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# Newcastle City Council and the grassroots: Accountability and budgeting under austerity

## Research Paper

### Structured abstract

**Purpose:** The purpose of this paper is to shed light on new accountability relationships between Newcastle City Council (NCC) and its citizens and stakeholders in the wake of the British government's austerity politics and its budget cuts for local authorities. It seeks to show some of the ways in which various kinds of budgeting, for example, for alternative sources of funding, the use of volunteers for service provision, resource sharing, and asset transfers, as well as a diverse set of accounts of the social implications of resource diversions and service cuts, have been implicated in those changes.

**Design/methodology/approach:** We conducted a qualitative field study of some of the uses of budgets in the shaping of accountability relationships through interviews with Council officers, conversations with activists and citizens, analysis of Council and other documents, and observation of public meetings and demonstrations. Our approach focused on the relationship between the city's political grassroots and the NCC leadership and administration.

**Findings:** We find that NCC's senior politicians and officers co-opted the city's political grassroots and managed to reconstitute local political accountability to citizenry and stakeholders as a choice between the cessation of different types of local government services, by combining appeals to the legal framework of English local authorities, the unfairness of national politics, and the fairness of local government service provision. Local government blamed the funding cuts and the resulting resource shortages on the central government. It sought to push responsibility for cuts to the local citizenry whilst reserving for itself the role of mediator and adjudicator who makes the final decisions about the portfolio of causes that will be funded.

**Originality/value:** This is the first study to offer detailed insight into the effects of the British government's austerity budget cuts of local authority grants on the politics of accountability in a local authority.

**Key words:** accountability; budgeting; local government; grassroots politics; localism; austerity; democracy; cities

## 1. Introduction

*Power to the people! May 8, 2012*

*Localism without the right values risks leaving behind the most marginalised and disadvantaged. [...] Part of our role is to empower and enable all communities to take control of their own destiny.*

*Cynics might argue that this is all about money. [...] It is undeniable that councils face severe cuts and over the next four years people should be prepared for reductions in the level of service they have come to expect from their council. But given this stark reality it is surely better to give communities a say in how these changes are adapted to local circumstances, rather than to inflict pain universally and with no regard to local intelligence.*

*And yes, we do believe that communities and citizens are capable of doing more for themselves and to rely on the council less. But this is not just a financial necessity. We believe it can help create stronger, civic minded communities with a bigger stake in their future (Murison, 2012).*

The above was taken from a blog by Newcastle City Councillor and cabinet member Henri Murison about the effects of austerity localism on Newcastle City Council (NCC). It crystallises the dilemma of austerity localism for local government where there is a devolution of policy responsibility by central government that is not matched by resources (Lowndes and Pratchett, 2012). In the case of NCC, the budget cuts account for about 30% of uncommitted funds over 3 years, and as with broader local government it is forced by central government to administer unprecedented budget cuts for which no policy guidelines were prepared and that it is unwilling and unprepared to execute. Fearing the wrath of the citizenry, it seeks to enrol the citizenry and other stakeholders in the process of determining priorities and finding ways of reorganising service deliveries to save money. It thereby potentially gives greater voice to grassroots groups but also burdens them with the responsibility for, and the administration of, the budget cuts. In this paper we seek to describe some key changes of local government accountability, some of which were brought about through discussions between NCC and grassroots groups on budget categories such as alternative sources of funding, the use of volunteers for service provision, resource sharing, and asset transfers.

NCC, a local authority in the North East of England whose members became outspoken opponents of austerity localism, was the site for our field study into the production of new accountability relationships between local government and grassroots groups and related uses of accounting in the wake of “austerity localism” (Featherstone et al., 2012). Whilst our presentation focuses on the UK we note that conditions of austerity and change have put increased pressures on public service budgets with implications for accountability and budgeting beyond the UK (Almquist et al., 2013; Grossi and Steccolini, 2014; Ligouri and Steccolini, 2014).

In this paper we seek to explore the new significance of grassroots groups in this context, focusing in particular on the emergence of new accountability relationships. In the UK, the role of accountability and budgeting in central and local government relationships has been

explored over a number of years (Seal, 2003; Seal and Ball, 2006, 2011; Ferry and Eckersley, 2011, 2012, 2015a, 2015b; Ferry et al., 2015b; Ferry et al., in press) without, however, paying much attention to grassroots groups (Ball and Seal, 2005). We define the grassroots as “local political organizations which seek to influence conditions not related to the working situation of the participants and which have the activity of the participants as their primary source” (Gundelach, 1979, p. 187). Their form and degree of organisation may vary. Our NCC field study of the changing nature of local authority policy setting and accountability systems in the context of austerity focuses in particular on the response of NCC to central government cuts of local authority funding, the lobbying of the council by political grassroots groups and citizens organisations, their co-option into the local government policy generation process, and an intensified focus on budgets as a key medium for the political negotiation of local authority policies.

