care and Community Meals Procurement 9/7/13, p.324).

Furthermore, there is a need to consider how likening the impact of austerity to a 'burning platform' or 'oncoming storm' soon engulfed the local authorities. Unless decisive action was taken to reverse and revise longstanding assumptions around the role of the local authority as the sole provider of services to local communities, this would create the political and organisational conditions for using reserves as a 'war chest' to finance the short-term innovation costs associated with radically changing the operational model of how services were provided (Conrad, 2011). However, 'save to invest' emphasised a more gradual, incremental (albeit sustainable) approach to achieving long-term efficiency gains with a focus on changing citizen and service user behaviour through adopting healthier lifestyles or habits (Former Cabinet Member Resources/Transformation 6/2/16, p.7). Moreover, pilot studies were used to test run and/or operationalise the integration of a more proactive approach to how Adult Social Care staff assessed and responded to client needs (ibid.).

Furthermore, reserves also provided a short-term financial buffer intended to spur various parts of the organisation into action. This was particularly so when it came to the design, development and implementation of cost-saving initiatives intended to build up a 'war chest' to mitigate the worst effects of austerity (senior officer, 223/1/13, line 270-273, p.8). Despite the differences between the two authorities, one senior Southshire politician also observed how reserves were often used to defray the cost of routine expenditure, which could not be covered because of a temporary shortfall in resources:

> *The reserves level dictates those things which you are committed to do… There is money in reserves for those things which you have committed to do but will not be ready to do in the existing fiscal year. Reserves are generally a small percentage of your overall turnover. It is to allow for a rainy day… except today we have a tropical storm… And to allow for things not going quite right in the future…to have enough money to in the future to put those things right before they go wrong* (Southshire, senior politician, 23/1/13, lines 269–73, p.7).

Other cost pressures resulted in year-on-year increases in procurement costs and wage inflation. For instance, in Child and Adult Services in Southshire, there were successive budget overspends because demand for residential places exceeded the county service provision. In some cases, suitable external providers were identified, but this further exacerbated the budgetary pressure on Adult and Children Services because they had to pay a premium for services procured for residential placements outside the county. Whilst the development of preventative care policies and initiatives attempted to drive down future demand for services and thus the possibility of such spending overruns, joint procurement with neighbouring

authorities not only helped increase purchasing power but also helped relieve (in the short/medium term) the supply and demand pressures described above – especially in Children's Services. Reserves helped to mitigate some of these service demand risks, which over time could damage the capacity of the local authority to achieve a balanced budget (Southshire senior politician, 23/1/13, lines 269–73, p.7).

Consequently, in both Northshire and Southshire, reserves represented a first line of defence against the known and unknown risks arising from austerity. Known risks included changes in service demand pressures resulting from incremental changes in demographic trends, such as increases in the number of elderly residents over the age of 75, some of whom were likely to develop dementia. This was an issue of concern affecting both local authorities but was particularly acute in Southshire, because the median age of residents was statistically higher than in other parts of the county (SCC, 2015).[37] Other unknown risks included changes in government and social policy, particularly when reforms to the welfare and housing benefit system (i.e. the cap on welfare benefits/bedroom tax/local council tax/support fund for working poor) passed additional administrative, social and economic costs onto local authorities. This issue was addressed in Chapter 4 when I examined the socio-economic impact of austerity on diverse forms of local authority. Another type of unknown risk involved uncertainty around funding levels from central government. A Northshire 2011 MTFP document observed how the late announcement of funding arrangements by the Department for Communities and Local Government created additional risks and uncertainties, which at times were managed using reserves to offset budget shortfalls:

> *The government has indicated that the 2013/14 finance settlement will not be announced until December 2012. This late announcement will make it difficult in financial planning terms. The government should be able to provide notification of the settlement much earlier than this to enable more effective planning to occur and this will be drawn to their attention during the summer* (MTFP, 21/11/11, para. 27).

While politicians and officers in Southshire were less willing to publicly criticise either the Coalition or the subsequent Conservative Government over real or apparent discrepancies in funding settlements, they also acknowledged how the failure to agree a multi-year funding settlement exacerbated financial uncertainty. For instance, the 2015–16 document observed (albeit retrospectively), in the context of local business rates being the main source of local government funding by 2020, how 'multi-year settlements can provide the funding certainty and stability to enable more proactive planning of service delivery and support strategic collaboration' ('SCC Budget and Transformation Strategy 2016–17', p.1). Preparing for unknown future risks or uncertainties meant that in addition to service departments saving between 5 and 10 per cent of their net budget on a yearly basis, departments often exceeded

[37] For instance, in 2015 Southshire's median age of residents over 65 plus was 21.5% compared to 17.4% in England and Wales. Similarly, residents aged 85 and over totalled 3% of the population versus 2.3%.

their savings targets. This meant that it was possible to create budget contingencies that would lessen the impact of political, logistical or strategic obstacles resulting in saving targets having to be postponed or even revised. This was a clear issue of concern in both case studies and was consequently factored into the service review process – something to which all service departments signed up as part of the cutback management process. Nonetheless, in Northshire there seemed to be a clearer programmatic timetable for project managing the design and implementation of spending cuts.

