Institutional entrepreneurship, practice memory, and cultural memory: Choice and creativity in the pursuit of endogenous change of local authority budgeting

Abstract
This paper explores how a lower government organisation can act as an institutional entrepreneur. It builds on recent public sector budgeting research that identified the endogenisation of budget rules as an important element of institutional entrepreneurship. Inspired by a Wittgensteinian practice theory we identify rules as one element of budget practices and proceed to investigate the endogenisation of another element, termed teleoaffective structure. It refers to the objectives and ends of a practice and the moods and emotions with which they tend to be associated. We develop our argument with reference to two innovative accounting practices developed by Newcastle City Council in order to address radical cutbacks of their central government grants. We emphasise the historical dimension of the endogenisation of teleoaffective structure and show in particular the potential significance of practice memory and cultural memory for shaping teleoaffective structure.

Key Words: Neo-Institutional Theory; Institutional entrepreneurs; Budgeting; Local Government; Practice Theory; Practice Memory; Cultural memory
Introduction

Public sector budgeting has long been recognised as a highly institutionalised context, in which the nature of public sector organisations is intimately tied up with their budgeting practices (Hopwood, 1984; Wildavsky, 1964). To adopt a certain way of budgeting is to become a particular sort of public sector organisation (Berry et al., 1985; Dent, 1991; Moll and Hoque, 2011; Preston et al., 1992). Changes of budgeting, planning, and performance management regimes—often as part of market based government reforms—have therefore attracted much attention from researchers (e.g., Ahrens and Ferry, 2015; Ahrens and Khalifa, 2015; Brignall and Modell, 2000; Ferry and Eckersley, 2011; Humphrey et al., 1993; Humphrey and Miller, 2012; Modell, 2003; Oakes et al., 1998; Townley, 1997). At the heart of those new regimes are frequently new sets of rules, such as budgeting rules (Kurunmäki and Miller, 2011). An important contribution of this literature has been to explore the agency of public sector organisations in their encounter with such rules, for example, by shedding light on the processes of compliance, adaptation, and resistance to which newly institutionalised rules can give rise (cf., Oliver, 1991).

A key assumption of this literature has been that new budgeting rules are an exogenous influence on the public sector organisations studied. Recent work on public sector budgeting has questioned the extent to which those rules can really be regarded as an exogenous influence on the actions of the public sector entities whose activities are supposed to be circumscribed through the budgets (Covaleski et al., 2013). A case study of welfare reform in Wisconsin emphasised the importance of agency, suggesting that key politicians and bureaucrats “endogenized” those rules by seeking “[…] to influence not only the interpretation, but also the strictly codified provisions of regulations that were intended to constrain their actions, and in the process transform the welfare delivery system and related budgetary regime” (Covaleski et al., 2013, p. 334). Those politicians and bureaucrats became “institutional entrepreneurs” (Greenwood and Suddaby, 2006) who sought to change the functioning and meanings of a highly institutionalised field, namely welfare. They did so as members of this field, thus pursuing ‘change from within’.

We seek to extend this work by asking which other elements of practice, beyond rules, institutional entrepreneurs in the public sector can use in the pursuit of change. We define the available elements of practices with reference to a Wittgensteinian theory of practice (Schatzki, 2002) as rules, teleoffective structure, and practical knowhow, which jointly
structure arrays of recognisable activity. In this paper we focus on teleoaffec
tive structure. It refers to ends and objectives and the emotions and moods with which they
are invested. Rules, teleoaffec
tive structure, and practical knowhow are inherent in the
activities that make up practices, and they are revealed but also reproduced through those
activities. We draw also on the notions of “practice memory” (Schatzki, 2006, 2010),
which shares the three structural elements of practice, and “cultural memory” (Assmann,
2007), which in our field study turns out to be an important element of teleoaffec
tive structure.

We develop our argument with reference to an illustrative case study of Newcastle City
Council’s¹ (NCC) radical budget cuts of about 30% over three years, starting with the
financial year 2013/4. This took place in the context of the slashing of local government
funding by the central government under their austerity programme (Loopstra et al.,
2015; Lowndes and Pratchett, 2012). Our focus lies on two important changes to
accounting practices with which NCC sought to address the budget cuts and which
became part of the institutional field of English local government budgeting. The changes
concerned (1) NCC’s creation of a “heat-map” that sought to visualise geographically the
unequal and unfair nature of the funding cuts to English local authorities and (2) the
publication of 3-year local authority budgets alongside the legally required annual
budgets. Both accounting practices illustrate endogenous institutional change pursued by
an institutional entrepreneur, NCC. NCC creatively reworked existing practices by giving
them the teleoaffec
tive imprint of NCC’s determination to fight the central government
funding cuts. We use these examples to expand on the claims made by Covaleski et al.
(2013) about the endogenisation of public sector budget rules.

Our more general objective is to suggest that lower government organisations, in our case
local authorities, can pursue institutional change through teleoaffec
tive structures, that is,
by appealing to widely shared objectives and ends of local government and skilfully
connecting those ends with particular cultural identities and traditions. By institutional
change we mean changes of the power relations in institutional fields that govern the
interrelationships between various practices and material arrangements (Bourdieu, 1990).
A key finding is that even if the lower government organisations cannot endogenise the
budget rules set by central government they can endogenise what is usually regarded as
the cultural context. This can open a route to altering the budgeting rules in the longer

¹ In English local authorities the word council has two meanings. It can refer to the local authority as a
whole and also to the assembly of locally elected politicians who represent the individual wards of the
authority.
term by pursuing power shifts in the institutional field of local government budgeting. Central to our theoretical frame are, therefore, notions of field (Bourdieu, 1990) and institutional change (Covaleski et al., 2013; Friedland and Alford, 1991; Greenwood and Suddaby, 2006; Seo and Creed, 2002).

