The evaluation of local governance in Europe: some lessons from different state traditions

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Introduction

Many performance management frameworks at local level in European countries focus on measuring service improvements and internally-focused measures of organisationally performance in local governments. In the UK this tendency has been reinforced by the fact that the Best Value regime (imposed upon local government by central government) and the various inspection processes are essentially service-oriented.

At the same time, many local authorities in Europe are getting more and more interested in quality-of-life assessments. In particular, public managers in many countries (see for example, Bennett et al, 2001, in relation to Canada) have come to realise that neither politicians nor citizens or the media are interested in lengthy and dull performance reports about local public services. In general, local residents do not want to know the percentage of garbage cans collected (or not collected) during a week. They do care, however, about having clean neighbourhoods, and therefore they care that their garbage is collected on a regular basis and that the streets, pubs, schools and other public buildings in their neighbourhood are clean. However, no local authority can finance staff to walk behind every citizen to pick up the garbage they drop on the street. Clean cities depend ultimately on the behaviour of citizens as well as on efficient public services. By the same token, many politicians have become interested in new issues such as the integration of ethnic minorities which cannot be provided through a specific service. Therefore, quality-of-life assessments go beyond the measurement of public service quality.

While quality-of-life assessments provide an important step towards making performance measurement more politically relevant they are also partial because they do not consider how important policy outcomes have been achieved. Nobody is against low levels of unemployment per se but if these can only be brought about in a dictatorship few will accept that the ‘means’ are justified by the end. The fact that not only results but also processes matter has long been understood in Latin America. However, this experience is only becoming clear to many in Eastern European countries, where there is great – and growing - concern about ethics and due process. Even in well-established democracies in Western Europe there is now a strong concern about declining levels of trust of citizens in politicians and political parties and political apathy as expressed in low turn-outs in elections.

The paper will present an international project which has given equal emphasis to the measurement of both policy processes and outcomes. The so-called ‘Local Governance Health Check’ (LGHC) has been developed by Governance International, which is a nonprofit organisation based in Birmingham, UK.

This paper examines the emergence of the public governance paradigm and explores ways in which it might be operationalised. It then reports the results of an international project undertaken by Governance International in Germany, Spain, Switzerland and the UK to evaluate the quality of local governance through a series of quantitative and qualitative analyses. The paper highlights the main patterns emerging from this study and explores the implications of these patterns for the measurement of local governance in Latin America.
The context: the rise of the public governance paradigm

In the last decade, the public governance perspective has become an increasingly popular perspective from which to view the role of the state and the public sector within social decision making systems (Löffler, 2003). In this paper we will mean by public governance:

“the way in which multiple stakeholders interact with each other in order to influence their quality of life” (Bovaird and Löffler, 2003).

Of course, the concept of governance has in recent years become particularly identified with the search for ‘good governance’. In this paper, we shall mean by ‘good governance’:

the negotiation by all the stakeholders in an issue (or area) of improved public policy outcomes and agreed governance principles, which are both implemented and regularly evaluated by all stakeholders (Bovaird and Löffler, 2003).

Compared to the NPM paradigm which dominated the 1980s and the early part of the 1990s, this perspective is much more oriented to the understanding of public decision making as a multi-stakeholder activity and not just a government activity and as a ‘fuzzy’ negotiative process rather than a set of clear and firm events (Rhodes, 1997; Kickert et al, 1997). Furthermore, it suggests that the purpose of public governance is not simply an inward-looking attempt to ensure good management, but rather a focus on those outcomes of public policy which are valued by external stakeholders.

Consequently, the three most distinguishing features of public governance, as compared to NPM, are the emphasis on interactions between multiple stakeholders in the public domain, a focus on outcomes rather than outputs and the emphasis on the quality of the processes by which decisions get made. The traditional emphases of NPM – efficiency, cost-effectiveness of services, user choice, a mixed economy of provision – are not rejected by the public governance perspective, they are simply regarded as potential instruments for the achievement of more important and fundamental objectives.

There is a direct read-across from these definitions to the field of local governance. Here we simply need to insert the word ‘local’ in front of ‘stakeholders’. Here, the ‘local stakeholders’ which are of interest are all those stakeholders which have an interest in what happens in the local area or whose actions have an affect on that area.