In Northshire, reserve levels seemed to be a source of greater political controversy. In part, this seemed to be influenced by the political disposition (especially) of trade-union-affiliated members within the Labour group to protect frontline neighbourhood services and the employment terms and conditions of trade union members. Furthermore, as in Southshire, the size of the council reserves also tended to conflict with the no-choice narrative of having to pass on spending cuts in all but a few exceptions. For instance, one Liberal Democrat opposition council member observed how between 2010 and 2016 council reserves had increased from £65 million to £220 million, which equated to roughly 40 per cent of Northshire's total budget reductions. Considering Northshire's annual budget over the last seven years, the Liberal Democrat member observed:

> *We requested a review of Northshire County Council reserves and at least £64.481m in cash has been found not allocated to anything according to next week's Cabinet papers. We believe it is even more. I had asked for the review after reserves at the North's largest authority rocketed above £200m – an increase predicted by Liberal Democrat councillors back in March of this year. The Authority's Cabinet will approve transferring the surplus money into a £30m delivery reserve to help combat government cuts. A further £34m will go towards planning a new County Hall* (Lib Dem Council member's blog, '220 Million Council Reserves', 11/2/15).

In Southshire, similar political discomfort was expressed over the accumulation of unallocated reserves which had increased from £39.3 million to £49.5 million between 2010–11 and 2016–17. Furthermore, budget documents also show that the Conservative-run authority had £220 million in reserves, which equated to 40 per cent of a £500 million annual budget (a similar figure to Northshire). Commenting on these numbers, Labour's opposition leader in Southshire observed:

> *This shows that the cuts that are being introduced and brought in are having a serious effect on thousands of people in Southshire and they are more to do with cuts for their own sake than difficulty in balancing the books. We are seeing some serious cuts in adult care that are unnecessary. When you see the reserve go up like this, it is difficult to avoid the conclusion that they are more about ideology than necessity* (local newspaper, 'Southshire's rainy day fund continues to rise despite spending cutbacks', 12/7/16).

One Conservative Southshire politician used a similar frame of reference when likening the reserves to a 'rainy-day fund' that now had to cope with a 'tropical storm' (Southshire, senior politician, 23/1/13, lines 269–73, p.7). Nevertheless, in both case studies, opposition politicians accused the ruling administration of hoarding resources to guard against funding uncertainties when such resources should have been used to postpone funding cuts to services. However, a local government association publication observed how other local authorities have followed a similar pattern: 'many councils that have contributed to their reserves in recent years have cited uncertainty over the funding levels as the main reason for doing so. The move towards multi-year funding settlements is therefore welcome and will give local government more certainty' (LGA, *Funding Outlook 2014*, July 2014, p.17).

Although the absence of multi-year funding settlements provided a strong financial case for saving the equivalent of up to 40 per cent of the annual budget in both areas, this only provided a partial explanation. In common with other local authorities, politicians and officers in Northshire/Southshire distinguished between earmarked reserves for specific purposes and general reserve levels. A Local Government Association document observed in response to the controversy regarding local authority reserve levels: 'Much of the cash that English councils hold in reserve is earmarked for specific purposes and therefore not available to fund general expenditure' (ibid., p.17). Northshire's dependence on central government for additional funding for social and welfare services in deprived communities meant there was greater resource dependence on the Treasury for additional resources to provide extra services for vulnerable population groups. Despite this, there was no noticeable difference in how Northshire accumulated its reserves to mitigate the risks posed by austerity to other similar sized councils, such as Southshire, which was less dependent on one-off specific grants to fund the delivery of additional social and welfare services.[38] A more important rationale for accumulating reserves at a rate of 5 to 10 percent of the annual budget was the need to mitigate some of the inherent risks posed by austerity, such as the fear of bankruptcy and the need for financial contingencies to better manage fluctuations in service demand and unforeseen emergencies or risks that might arise. The size of the local authority was viewed as a critical issue by the Cabinet Member for Corporate Resources. In a three-hour council chamber debate on the 2016 budget, it was argued that Southshire's size compared to its nearest neighbours necessitated the build-up of a larger reserve buffer. Moreover, commenting on the decision of a neighbouring shire authority to use its reserves to protect certain services from deeper cuts, the same politician observed how the Conservative leader of that Council was 'worried that reserves have been run down too much'. This response seemed out of line with the thinking of previous Coalition and subsequent Conservative Governments. It should be noted that Ministers within the Department for Communities and