The following section explains our theoretical framework. We then give an overview of the research context and our methods before presenting our field study findings. The final two sections offer a discussion and some conclusions.

**Theorising institutional entrepreneurship in a local authority budgeting context**

*Institutional entrepreneurship*

Neo-institutional theory (DiMaggio and Powell, 1991; Meyer and Rowan, 1977) has begun to be used as a theoretical resource for the study of change in public sector budgeting (Chiwamit et al., 2014; Covaleski et al., 2013; Ezzamel et al., 2012; Modell, 2012). This was made possible by a number of critiques of neo-institutional theory’s failure to account for agency and change, including variations in agents’ use of power, the heterogeneity of practices and processes of change in institutional fields, the significance of multi-directional power relations, and the ways in which lower government may resist or redirect regulation by higher government (e.g., DiMaggio, 1988; Edelman et al., 2011; Greenwood and Suddaby, 2006; Lawrence et al., 2011; Oliver, 1991). Such critiques have given rise to calls to explore in greater detail the various functioning of agency, including non-conformity, non-compliance, and shifts towards heterogeneity and differentiation, through which institutions may change (Brignall and Modell, 2000; Greenwood and Hinings, 1996; Oliver, 1991).

Institutions are supra-organisational patterns of activity by which individuals and organisations produce and reproduce their material subsistence and organise time and space (Friedland and Alford, 1991). They shape meanings, norms, and notions of legitimacy and even define institution-specific notions of power. By determining what counts as problems and solutions institutions constitute agendas of economic and political control and reward in organisations (Friedland and Alford, 1991). Institutional fields structure the identities and interactions of the agents (individuals or organisations) who operate in those fields (Greenwood and Suddaby, 2006). In this paper we focus on organisations as agents.
Bourdieu (1990) conceived of fields as networks of social relations in which struggles for positions and resources take place. Positions in a field are ordered hierarchically, as are different fields in relation to one another. In the field of English local government budgeting the central government is positioned at the apex operating through such agents as Her Majesty’s Treasury and the Department for Communities and Local Government (DCLG), the central government ministry responsible for local government. They can exercise a great deal of economic and administrative power but they are not immune to the constant flux to which, Bourdieu says, the positions in a field are always subject. Other potentially influential agents are, for example, the parliamentary Communities and Local Government Committee, associations such as the Local Government Association (LGA), and the Chartered Institute of Public Finance and Accountancy (CIPFA), pressure groups such as the English Core Cities group\(^2\), the National Audit Office (NAO) which has made pronouncements on the sustainability of local government under austerity, and the local authorities themselves. Moreover, these agents may seek to ally themselves with various agents in potentially dominant fields, such as national economic policy (Oakes et al., 1998).

The link between fields and institutions is that institutions structure the struggles that characterise fields. They define the terms in which agents think about their interests and on which power may be sought and exercised (Friedland and Alford, 1991; Scott, 1987). Institutional change, therefore, can delineate processes of power shifts. In the field of local government budgeting such shifts can, for example, amount to redistributions of the rights of central and local government, the amount of resources which they control, or the extent to which their actions are regarded as legitimate (Posner, 2004).

The seeds of institutional change may be found in contradictions between different institutional spheres, such as capitalism and the family (Friedland and Alford, 1991), but contradictions can also exist within one institution. Seo and Creed (2002) suggested that all institutional arrangements contain internal contradictions that open them to attempted changes through the playing out of interests in human praxis. They defined praxis as “political action embedded in a historical system of interconnected yet incompatible institutional arrangements” (p. 223). Even though institutions stabilise fields by ordering

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2 English Core Cities, founded in 1995, is an important formal organization of the institutional field of local government in England. It is an advocacy group for the large regional cities outside London (Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield) that has been lobbying for greater fiscal devolution (Ugwumadu, 2015)
the relationships within fields, for example, through norms, notions of legitimate behaviour, and even notions of what constitutes interests, agents within fields are still able to achieve critical distance from its institutions by addressing their contradictions (Benson, 1977).

“The presence and type of contradictions influence the extent to which praxis is feasible. Additionally, praxis is more likely if actors have high perceived stakes” (Ahrens and Khalifa, 2015, p. 109)

Agents that are able to achieve critical distance from institutions are “[i]nstitutional entrepreneurs [, a class of] organizational actors who envision new institutions as a means of advancing interests they value highly, yet that are suppressed by institutional logics, [...] and are interest-driven, aware and calculative” (Greenwood and Suddaby, 2006, p. 29). Institutional entrepreneurs seek, for example, to influence government regulations to shape the rules to their advantage. Whereas marginal organisations may pursue institutional change because they lack deep cognitive embeddedness (Greenwood and Hinings, 1996), central powerful organisations may instigate institutional change when they reach the limits of what existing institutions allow them to do. They may then deploy their often considerable resources in order to change institutions or create connections to other institutions (Greenwood and Suddaby, 2006).

NCC is both marginal and central. It is central in the sense that it is deeply embedded in the field of local government budgeting through long years of practice and deep familiarity with the institution of local government budgeting. However, because it is legally at the mercy of central government spending rules and budget allocations, it is also fiscally marginalised in the medium term and potentially faces paralysis through resource poverty. That said, Newcastle is an internationally known large English city and erstwhile poster boy of the cultural regeneration of the Northeast of England (Bailey et al., 2004; Gibson and Stevenson, 2004). This means NCC can potentially muster considerable political support by making a strong case for the unfairness of the cuts from which its sizeable population is suffering and the potential of fiscal devolution to add considerably to England’s economy (Heseltine, 2012). It is on this potential for attempted institutional change to alter the power relationships in a field that this paper focuses.  