A framework for assessing the quality of local governance

This definition of public governance allows us to take two complementary directions in developing a potential assessment framework for the quality of public governance. On the one hand, we can explore methods for assessing the quality of life outcomes which really matter to the stakeholders in their local area. After all, these outcomes are meant to be improved by the joint action of these stakeholders. Secondly, we can explore the extent to which the processes of interaction between these stakeholders correspond to the criteria or norms which the stakeholders have agreed. Such a framework is, of course, relative – the standards embodied within it for quality of life outcomes and the quality of interaction processes are specific to the stakeholders concerned and to the context in which they are interacting. However, we will take this as a strength of the approach, rather than a weakness, as it means that the
assessment is grounded in the values and meanings which are important to these stakeholders, rather
than being determined, imposed or second-guessed by an ‘independent’ but uninvolved and therefore
potentially insensitive external assessor.

In Bovaird and Löffler (2003), we have suggested that it is possible to disaggregate the assessment of
the quality of public governance into these two components: the quality of life of citizens (and other
stakeholders) and the level of conformity with governance principles.

Over recent years, there has been a strong resurgence of interest around the assessment of policy
outcomes. This new interest has been partly been driven by the insight that current performance reports
which focus mainly on output measures are of little interest to politicians, to citizens or to the media
(Bennett et al, 2001). As “civic literacy” (Milner, 2002) increases, citizens and other stakeholders are
asking for information on government activities which is relevant to them – and are less inclined to
regard as acceptable the information which is currently being given to them by governments. Politicians,
too, are asking for evidence which will allow them to judge whether their policies have
made a difference in terms of achieving desired outcomes (Nutley and Boaz, 2003). Consequently,
there is now an interest in measuring the success of public interventions in terms of the quality of life
changes which they bring about for those affected by them, rather than simply measuring the quality of
the activities themselves.

The quality of life outcomes which are seen as relevant – by the public or by politicians – are likely to
vary from context to context. Typically in any country, region or local area they are likely to include a
substantial proportion of the following elements:

- Health
- Public safety and security
- Jobs and economic prosperity
- Social wellbeing and integration
- Enjoyment of leisure and culture
- Lifelong learning and human capital
- Access and mobility
- Housing comfort and shelter
- A liveable environment

It is important to note that we have defined these elements in terms of quality of life outcomes, rather
than quality of service or level of service activity. Public governance does not focus on how well the
public services are provided but on whether they achieve the effects intended.

However, the debate on whether the intended effects have been achieved tends to be fraught with
tensions and disagreements. This is inevitable, because it is a debate about values (political and social)
as well as technical analysis (Patton, 1982). Similarly, the decisions as to how these quality of life
outcomes are best to be achieved (and particularly the mix of public, private and voluntary sector
activities within the ‘mixed economy of provision’) are likely to be highly contentious (Bovaird and
Halachmi, 2001). Such debates and decisions are likely to be confrontational, and therefore divisive
and dysfunctional, unless they are undertaken within certain agreed rules and conventions. It is these
rules, structures and processes which constitute the public governance principles which need to be
established and agreed within a polity. Again, the key elements within these public governance
principles are likely to vary from context to context. However, we can expect that a substantial
proportion of the following elements are likely to be important in any given context:

- Democratic decision-making
- Citizen and stakeholder engagement
- Transparency
- Accountability
- Social inclusion and equality (of opportunity, of use, of cost, of access or of outcomes) for disadvantaged groups
- Fair and honest treatment of citizens
- Willingness and capacity to work in partnership
- Ability to compete in a global environment
- Respect for the rule of law
- Respect for the rights of others
- Respect for diversity
- Sustainability of policies

Each of these principles is typically embedded within the legal framework (some even have specific pieces of legislation to promote their importance, such as Freedom of Information Acts and equalities legislation), within formal organizational rules (such as codes of conduct) and within informal norms both of organizations (such as ‘politically correct’ modes of address and conversation) and of society (such as the willingness of people to take a stand against the anti-social behaviour of others, e.g. litter dropping, smoking in public places or the loud use of mobile phones in trains).

Consequently, the assessment of the quality of public governance can be resolved into a series of assessments of how well each of the key quality of life elements and each of the key governance principles have been achieved. This is not an exclusively technical assessment process – it involves judgments based on values. These judgments come into the process in two very different ways. First, the actual assessment of how any one of the above elements has been achieved will rely on judgments made by those who experience these elements – and these judgments are likely to vary between stakeholders. Secondly, the way in which we aggregate these judgments will depend on further social and political judgments as to which stakeholders should have more weight accorded to their views. However, this does not mean that the process is ‘entirely subjective’, as has often been suggested in the past. We are talking about a process of ‘structured and explicated’ subjectivity, which is therefore capable of analysis – and which can be contested in any debate. The structuring and explication of these subjective decisions come from the ways in which the weightings involved are made explicit and agreed (e.g. how different stakeholders rate different elements of the quality of life and the governance principles, and how the overall aggregation of these views give more priority to some stakeholders than to others) – and this process in turn therefore needs to be consistent with the transparency and ‘rules of engagement’ built into the governance principles.