[38] Although in percentage terms regional differences in terms of dependence on central government funding for public services were evident, they were not marked. For instance, according to the LGA publication for the funding outlook in 2014, the average difference between local authorities located in either the Northshire/Southshire region was 9 per cent.

Local Government (DCLG) have frequently implored councils to use their reserves to finance budget shortfalls and deficits (MJ, Councils Dig Deeper into Reserves, 14/2/17):

> *Southshire is a smaller county than* [X two-tier shire authority] *so it is not unreasonable that the per head reserves are slightly higher. For three years* [another] *X shire authority had been run by a Labour-led authority and I know the new Conservative leader there, X politician, is worried that the reserves have been run down too much* (local newspaper, 'Southshire's rainy day fund continues to rise despite spending cutbacks', 12/7/16).

In Northshire, senior politicians and officers have chosen not to use reserves to 'postpone the pain' of spending cuts.

Although the change from annual to four-year funding settlements (implemented in the 2015–16 fiscal year) reduced some of the financial planning uncertainties and risk, this did not necessarily change the underlying upwards trend of increasing reserves to mitigate against inflationary-pressure increases in service demand, price and wage inflation (despite a 1 per cent cap on public sector pay). This is a viewpoint repeated by the portfolio holder for resources in Southshire in response to a budget chamber debate in 2016: 'If I felt our reserves were too high then I would look to bring them down – but given austerity that seems likely to continue, I am happy with the way our finances are being run' (local newspaper, 'Southshire's rainy day fund continues to rise despite spending cutbacks', 12/7/16). Similar assertions were made by politicians and officers in Northshire, expressing a reluctance (in principle) to use reserves to finance budget shortfalls. Concerns around the sustainability of using reserves to finance a budget shortfall were generally used as a key qualifying criterion for deciding between requests for additional resources at a corporate–administrative level.

In summary, in Northshire and Southshire, cash limits were used to limit overall expenditure without specifying how or in what way departments were meant to deliver this saving (by giving budget holders discretion to decide how spending cuts were to be designed/implemented), which helped to impose top-down fiscal discipline without limiting the autonomy of departments to service departments to decide their budget priorities.

Nevertheless, cash limits were important in terms of reinforcing the power of budget holders in central departments, such as the head of finance/corporate resources (treasurer), to question or challenge resource needs or demands. In Northshire, this process began as part of LGR and was accelerated following the onset of austerity. In Southshire, cash limits had a less pronounced impact on realigning the relationship between central service functions and service departments. This was partly due to the relative success of the former Council Leader in challenging past resource-allocation working conventions vis-à-vis the introduction of three-year rolling budgets, and a willingness to challenge the resource needs and estimates of service departments as part of a broader agenda to drive through back office and operational cost efficiency savings between 2005 and 2009. Despite the differences in the

County Councils, reserves were presented as the best means of austerity-proofing their organisation against a slow or fast downwards spiral into 'organisational decline' caused by the real or imagined threat of financial bankruptcy.[iii]

Appendix H Interview List

No	Interviewee Category	Position	Duration	Interview Type/Location	Date	Transcription Length/Word Count	Miscellaneous
1	Senior Labour Cabinet Member	Council Leader	45 mins	In person/NCC HQ	15/11/12	14 pages/6,227k	
2	Senior Labour Cabinet Member	Deputy Council Leader	1 hr 20 minutes	In person/NCC HQ	31/12/12	21pages/11,167k	Joint Interview Head Corporate Resources
3	Labour Politician	[redacted]	1 hr	In person/NCC HQ	26/11/12	13 pages/4,964k	
4	Labour Politician	[redacted]	1 hr 10 minutes	In person/NCC HQ	21/11/12	20 pages/8,702	
5	Labour Politician	[redacted]	1 hour	In person/NCC HQ	22/1/13	12 pages/6,008k	
6	Labour Politician	[redacted]	50 minutes	In person/local community centre	25/11/13	12 pages/5,075k	
7	Labour Politician	[redacted]	1 hr 20 minutes	In person/Northshire County Town location	21/11/12	25 pages/10,804k	
8	Labour Politician	[redacted]	45 minutes	In person/Northshire County Town location	03/11/12	7 pages/2,547k	First interviewee. Helped facilitate interview with Council Leader.
9	Labour Politician	[redacted]	55 minutes	Telephone/Northshire County	10/2/13	9 pages/4,942k	
10	Opposition Party Leader	[redacted]	1 hour 7 minutes	Telephone/Northshire County	10/02/15	16 pages/6,227k	