*Endogenous change of budgeting through rules and teleoaffective structure*
While we share a general interest in the plasticity of accounting institutions with the new institutional theory literature in accounting (e.g., Brignall and Modell, 2000; Chiwamit et al., 2014; Ezzamel et al., 2012; Modell, 2012; Moll and Hoque, 2011; Oakes et al., 1998) our specific research motivation is most closely related to a recent study of institutional entrepreneurship in public sector budgeting in which the main actors did not follow the explicit rules that were meant to constrain their actions (Covaleski et al., 2013, p. 334). We, too, are interested in how “[…] knowledgeable, self-aware, calculative institutional entrepreneurs seek to overcome the paradox of embedded agency and influence their situation” (p. 339, emphasis in original).

Covaleski et al.’s (2013) study focused on the role of only one aspect of practice, i.e., rules, in the pursuit of institutional entrepreneurship in public sector budgeting, whereas we seek to explore teleoaffective structure as a further structural element of practice as defined by Schatzki (2002). We are encouraged in this pursuit by the fact that even though teleoaffective structure did not form part of Covaleski et al.’s (2013) intellectual apparatus, their paper contains indications that this element of practice was also significant in their case study of welfare reform in Wisconsin.

For example, the key actors sought to change the ends and objectives of welfare practices by infusing it with a “business or market logic” (p. 347, emphasis in original) by introducing competition between the organisations administering welfare support and “[…] learning how to maximize incentives and efficiencies” (p. 349) for providers and recipients of social services. Moreover, they referred to the affective dimension of teleoaffective structure by giving illustrations of the emotional language used to describe the welfare changes (e.g., “Work First”, p. 348) and observations of emotional appeals referring to the perceived morality of the welfare system and its clients (e.g., “welfare queens”, p. 338), thereby indicating emotional shifts in the discourses that contributed to defining the teleoaffective structure of social policy practices.

Our interest in teleoaffective structure reflects the wider discussion of how future research in this domain should address the specificity of the contexts into which agents project their visions of divergent change (Kitchener, 2002; Lawrence and Suddaby, 2006; Leblebici et al., 1991; Zilber, 2009). Still relatively little is known about the origins of the templates towards which new institutional forms may orient themselves (Tracey et al., 2011). Exceptionally, Greenwood et al. (2010) explore the specificity of contemporary Spanish national and regional economic and business contexts and their effects on contemporary market transactions, and Zilber (2006) documents changes over time to the
ways in which national myths are translated into sector specific myths in Israel. Neither study, however, addressed the shaping of institutional change through cultural contexts or, indeed, the endogenisation of such contexts.

*Practice memory and cultural memory in local authority budgeting*

We approach the question of how institutional entrepreneurship can inform changes of organisational practices through their use of specific cultural templates. What we are trying to connect is histories of cultural meanings and understandings with the “projective agency” and “future-oriented intentionality” through which institutional entrepreneurs seek to strategically change, and thus endogenise, the context in which they operate (Battilana et al., 2009).

To this end we use the notion of practice memory because it connects present practice to the past (Schatzki, 2006, 2010). Practice memory is defined as “past practice organizations circumscribing activity” (Schatzki, 2010, p. 216):

> “Practice organizations circumscribe activity […] by comprising items – prescribed and acceptable ends, rules, actions, and understandings – that people, as creatures who uphold the normativity that imbues the practices they enact, tend to pursue, observe, or express” (Schatzki, 2010, p. 211).

The theory of practice memory thus offers a set of ideas to explain how past meanings can inform future change strategies. It is part of Schatzki’s site (or context) theory of the social in which practices are identified as the essential contexts of human activity: “[…] the site of the social is composed of nexuses of practices and material arrangements […] social life inherently transpires as part of such nexuses” (Schatzki, 2005, p. 471). The three structural elements of practices—rules, teleaffective structure, and practical knowhow—can be said to determine the overall shape and character of a practice as, for example, more or less codified or legalistic, relying on particular sorts of skills or experiences, or oriented towards certain missions or ideals or emotional states. It is in this sense that the three elements can be said to underpin activities that make up certain practices, without, however, determining any individual action.

Practices past and present are structured by the same three elements. Therefore, the ways in which practices used to be organised continues to have a grip on the present through the three structural elements of practice that gave rise to its past forms. Past practices thereby form a context for current actions and thus the shape and functioning of present
institutions. The site (or context) of social action is therefore not only the practices of the present but also past practices.

The theory of practice memory adds a new explanation to the ways in which institutional theory has sought to resolve the paradox of embedded agency, that is, the ability of institutional members steeped in norms to break those norms (Holm, 1995). The starting point for this explanation is that the organisation of past practices through rules, teleoaffective structure, and practical knowhow does not causally predetermine the present. Individuals remember and are able to practice different subsets of the elements of a practice’s organisation practice memory, infusing it with variations based on the diverse experiences of different practitioners. This kind of variation means that practice memory is not a personal or body memory but a social memory, spread over populations of practitioners. Moreover, practice memory emphasises creative re-imagining over factual remembering, making it not just a method of recalling past facts but a recreation of those facts. Every recreation is not simply a copy of the past practices, but an acceptable variation. Practice memory thus innovates and preserves at the same time. It can create new arrangements for institutions that remain recognisable (Ahrens, 2009, p. 32). Organisations that belong to an institutional field can become field-level change agents through highly specific re-imaginings of practice.