While the structuring and explication of subjectivity is always likely to seem rather ‘soft’ and ‘fuzzy’ to accountants, auditors and external inspectors, it is an essential part of good management and good governance. The assessment of the quality of governance is therefore never likely to be as capable of routinization as the assessment of service efficiency, nor will it lend itself easily to a ‘tick box’ process of applying checklists. This does not mean that it is ‘less valid’, only that it is different in kind – in other words, it is conceptually valid but it uses a different conceptual framework from the evaluation systems built into NPM. However, conceptual validity is only half the battle. We now need to explore whether the kinds of information which might emerge from such a process are likely also to be
practically useful.

**The objectives of the project**

Governance International has developed the *Local Governance Health Check* (LGHC) in order to help local authorities and their partners:

- to identify opportunities for improving the quality of life of local people in quick and simple ways, using locally-available resources;
- to identify local organisations, groups and individuals who are willing to contribute more to running the local area and improving its quality of life;
- to identify new ways of providing services to local people, building upon strengths in the local area;
- to identify weaknesses in the ways in which local organisations work together and gain commitment to putting these right.

Unlike existing assessments of ‘quality of service’, the LGHC does not concentrate on the quality of the internal management or the quality of services provided but rather on the sustainable quality of life of local people.

So it is not about “the council” or its partners, it is about how local people, local groups and local businesses can get more involved in working together to improve the things that really matter to them, with the support and help of all the public sector organisations in the area.

**The project methodology**

The Governance International project to assess the quality of local governance according to the principles outlined above has involved four pilot local authorities in Europe (www.govint.org/products/pilots), namely:

- Ulm in Germany,
- Barcelona in Spain
- Calderdale in the UK and
- Baar in Switzerland.

Primary data collection has been undertaken through focus groups and questionnaire surveys of stakeholder groups (including local citizens, businesses, politicians, public sector officials, media, NGOs, etc.).

The primary data collected records the perceptions of these stakeholders about the quality of life along a number of dimensions (including health, social wellbeing, income and wealth, community safety, environment, mobility, etc.). Further primary data explores stakeholders’ perceptions of the quality of public governance processes in their areas (including transparency, stakeholder engagement and participation, fairness and honesty in decision-making, accountability, etc.). The project also makes use of secondary data, particularly performance indicators on the quality of life in local areas, an area which has been receiving increasing attention in many European countries in recent years.

The project has been designed not only to get maximum participation from local stakeholders but to
activate them in following up the suggestions which come forward in the discussions. Special attention is paid to attracting participants from the ‘hard to reach’ groups and encouraging them to bring in more people from their network to get things done.

In contrast to other initiatives, this project takes into account the holistic effect of city-wide agencies, rather than simply focusing on the organisational performance of the city council. The pilots include big cities like Barcelona (Spain), medium-size cities like Calderdale (UK) and Ulm (Germany), and small cities such as Baar (Switzerland). It also includes cities in very different local government contexts, including centralist traditions as in the UK, federalist traditions as in Spain and Germany, and direct democracy as in Switzerland. All of the cities have been chosen because of their track record in innovative approaches to local governance. Barcelona has a worldwide reputation for the engagement of civic society in city affairs; the Swiss city of Baar has won an international award for its excellence in public governance; and Calderdale has a longstanding record of partnership working with both non-profit and private sectors.

Lessons emerging from the four case study areas

Clearly the LGHC is meant primarily to highlight lessons for each of the areas in which it is undertaken (for a summary of the results, see www.govint.org/english/fprod.html). However, there are a number of lessons which emerge from comparing the results of these four case studies. The first set of lessons relate to issues of local governance in the four areas, while the second set of issues relate to the methodology of assessing the quality of governance. In both cases, the lessons highlighted here are interim – as the LGHC is rolled out across more case studies, it may be that some of these lessons need to be modified. However, these lessons appear to be significant from the first batch of case studies.