11	Lib Dem Parish Councillor		1 hour 10 minutes	In person/residence	02/05/11	12 pages/6,148k	Local Village close County Town
12	Independent Parish Councillor (RM)		50 minutes	Telephone Northshire County	08/05/13	6 pages/3,816k	Remote Locality on counties periphery
13	Former Labour District Councillor	[redacted]	1 hr 15 minutes	In person/residence	04/02/13	14 pages/6,283k	Presented detailed history unitarisation
14	Senior Officer (CMT)	[redacted]	1 hour 20 minutes	In person/NCC HQ	03/12/12	21 pages/11,167k	Joint Interview Deputy Council Leader
15	Senior Officer (CMT)	[redacted]	60 minutes	In person/NCC HQ	23/03/12	15 pages/4,108k	
16	Senior Officer (sub-Department Head)	[redacted]	60 minutes	In person/NCC HQ	23/01/12	16 pages/7,387k	
17	Senior Officer (sub-Department Head)	[redacted]	60 minutes	In person/NCC HQ	23/03/12	18 pages/9,161k	
18	Senior Officer (sub-Department Head)	[redacted]	1 hour 20 minutes	In person/NCC HQ	11/06/14	11 pages/6,143k	
19	Middle Ranking Officer	[redacted]	50 minutes	In person/former district council office	12/11/13	14 pages/6,695k	
20	Middle Ranking Officer	[redacted]	60 minutes	In person/NCC HQ	23/02/13	18 pages/9,161k	Finance Manager Children's Service
21	Middle Ranking Officer	[redacted]	60 minutes	In person/NCC HQ	23/02/13	18 pages/9,161k	
22	Officer	[redacted]	1 hour 10 minutes	In person/NCC satellite office	12/11/12	8 pages/8,183k	
23	Officer	[redacted]	1 hour	In person/NCC HQ	18/04/12	16 pages/7,940k	
24	Officer	[redacted]	60 minutes	In person/NCC HQ	23/01/13	16 pages/7,000k	

25	Community Service Voluntary Sector Training Organisation	[redacted]	1 hour 15 minutes	In person/CVS offices/Northshire County	24/01/12	11 pages/5,185k	
26	Community Service Voluntary Sector Training Organisation	[redacted]	55 minutes	In person/CVS offices/Northshire County	08/02/13	17 pages/8,604k	
27	Anon	[redacted]	60 minutes	Telephone call/remote area/Northshire County	14/03/14	10 pages/6,286k	
28	DD	[redacted]	50 minutes	In person/Remote/Rural Northshire location	06/02/13	5 pages/2,386k	
29	Anon	[redacted]	1 hour 05 minutes	In person/Northshire County location	22/01/13	9 pages/4,108k	
30	Anon	[redacted]	1 hour 15 minutes	Telephone/semi-rural Northshire location	27/08/14	17 pages/10,069k	
31	Anon	[redacted]	47 minutes	In person/Northshire County location	16/04/14	12 pages/5,936k	
32	Anon	[redacted]	45 minutes	In person/Northshire County	15/08/14	12 pages/7,236k	
33	Anon	[redacted]	40 minutes	Telephone/Northshire region	06/03/13	15 pages/7,541k	

No	Interviewee Category	Position	Duration	Interview Type/Location	Date	Transcription Length/Word Count	Miscellaneous
1	Former Council/Party Leader	[redacted]	1 hour 10 minutes	Telephone call/Southshire County	06/03/16	12 pages/7,621k	
2	Former Council/Party Leader	[redacted]	55 minutes	In person/SCC HQ	17/01/13	19 pages/9,198k	[redacted]
3	Former Council/Party Leader	[redacted]	1 hour 10 minutes	Telephone/Southshire County	23/02/16	12 pages/7,281k	Follow up meeting leader months after resigning as Council Leader following leadership challenge
4	Senior Conservative Politician	[redacted]	1 hr 20 minutes	Telephone/Southshire County	21/01/13	14 pages/7,344k	
5	Senior Conservative Politician	[redacted]	1 hour 5 minutes	Telephone/Southshire County	02/03/16	12 pages/7,368k	
6	Senior Conservative Politician	[redacted]	1 hour 30 minutes	Telephone/Southshire County	22/03/16	31 pages/15,000k	