Studying practice memory requires the identification of activities that refer to the rules, teleoaffective structure, and practical knowhow that organised the past practice (Schatzki, 2005, p. 471). If past practices constitute a normative context for present activities then one should be able to observe, for example, conversations, pronouncements, guidelines, and training, as well as references to rules, precedent and practical experience, that seek to engender interactions through which normativity can be upheld, for example, by helping to determine appropriate rules, ends and emotions, and uses of know-how for specific situations. So, what are kept alive in practice memory are not ideas and thoughts about times past but the organisation of practices and the effects of this organisation on the shape that present activities take. The emphasis here lies on what structures practice level phenomena, such as publicly applicable rules, social ends, widely shared emotions relating to historical events, monuments, museums, etc., and widely used knowledge of how to do something.

In local authority budgeting the (selective) memories of past practices are of great relevance to the structuring of practice because of the constant comparison of past with future public sector budgets and the emphasis on comparing the trends between different
expenditure categories (Goddard, 2004; Seal, 2003). Moreover, there are a number of different organisations whose practice memory is relevant to the practice of local authority budgeting. They include the local authority administration itself and its subsections in the ‘wards’ of the authority, the local authority council (and its subsections in the wards) as the assembly of the elected local politicians, and the various citizen organisations that mobilise the local community of residents for such practices as health and wellbeing, sport, political, cultural, and charitable activities. All of these can participate in the discussions around local authority budgeting and draw on diverse practice memories to support their points.

A special feature of local authority budgeting in the wider field of public sector budgeting is its connection with place. Local authority budgeting refers to spatial communities that may, besides diverse non-spatial identities, also exhibit very explicit spatial identities, which, in turn, can be connected with particular regional politics (Martin, 1988; Raco and Flint, 2001). This gives the organisation of meaningful local authority budgeting practices over time a particular cultural quality akin to cultural or collective memory (Assmann, 2007). Cultural memory contains the cultural significance of past speeches, pictures, gestures, rites, etc., in “semantic units” that interlace into a “cultural text” (Assmann, 2007). Such texts may serve to ground the identities of local, regional, or national communities as bearers of particular practices and institutions. Cultural meanings and classifications can form part of a collective memory of the locality, region, or nation, or of non-spatial collectives such as industries, in ways that may make them relevant for organisational practices.

Since all (ongoing) organisations exhibit practice memory, that is, the circumscription of organisational practice by its past, we would normally expect endogenous institutional change to refer to practice memory, for example, by explaining how contradictions have developed, for example, between evolving objectives and static rules or practical knowhow. Not all attempts at endogenous institutional change, however, would make reference to cultural memory because identity may not always be at stake. Indeed, an organisation’s practice memory may not reference identity or cultural memory at all (Schatzki, 2006, p. 1868). That said it is perfectly possible for it to do so, especially when the organisation is spatially and politically defined such as a local authority.

We contend that the place of cultural memory in practice organisation is in teleoaffective structure because cultural memory can underpin an organisation’s objectives and ends and inject them with culturally specific emotions and moods. In particular where identity
plays an important role for motivating change or engaging support for change, as might be the case in political or spatial organisations, we would expect greater significance of cultural memory for endogenous institutional change. In this we see an important contribution to recent work on institutional entrepreneurship in general (e.g., Battilana et al., 2009; Greenwood et al., 2010) and, in particular, in public sector budgeting (Covaleski et al., 2013).

Research Context and Methods

In 2010 the Conservative-Liberal Coalition government took political control in the United Kingdom on an agenda of austerity to put the national public finances into better shape, and at the same time promoted a localism agenda to devolve power to local authorities. The localism agenda was enacted through the Localism Act 2011. This included dismantling the former New Labour government’s centralised performance measurement regimes for local government, scrapping the Audit Commission which had audited local authorities, and devolving more control to local authorities to develop local policies and define locally specific accountabilities through their budget.

Between 2010 and 2014 a field study of budgeting was conducted, focusing on NCC. Newcastle is part of the Tyne and Wear conurbation, which has a population of c. 1.1 million. NCC provides a full range of services including children’s, adult and community, housing, and waste management. For 2014/15 it had an estimated gross revenue budget of c. £806 million, but its control over these funds was limited: After direct grants and other obligatory disbursements its net revenue budget was c. £277 million (NCC Budget 5th March 2014, Appendix 1 Revenue and Capital Plan 2014/15). For NCC the austerity regime resulted in a projected cut of one third of the net revenue budget in the three years leading up to 2016.

The field research at NCC used interviews, observation and documentation review at NCC, as well as a review of publicly available information from the field of local government budgeting (see Appendices A to E). One author, a qualified accountant with former senior level local government and civil service experience, conducted the fieldwork. Fifty interviews were conducted by March 2014 with NCC officers from various departments, including finance. NCC’s budgeting and reporting processes were discussed. The interviews lasted for up to 60 minutes. Initial interviews were audio-recorded and then transcribed. Notes were taken during shorter follow up meetings. One
senior NCC officer maintained a research diary which formed the basis of discussion during several meetings. Throughout the research project the field researcher dropped into the NCC offices for informal conversations with staff to keep in touch. Observations were made of budgeting practices during such office visits and during formal public meetings, such as, Policy Cabinet, Business Cabinet, City Council, Ward Committee, and Audit Committee. The research relationship with NCC was maintained up to the revision and resubmission of this paper in late 2016 in order to keep a sense of the ongoing developments in the institutional field.

In addition, in order to better understand the origins and consequences of budget change and the responses from the public the researcher attended large public demonstrations and formal and informal meetings of various campaign groups who were lobbying against cuts in budget allocations. They were the scene of highly emotional exchanges between councillors, local government administrators, citizens, and demonstrators. Furthermore, contemporary data was compared with historical documentation. This included NCC’s official budgeting documentation such as medium term financial plan and annual budget, three year budget and budget monitoring as well as meeting agendas, papers and streamed meetings available on the web. Other documents were also considered, in particular those from the local and national media concerning NCC and the field of local government budgeting. The aim behind this research approach was to become a “cultural participant” in the governance processes of NCC, in the sense of seeking to “[...] interpret [the subjects’] lived experience through the ideas that are rooted in [the researcher’s] own historical context” (Ahrens and Khalifa, 2013, p. 26).