Lessons on the quality of local governance

- It is much easier for citizens (and indeed most other stakeholders) to comment on quality of life issues rather than governance principles. Moreover, they are usually much more interested in these issues. However, relatively small scale problems in relation to governance principles can greatly irritate stakeholders, perhaps because they believe they can more clearly identify who is responsible for these than in relation to quality of life issues.
- Citizens tend to be more favourable in their views of quality of life issues than other stakeholders – but to be more pessimistic about trends. This may reflect an underlying concern by citizens that ‘the authorities’ are unlikely to be able to cope successfully with forthcoming problems.
- Community groups tend to quite polarised about the benefits of becoming more active – many see themselves as active and successful, while others see themselves more as passive ‘pawns in the game’. These differing viewpoints are not closely linked to the income levels of the group members – some of the most self-confident community groups come from run-down and highly disadvantaged areas.
- Non-profit organisations and NGOs tend to criticise the local authority and other public agencies in the area for not communicating well with them – but on the other hand they typically accept that they themselves do not communicate well with other organisations – and particularly not with each other. In most of the GHCs, a very strong recommendation emerged that more effective umbrella organizations were need to coordinate community groups, non-profits and NGOs – or that existing umbrella organizations needed to be much smarter in
provided the coordination between their local members.

- **Local politicians** often thought that they had already provided the necessary infrastructure and mechanisms for citizens to participate in ‘public life’ and to make their voices heard and that it was now up to citizens to make the most of it. By implication, if citizens did not take these opportunities, it was their own fault. There was little awareness and acceptance that ‘hard-to-reach’ groups need to be actively approached by public agencies (and by their politicians) and that citizen consultation in general needs to be done with more imagination.

- **Local businesses** tend to see much of their involvement in local governance as a way of building up goodwill for the future rather accomplishing any specific short term targets. However, town centre regeneration initiatives are the exception to this – they can bring immediate benefits to the businesses involved. Other businesses sometimes also feel that involvement in local partnerships is part of their ‘corporate social responsibility’ but do not believe they get much out of them. They often comment that if more specific initiatives were on the table, they would be prepared to consider contributing more resources to them. On the other hand, in the field of education and training initiatives, which do directly affect their potential competitiveness, they are often reluctant to get very involved because the very scale of the efforts needed in local areas are very daunting and could easily swamp local firms – they often suggest that these initiatives should be public-sector led so that all firms in the area benefit and none need contribute an unfair share of the resources. This throws in doubt the realism of public sector hopes in many European countries that major resources may be mobilized from private business for partnership in these areas in the future.

- The **media** representatives in the LGHCs are very conscious that their reporting is widely seen to exaggerate problems and to misrepresent the actions of the different agencies working in the local area. However, they usually feel able to justify this on several grounds, particularly using such arguments as ‘good news doesn’t sell newspapers’ or ‘it is not our job to present a balanced picture, just to present the news in which people are interested’ or ‘it would be completely unacceptable if we did not report the things that happen here, even though they may be entirely unrepresentative of what is going on most of the time’.

- While most citizens appreciate being asked for their opinion many have become quite disillusioned with citizen consultations. The main criticism was that they never got any feedback as to the results of the consultation and that they could never see any tangible improvement of their quality of life. This means that there is still not ‘consultation fatigue’, because people actively want to be MORE involved in discussions around those services and issues which are important to them but clearly, they will only show continued interest if actions follow from the consultation.

### Lessons on the methodology for assessing the quality of local governance

- **Focus groups** are a very powerful mechanism for identifying the views of stakeholders in relation to governance principles, because they allow the areas of concern and complaint to be explained and elaborated. This is particularly valuable because public governance principles are not easy to summarise in language which is familiar to citizens, community groups, businesses, etc. Survey approaches are therefore unlikely to yield meaningful answers in relation to these issues.

- **Triangulation of perspectives** between stakeholders allows both consensus and potential conflict to be identified. While stakeholders are often already aware of the perspectives of other stakeholders and make mention of them in stating their own viewpoints, they frequently have a
very misguided idea of the problems which other stakeholders perceive – e.g. politicians often assume that citizens are politically quite naive and only see their own needs whereas the focus groups with citizens showed that citizens know perfectly well that trade-offs have to be made but they expect more transparency and feedback about why a political decision has been made in a specific way.

• In their initial inputs to focus groups, participants often feel more comfortable while making negative comments and complaints. However, during the dynamic discussion in the group, contrary viewpoints often emerge quite quickly, so that a quite balanced view is typically presented by the participants, even when they have an overall negative view of the issue in question. The willingness of participants to highlight positive features of issues is often enhanced when one member of the group is seen as ‘harping on’ in a purely negative fashion.