7	Senior Conservative Politician	[redacted]	1 hour 20 minutes	In person/ District Council Offices in Southshire	31/03/16	22 pages/10,262k	Joint interview with No 8.
8	Senior Conservative Politician	[redacted]	1 hour 20 minutes	In person/ District Council Offices in Southshire	31/03/16	22 pages/10,262k	
9	Senior Conservative Politician	[redacted]	1 hour 10 minutes	Telephone/Southshire County	17/12/12	14 pages/6,128k	
10	Senior Officer (CMT)	[redacted]	45 minutes	Telephone/Southshire County	03/02/13	12 pages/5,504k	
11	Senior Officer (sub-departmental Head)	[redacted]	1 hour	In person/SCC HQ	15/12/12	17 pages/8,404k	
12	Senior Officer (Departmental Head)	[redacted]	1 hour 10 minutes	In person/SCC HQ	17/12/12	18 pages/9,132k	
13	Senior Officer (Departmental Head	[redacted]	55 minutes	In person/SCC HQ	08/01/13	16 pages/7,281k	
14	Senior Officer (CMT)	[redacted]	1 hour 10 minutes	In person/SCC HQ	17/01/13	19 pages/9,198k	Joint interview with Council Leader 1
15	Officer (sub-departmental head)	[redacted]	50 minutes	In person/SCC HQ	08/01/13	16 pages/7,714k	
16	Officer (sub-departmental head)	[redacted]	1 hour	Telephone/SCC HQ	24/04/14	8 pages/4,319k	
17	Officer	[redacted]	1 hour	In person/SCC HQ	08/01/13	12 pages/5,983k	
18	Senior Officer (CMT)	[redacted]	1 hour	In person/District Council in Southshire	09/03/16	16 pages/7,969k	Same District Council as No 7 & 8.
19	Chief Executive Officer External Organisation	[redacted]	45 minutes	Telephone/Southshire County Town	21/03/14	7 pages/3,545k	

20	Chief Executive Officer External Organisation	[redacted]	1 hour	Telephone/Southshire County Town	21/03/14	12 pages/7,614k	
21	Committee Chair	[redacted]	1 hour 10 minutes	Telephone/Southshire County Town	24/04/14	9 pages/5,383k	

[i] Political–administrative relations focuses on the interactions of roles and relationships between elected officials and administrators SVARA, J. H. 2006. The Search for Meaning in Political-Administrative Relations in Local Government. *International Journal of Public Administration,* 29**,** 1065-1090.

[ii] A good example of the ambiguity that affects the level of discretion that local authorities can exercise over how they deliver services can be illustrated through reference to Section 7 of the Local Authority Social Service Act 1970. Section 7 states: 'Local Authorities shall, in the exercise of their social service functions, including the exercise of any discretion conferred by any relevant enactment, act under the general guidance of the Secretary of State.' Although the above Act of Parliament established social service authorities, it 'also set up a peculiar type of legal authority for social workers' (see 'When is Guidance Statutory and Does it Matter?' Local government lawyer, 27/5/17) without providing a clear indication as to whether this was non-binding 'guidance rather than law' (ibid). Furthermore, in R v Islington London Borough Council (1998), the High Court ruled that guidance provided by the Secretary of State on minimum service levels provides a 'path' or 'chart to follow', in which local authorities have 'liberty to deviate from when there was 'good reason to do so'' (see 'When is Guidance Statutory and Does It Matter?' Local government lawyer, 27/5/17). However, it was not until 2012 when the High Court ruled in the case of Ali v London Borough of Newham (2012) that local authorities may be 'bound by non-statutory guidance' if the source of such guidance is construed as 'authoritative' (see 'When is Guidance Statutory and Does It Matter?' Local government lawyer, 27/5/17).

[iii] Public organisations subject to prolonged cuts run the risk of 'organisational decline'. Often this is the result of falling income or revenue due to a declining tax base and increased demand for public services which, in turn, could lower service standards, lead to declining organisational morale, withdrawal of political support or sponsorship, and increase budgetary uncertainty. (LEVINE, C. H. 1978. Organisational Decline and Cut-back Management. *Public Administration Review,* 38**,** 316-325, GLENNERSTER, H. 1980. Prime Cuts: public expenditure and social services planning in a hostile environment. *Policy and Politics,* 8**,** 367-382, POLLIT, C. 2010. Cuts and Reforms - Public Services as we move into a New Era. *Society and Economy,* 32**,** 17-31.)