Data was analysed during the field research, and organised into various main themes including change of reporting regime, austerity effects on local services, statutory obligations to provide services, stakeholder politics, prioritisation of local authority spending, and accountability. The themes were woven into different theoretical narratives around budgeting to think through why changes emerged and how processes evolved.

Since practice memory is the “interactionally maintained” (Schatzki, 2006, p. 1869) capability of organisations in the field of local authority budgeting to do and say things that were previously done in this field or to adapt past doings and sayings to the present context, we trace the role of practice memory in institutional change with reference to Schatzki’s (2002) elements of practices. We focus on statements about the rules and long established purposes of budgetary practices, their affective dispositions, and re-enactments of past practical understandings of how to hold budget consultations, interpret
budgeting rules, prepare budgets and communicate them to the public, hold officers to account, lobby the central government, etc. Our account shows the ways in which those statements and descriptions were practice memory in the sense that they were features of practices and, at the same time, cultural memory that reproduced the specific cultural texture (Assmann, 2007) that pervaded the field of local government budgeting. In our case it turned out that emotions were important markers of the cultural specificity of local government budgeting and the various attempts at changing the power relationships in this field.

The following sections seek to show how this cultural context pervaded the practice memory of NCC and its efforts at reshaping local government budgeting practices in order to change the distribution of power in the field of local government budgeting. Since the contribution of this paper revolves around the significance of past practice organisation (Schatzki, 2006) for institutional entrepreneurship we focus the presentation of our field material on two examples of how NCC’s budgeting changes sought to change the institutional field of local authority budgeting while resonating with the teleoaffective structure and cultural memory that underpinned NCC’s budgeting practices and the local government practices in the North of England more generally.

**NCC’s “heat-map”: Visualising an historic conflict**

Key to the public imagination of what was at stake in the local authority budget crisis was the historically strained relationship between the poorer Labour-voting North, to which Newcastle belongs, and the richer Conservative-voting South (Hetherington, 2013; Martin, 1988). Geordie³ passers-by who were interviewed for a Guardian newspaper film on the NCC budget crisis (Harris and Domokos, 2013) took it for granted that the Conservative-Liberal central government would use the austerity programme to impose onerous cuts on the North. The emotional charge of the standoff was not regarded as limited to the confrontation between local and central government bodies but seen to involve the populations themselves:

*Man in his 30s in a sweater interviewed in a local library and community centre scheduled for closure due to budget cuts: “It’s like, it’s, it’s up North, isn’t it? So… They always inflict the greatest punishment on the North East…”* (Harris and Domokos, 2013, pt. 2:49-2:55 mins)

³ People who originate from the Tyne and Wear region, often recognisable by the regional dialect.
An old male Newcastle resident observed during a local community meeting in which planned cuts were discussed described the situation as “class warfare” (Harris and Domokos, 2013, pt. 0:25-0:26 mins). Residents expected that NCC would not be able to protect the city and its people from cuts:

[Street scene in front of a row of shops in Newcastle] Interviewer reads from NCC draft budget proposals to an old female resident: “Safe-guard the future of high-quality services, protect jobs, and deliver social value.” Female resident, very deliberately: “Bull-shit!” (Harris and Domokos, 2013, pt. 0:08-0:13 mins)

Such emotional investment was not limited to sidewalk commentary for the camera. Its spread in the population gave rise to public protests that began within one week of the initial announcements of NCC’s budget cut proposals in November 2012 (Ahrens and Ferry, 2015, p. 917). Subsequently, one of the authors of this paper observed several public protest events, including demonstrations in the streets of Newcastle that spread nationally, a storming of the stage during a NCC Full Council meeting that led to a police presence at subsequent council meetings, shouting and swearing at council committee meetings from the public gallery (occasionally resulting in the removal of the offenders by security and police officers), and petitions and sit-ins to save specific services, ranging from respite care for the severely disabled to swimming pools, libraries, and arts and culture. There were over 50,000 responses to NCC’s official ‘Lets-Talk’ consultation in its first year that invited comments from the public on savings options for each service. The responses showed levels of emotion that manifested most profoundly in direct appeals to councillors before Full Council by protest spokespersons. A highly emotional example was observed by one of the authors involving a carer speaking in defence of respite care. She was accompanied by a group of severely disabled people in wheelchairs wailing at the back of the council chamber such that councillors were to witness first hand whom they would disadvantage even further through their policies. Regional culture was an important theme that informed the protests: It was mobilised to reject the austerity dictate from the wealthy South but also to affirm Northern cultural identity, for example, in celebrity endorsements from the ‘Geordie’ diaspora (including Sting, Brian Ferry, and the Pet Shop Boys) of the famous cultural institutions in Newcastle that had become threatened with closure because of the budget cuts.
The emotional intensity of the protests by the public was mirrored on the national political stage. Over the period of the study (and afterwards) the NCC Leader⁴, Nick Forbes, vociferously highlighted on national TV, in select committees of the national parliament, and in political magazines that the historic local authority funding formulae based on needs were being changed and the new funding bases just so happened to benefit the traditionally Conservative geographic voting areas to the disadvantage of areas with strong Labour traditions (Butler, 2013; NCC, 2013, p.4-5). NCC based these claims of a Conservative government dividing the nation and favouring its Southern clientele on an accounting innovation developed by NCC that was to elicit powerful emotional responses in Newcastle and beyond. The “heat-map”, a colour coded map of the financial situation of English councils, showed the areas of all English local authorities in different colours, depending on fiscal situation. The visualisation does not reproduce well in black and white, and this is why we do not include it here. Its original presentation at a Council meeting in Newcastle in January 2013 was witnessed by one of the authors.⁵ The heat-map highlighted that the authorities with the highest grant cuts were under Labour political control. They included the English Core Cities group and were home to higher immigrant and minority ethnic populations. The basic idea of the map has proven attractive to the media.⁶

The accounting technology of the heat-map was originally employed by the DCLG, but adapted by NCC and turned back on them to escalate the unfairness of the financial settlement (NCC Council News, 2013).