• Citizens are much more heterogeneous in their views than any of the other groups of stakeholders. This may partly be because their level of knowledge (and interest) in particular topics tends to be highly variable. This means that the focus group approach is particularly unsuitable for gathering representative citizen views on issues. However, the discussions which take place during the group sessions allow a natural ‘pecking order’ to emerge, in which the views of those who are better informed typically sway the views of others in the group. Moreover, the views of ‘non-compliant’ participants are often intriguing to other participants, so that they are explored and challenged. This allows an interesting picture to built up as to the reasoning behind their views, in ways which would be difficult through any other mechanism.

• Focus group members are typically hungry for suggestions for improvement options – when suggestions from other focus groups are fed into the discussion, they are usually seized on with interest, even when the other focus groups represent stakeholders whose interests are rather different. In this sense, holding single-stakeholder focus groups is a good way of generating ideas and testing them with others, even though it artificially limits the degree of challenge to which the ideas are subjected in this first round. In order to test the ideas further, and to explore their potential for practical implementation, multi-stakeholder workshops would clearly be necessary (and were undertaken in one pilot as an extension to the basic methodology of the project).

• Filling out a short questionnaire in advance of the focus groups plays a useful role in getting participants to consider their rounded view – positives and negatives – before launching into discussion. Where this was not possible – or where participants arrived late and missed this part of the session – it sometimes led to rather more unbalanced discussion, in which, for example, participants might appear to contradict themselves several times within a short space of time.

**Implications of these findings for Latin America**

The findings outlined above related to four very different types of municipalities in four different countries of Europe. While they appear to have significant commonalities, there must be a question as to whether these patterns have significance in the very different context of Latin America.

The role of multiple stakeholders in shaping the nature of and trends in local governance is now widely recognised in most Latin American countries. However, attempts to ensure that all relevant stakeholders have a chance to have their views systematically recorded and clearly reported during the policy making process are still meeting with very limited success. The movement towards NPM by governments in many countries often exacerbated this process by smothering policy making in an impenetrable managerialist language and by giving more influence to those stakeholders who could
express their views in a way which was convincing to managerialist interests. The more recent movement by the World Bank and other international agencies to finding ways of assessing the quality of governance has been a deliberate antidote to these unhealthy tendencies (World Bank, 2002; Manning, 2002).

As a result, we are now seeing interesting experiments to assess specific aspects of public governance, such as the level of participation and transparency in water management in Mexico (Sancho y Parrado, 2004). It is evident that some governance issues which are of interest to local areas in Europe may not be so high priority in Latin America, such as quality of life of the elderly. There may also be stakeholder groups such as the ‘church’ which have played virtually no role in any focus group discussion in any of the four European pilots.

The key question is whether different stakeholder groups are able to cooperate in order to solve ‘wicked’ local problems and to improve the quality of life of various stakeholders. So far, Latin America has been known to be strong in consultation and citizen participation, Indeed, Porto Alegre has become ‘the’ model for participative budgeting in Europe even though the local contexts differ greatly between the two continents. However, while there is a strong commitment to participative policy-making in many cities and other local areas in South America (partly driven, of course, by international organisations and donors), there have been fewer success stories regarding the achievements of ‘quick wins’.

But the experience with the four pilots in Europe shows that citizen consultation is only sustainable if people believe it plays a real role in decision-making – and this entails two central characteristics which are rarely present. First, they must get feedback from the consultation process – otherwise they eventually write it off as simply a ‘talking shop’. Secondly, they need to experience concrete improvements of their quality-of-life reasonably quickly – it is not only politicians who are attracted by ‘quick wins’, it is a normal requirement of ordinary people who are already rather sceptical as to whether anything will ever really get done or get better.

Conclusions

This paper has suggested that performance management frameworks at local government level should place much greater emphasis on the achievements in the field of local governance, rather than simply the achievements of local governments. The capacity to do this is built into the community scorecard approach which we have outlined here.

In this way, efforts in performance measurement in public services could be redirected away from ‘blame-dumping’ between stakeholders and towards ‘mutual solution-finding’. Furthermore, performance measurement processes could incorporate the key governance principles of multi-stakeholder co-operation and transparency of decision-making, rather than inventing more ‘black box mechanisms’ whose results are neither understood nor accepted by the key stakeholders who will be responsible for implementing the performance improvement initiatives which result from the analyses. The future of local performance reporting is more likely to lie in arming multiple stakeholders for their debates about ‘what is to be done’ than in ‘proving’ what has been done.
References


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