“The funding settlement is not fair. Thanks to my staff working in their own time over the (holiday season), we have produced a heat-map that shows just how unfair it is” (Paul Woods, NCC Finance Director⁷, Full Council Meeting, January 2013).

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⁴ The position of the Leader of NCC is held by the head of the majority party, Nick Forbes, of the Labour Party. In the national parliament in Westminster the Labour Party is the largest opposition party.


⁶ Different interactive colourful versions can now be found on various websites. For example, the Financial Times website shows an “austerity map” credited to Professor Christina Beatty and Professor Steve Fothergill, Sheffield Hallam University, that calculates a financial “austerity impact” for each local authority by category of spending (http://ig.ft.com/austerity-map/).

⁷ The responsibilities of the Finance Director of NCC include setting and monitoring budgets, financial reporting, and advising local politicians and officers on financial implications of policy and strategy. The office holder from 2002-2014 was Paul Woods. He had worked at NCC in various financial roles since 1980. Since 2014 he has been Chief Finance Officer at North East Combined Authority (NECA) (https://uk.linkedin.com/in/paulvernonwoods).
The heat-map sought to visualise not just the scale of the cuts but the extent of unfairness between different political and geographic areas of the country:

“The pattern of spending power changes appears consistent, with the biggest percentage cuts in spending power in areas of the country facing the highest levels of deprivation and where there is most reliance on public funding. London, the Northeast and the Northwest are worst affected” (Paul Woods, March 2014, Public Finance).

In an emotional council speech Nick Forbes connected the heat-map to the cultural memory of the North South conflict in England, appealing especially to the dimensions of class, poverty, and life chances.

Councils have been hit harder than virtually any other part of the public sector by cuts, and places like Newcastle have been disproportionately hit harder still. The Government’s claim that they are being fair to all councils is a fraud, and this has been proven by our very own research – our heat-maps. An analysis that has been echoed independently by the Joseph Rowntree Foundation, the National Audit Office, and the Chartered Institute of Public Finance and Accountancy. [...] We can reveal the facts which the government has done so much to try to hide – with their spin and misinformation: [...] When you look at our heat-maps, you can’t help but be struck by their uncanny resemblance to the map of Indices of Multiple Deprivation. This proves that areas of greatest need have been hardest hit. But there’s another map they look like too – the political map of England. We have conclusively shown, Lord Mayor, that this Government is presiding over the wholesale shifting of resources from the North to the South, from deprived areas to affluent areas, and from urban areas to leafy shires. To me, that is vicious, ruthless and heartless when families in this city, and other parts of the country, are living every day with real hardship. Quite simply the burden of paying down the deficit is falling on the poorest parts of the country. That is morally and ethically wrong as well as entrenching the North / South divide... (Forbes, 2015).

By offering a visual representation that mapped onto the historical division between the poor Labour North versus the affluent Conservative South, NCC’s heat-map became a prominent attempt at instigating change beyond NCC. It aimed for changes in the institutional field of local authority budgeting:

NCC has graphically illustrated the seemingly remorseless squeeze on council funding in urban areas in a colourful ‘heat-map’ based on cuts per head of
population in local authority areas. For council leaders in big cities, it provides confirmation of a deliberate shift of resources from urban areas in the North, Midlands and parts of inner London to Conservative shires and suburbs. Consequently, it appears to further widen a regional divide amply illustrated in official regional statistics that show northern regions, particularly, lagging well behind London and the South (Hetherington, 2013).

By visualising that funding cuts fell disproportionately on impoverished areas the heat-map became useful for lobbying. Its message was picked up in various national fora. An example was the parliamentary speech by Member of Parliament Catherine McKinnell (Labour) for Newcastle Upon Tyne North, emphasising the severity and unfairness of the cuts (Hansard, 8 January 2013: Column 285-9).

**NCC’s 3-year budget: A melding of planning and lobbying**

Whereas the heat-map was a useful medium to summarise the effects of the cuts for the public, the management of NCC’s finances required a more detailed analysis. The scale of the cuts, about 30% over 3 years, suggested a fundamental reorganisation of many services. Pointing to a graph of NCC’s future total expenses, in which statutory and other expenses were represented as different colour strata underneath a falling line that represented the year-on-year reducing total budget, Nick Forbes said:

> These [pointing at the bottom strata that continue into the future with little changes in height] are the costs that we think are going to be associated with various things that we have to do. So that [pointing at the top strata whose height reduces year on year until it disappears in 2018] is the money that funds all of the stuff like libraries, swimming pools, leisure centres, arts and culture. By 2018, the money runs out... And at that point, unless something happens, there won’t be a council anymore, at least, if there is, it will just literally be, emptying bins and... funding people in residential care [i.e., statutory services] (Harris and Domokos, 2013, pt. 0:43-1:09 mins)

Projecting the financial situation over the medium term, however, meant that NCC had to develop a medium term budget outlook with greater detail than in the medium term ‘financial forecasts’ which had been prepared alongside each budget for the best part of a decade. Thus the ‘3-year budget’ was born.

> We have taken a three year approach to our budget because it means we can work to avoid the worst potential impacts of the cuts. We can work with
communities to develop alternatives. We are calling on the [central] government to look again at its approach to council funding (NCC, 2013, p. 8).

This shows that NCC’s motivation for introducing the 3-year budget was not only to plan more effectively for the restructuring of services. NCC also sought to use the 3-year budget for lobbying the central government and convincing the public of the wrongheadedness of the cuts.

*A three year approach to the budget means [...] We can lobby the government to change its unfair and damaging approach to local government (NCC, 2013, p. 11).*

Like the heat-map, the 3-year budget was contextualised in the history of strained local-central government relations over local authority budgeting. For instance, Paul Woods suggested that the budget was exceptional by historic standards:

*This budget is different from any I have worked on in the last 31 years. The challenge is greater than any I have known (Newcastle City Council’s budget proposals 2013-16: Fair choices for tough times, 2013).*

For Nick Forbes the severity of the cuts meant that NCC should “fight” central government.

*This is a fight that needs to be taken to [central] government because it’s serious. [...] It’s my job to speak up for Newcastle (Harris and Domokos, 2013, pt. 1:32-1:38 min)*

The 3-year budget was also contextualised in the cultural divide between North and South. For instance, various members of NCC appealed to highly specific versions of the historical context. For example, in a budget speech laden with cultural references Nick Forbes suggested the central government cuts threaten a return to the 1930s, before the establishment of comprehensive health and education services for all as part of the post-WWII consensus on the British welfare state:

*If this Government is re-elected in May (2015) they have pledged to not only continue with austerity but to increase it.... The independent Office of Budget Responsibility has warned that public spending levels would have to return to the 1930s as a proportion of GDP. That’s a time before the Welfare State, before comprehensive education or the NHS. ... you take the country back to the 1930s...*
The NCC Audit Committee chose more recent and violent historical contexts for comparison, citing “the late 1980’s and 1990’s when Newcastle was subject to rate capping and funding cuts” (NCC Audit Committee Papers – Financial Position Update, 6 December 2013) during a time when the imposition of the “poll tax” by the conservative central government under Margaret Thatcher sparked nationwide protests and even riots that marked the beginning of Thatcher’s fall from power (Lavalette and Mooney, 1990). Thatcher’s rule was an important cultural reference point throughout the NCC budget crisis. Her legacy of fighting northern councils was, for example, referenced by demonstrators who accused NCC of “finishing off Thatcher’s job” (Protest chant and banner at NCC budget cuts demonstration).

Emotionally charged historical contextualisations extended to the national political scene. For example, Lord Jeremy Beecham, a member of the House of Lords, former chair of the Local Government Association and past leader of NCC, called the local authority grant cuts the most vicious attack on local democracy in his half a century career. To emphasise his point he said that matters were worse than under Prime Minister Thatcher. He opined that at least ministers of the Thatcher administration understood the importance of local government despite the cuts they imposed (Wearmouth, 2015). These sentiments were echoed by Chi Onwurah (2013), the Labour MP for Newcastle upon Tyne Central, who during the House of Commons remembrance of Margaret Thatcher following her death highlighted Newcastle’s plight under Thatcher’s legacy and its subsequent problematical implications for the North East of England to this day (Williams et al., 2014).

Another historical dimension of the dispute was expressed in accusations from the national trade unions that Labour councils were doing what Labour Leader Neil Kinnock in the 1980s had called the “dented shield”, i.e., acting as if having no choice and passing on central government cuts to their communities. The spirit of past challengers to central government instructions who would set an ‘illegal’ local authority budget with expenditures greater than revenues, such as Liverpool Council in 1985, had evaporated.

Discussion
Covaleski et al. (2013) suggested organisations could endogenise the rules meant to control them. They did so by influencing not only their interpretation but the codified provisions of regulations themselves. Thereby they changed the institutional field. In their case, this was facilitated by the context of neo-liberalism which provided support for experiments to marketise welfare. What Covaleski et al. (2013) describe as a neo-liberal political and cultural context we would conceptualise as the teleoaffective structure of Wisconsin’s welfare budgeting practices.

Schatzki’s (2002, 2006, 2010) theory allows us to extend Covaleski et al.’s (2013) framework insofar as it recognises the significance of teleoaffective structure for understanding the functioning of practices. Practices are sites that are essential for the ways in which practitioner carry off their activities. Particular political and cultural contexts can be essential to the ways in which welfare budgeting is conducted. In that case they underpin the telos and the affectivity of the activities that makes up budgeting practices. Our field study of local government budgeting in England showed that teleoaffective structures, too, can be endogenised in the pursuit of institutional change, here, the recasting of central-local government relations. In our field study, history informed emotions - the affective dimension of teleoaffective structure.

The emotions at play did not only refer to the domination of local authority budgeting by central government but, much more broadly, to the “cultural memory” (Assmann, 2007) of the nation and here in particular the history of the struggle of the English cities and regions against central rule from Westminster. In addition, practice memory, “[…] an interactionally maintained feature of practices” (Schatzki, 2006, p. 1869), was found to be significant as it guided agents within the field of local authority budgeting to pursue their attempts at reconfiguring the ways in which this field was institutionalised and thereby redistributing power. Practice memory manifested itself in references to past purposes of the practice and associated emotions. While Covaleski et al. (2013) highlighted a creative reworking of rules, we illustrated the significance of teleoaffective structure. Emotions and traditions are not separate from objectives and rules because they can shape the intelligibility of practices in efforts to change the power relationships in the field.

Therefore, memory - both cultural memory and practice memory - affords institutional entrepreneurs a significant but under-researched resource for embedded agency. Clearly NCC’s motivation for local authority budgeting changes did not spring up overnight in response to the radical central government cuts to NCC’s funding announced in 2012.
Rather NCC’s campaign for change must be understood as a strategic expression of a series of long standing, historically evolved grudges against central government practices. NCC’s injection of historically motivated strategic agency in the highly institutionalised field of local authority budgeting thus presented an opportunity for a field study of the roles of practice memory and cultural memory in institutional entrepreneurship.

As suggested by the institutional entrepreneurship literature, agency was essential for change, but change was shaped and constrained by top down rules and in our case the bottom up teleoffective structures imbued by memories. The case of NCC suggests that, depending on the structure of a field and its institutions, agents can be central and marginal at the same time. Arguably this in-between status helped give NCC the qualities of an institutional entrepreneur in the field of local government budgeting in England. Being institutionally marginal and central at the same time may have encouraged and facilitated NCC’s institutional entrepreneurialism. Having said that, our institutional entrepreneurs in the field of English public sector budgeting were left with relatively modest spaces to develop a new creative vision. Mostly they combined existing cultural and technical templates and added small variations. For example, NCC and their emerging allies creatively re-imagined past accounting and reporting practices and power contests, and, importantly, the emotions with which they could be connected. NCC’s responses combined technical and cultural aspects giving substance to the challenges to the present distributions of power. Accounting technologies involved moving from medium term financial planning to 3-year budgeting to highlight the scale of cuts and garner public support. In this, NCC’s telos was to show the unfairness of local authority grants when comparing North and South, Labour and Conservative voting strongholds, and working class cities against leafy suburbs. This telos also motivated the change of a DCLG graphic into a “heat-map” of funding allocations. Accounting practices thereby played a central role in NCC’s attempts to challenge the central government and seek to change the institutional field of local authority budgeting with the objective of greater autonomy for local authorities. This they did in a combative spirit that referenced a long history of specific cultural oppositions through the heat-map and 3-year budgets that were used to articulate hardship and unfairness, and at the same time symbolise rational local government. We suggest that the presence of history in cultural and practice memory is presently under-researched and merits future research.

Conclusions and implications

Our study has various implications for policy, practice, and future research.
As far as policy is concerned, the budget process cannot be viewed simply as a hierarchical and technical exercise in pursuit of policy setting and implementation. It is not a stable game with static roles. Marginal and central agents alike may seek institutional change, for which practice memory and cultural memory can constitute powerful resources. Memories regarding past accounting and reporting practices and past power contests, and the emotions they muster, give both technical and cultural dimensions to challenges to the power distributions in central and local government relations. They can animate projective agency to prioritise different political and economic ends. For example, whereas Covaleski et al. (2013) showed how a well-connected leader of a lower government organisation can persuade the US federal government to assent to the “disruption and de-legitimation” (356) of taken for granted regulation through influencing accounting interpretations and codified provisions, our case shows an alternative route towards institutional entrepreneurship in budgeting for lower government leaders who are not only not as well connected but who define themselves strictly in opposition of central government. Here they were able to employ technical templates of accounting – heat-map and 3 year budgets – and mesh them with cultural templates – north-south, conservative-labour, rich-poor – to challenge the institutional field of central and local government relations.

In terms of practice, our field study of local government budgeting in England was suggestive of the importance of memory and emotions in institutional change. Power redistributions could be attempted through the reconfiguration of the ways in which the field was institutionalised as agents within the field of local authority budgeting were guided by practice memory (Schatzki, 2006). This practice memory was manifested in past purposes of rules being stated, emotions imbued by history, and telos calling upon cultural memories in pursuit of its ends. For example, NCC referred much more broadly to the cultural memory (Assmann, 2007) of the country and history of local government struggling for survival against Westminster’s central dictatorial rule as a cultural template for change, rather than to the more mundane technical template of centralisation of local authority budgeting on its own when attempting to recast the institutional field of central and local government budgeting. This is because it enabled a redistributive power by calling on the past and encompassing this in their practices, as a past practice organisation.

The paper has shown how practice memory works. The organisation of past practice continues to circumscribe present practice (Schatzki, 2010, p. 216). How accounting was
done affects how it can be re-imagined. This can occur at the organisational level where NCC adapted medium term financial planning practices to invent 3-year budgets that could illustrate the full extent of the cuts on the city and connect Newcastle’s plight with wider social spheres and agendas. Another example was the counter-narrative of accounting for regional justice and fairness supported by accounting technologies such as the heat-map and various fora for public debate and consultation. The change can thereby be promulgated across the broader institutional field. Through the study of practice memory and budgeting our research thus contributes to an understanding of the origins of the templates towards which new institutional forms may orient themselves (Tracey et al., 2011). Field level change emerged as other councils adopted the technology of 3-year budgets, again, meshing them with their own specific ends, memories and emotions. Today, the signs of shifting power relations are beginning to appear much more widely, for example, in the evolving discourses about the devolution of decision making away from Westminster and the new funding arrangements for English cities.

Finally, with regards to future research, our field study of the roles of practice memory and cultural memory in institutional change of local authority budgets focused on NCC in order to follow the wider implications for the field. NCC set itself up as a key actor in the campaigns for budget reform and the wider agenda of the devolution of political powers to English cities. Clearly, however, the field of central and local government relations under conditions of austerity localism in England holds many more complexities to which we could not attend and which may present interesting future research opportunities. Moreover, our field study has only been able to scratch the surface of the possibilities that follow from the notion of creative re-imaginings of practices and their relevant histories. We suggest that such re-imaginings can be important for our understanding of institutional entrepreneurship in accounting practices but also the ongoing evolution of accounting practices more generally (Quattrone, 2015).

References