The NCC field study was undertaken against a background of the centralisation of control over English local government across the past three decades, and particularly under New Labour between 1997 and 2010 (Rhodes, 2011), and the extent to which the incumbent Conservative-Liberal Democrat Coalition central government’s localism agenda has reversed this trend. The localism agenda seemed to define a blueprint for a devolution of policy-making with the cessation of many of the previous central government’s national policies and the scrapping of the detailed performance metrics for measuring local authorities’ attainment of those national policy objectives. Now, the most important local authority performance metric of the new central government is a simple total expenditure ceiling for each local authority. However, local government political and managerial autonomy remained constrained in the short term by austerity and in the longer term through various financial controls that remained in the hands of the central government (Travers, 2011; Heseltine, 2012; Ferry et al., 2015a). For example central government allocate the revenue grant to local government, and also make the rules that govern local forms of funding such as business rates and council tax.

The next section reviews the literature on the role of budgeting in accountability relationships between local government and grassroots groups. A methodology will then be set out. The data section shows how budgeting has been implicated in processes of producing new accountability relationships between NCC and the central government, its citizens and other stakeholders. An important element of this is how NCC’s majority Labour Party sought to comply with central government austerity budget cuts and yet remain in power by showing concern for the views and preferences of the city’s electorate. It sought to achieve this by co-opting various grassroots groups and initiatives into their decision making and thereby strengthen their authority as democratically legitimate. Key to this has been NCC’s use of budgeting as a tool for helping to produce consensus on local spending cuts. NCC was able to share responsibility for cuts and service delivery with some grassroots groups and citizen organisations, for example, by entering joint service provision agreements, but did not share power. The local politicians and their bureaucracy retained control of the city’s policies acting as mediator between central government austerity dictates and citizens’ demands for services.

## **2. The role of budgeting in shaping accountability relationships between local government and grassroots groups**

Over recent decades various authors have highlighted new public management's uses of hierarchical, managerial and market forces through different performance management systems, budgets, and targets (Hood, 1991, 1995, 2006), such as Compulsory Competitive Tendering, Best Value, Comprehensive Performance Assessment and Comprehensive Area Agreements (Seal, 1999, 2003; Seal and Ball, 2005, 2006, 2011). Other authors have pointed towards networks of citizens and other entities as means to understand how different actors influence policies and accountabilities and their implications for performance measurement regimes (Moore, 1995; Rhodes, 1997, 2007; Osborne, 2006; Ahrens, 2013; Eckersley et al., 2014). In particular, the importance of citizen participation has been highlighted in connection with public value accounting (Moore, 1995, 2012, 2014; Kelly et al., 2002; Talbot, 2009, 2011).

What has been missing from this debate is a closer examination of the role of the grassroots and how they can influence the contestation between central and local government of the control of service determination, performance management and funding arrangements (Wildavsky, 1964; Rhodes, 1981, 1999; Moynihan, 2008; Wilson and Game, 2011). In a representational democracy the role of the citizenry is confined to the periodic confirmation or removal of party political apparatuses but it has no direct influence on the day-to-day administration of government. This view ignores the potential of citizens' consultation and, more important, power-sharing arrangements between government bodies and citizen groups, especially in relation to local government (Blair, 2000). Such grassroots groups would form around shared interests in the provision of particular services, such as education, social care, or the welfare of individual neighbourhoods, often in parts of the city neglected by the local government.

A key issue for understanding the accountability dynamics between local government and grassroots is whether power is shared. In a landmark study of grassroots policies and accountabilities, Selznick (1949) considered how the Tennessee Valley Authority was delegated powers from the US federal government to govern important aspects of a large river basin region. Selznick (1949) explained how the Authority co-opted the grassroots into its policy and decision-making apparatus in order to ensure its stability and protect itself. Such co-optation can be formal or informal and can mean shared power and authority or sharing responsibility and participation without actual redistribution of power (Abers, 2000). Often it occurs when an organisation is out of tune with its environment, which can give rise to a legitimisation deficit.

Selznick (1949) hypothesised that co-optation of grassroots groups that results in an actual sharing of power will operate informally, and co-optation orientated toward legitimisation or accessibility will be done formally. Often the goal of formal co-optation is the sharing of public symbols or administrative burdens of authority and public responsibility, but without an actual transfer of power. "Administration by the grassroots" (Bacharach et al., 1995) can be a highly effective local government strategy for appearing to listen to the local citizenry, thereby shielding local government from local critics as well as central government whose demands can be kept at bay with reference to local preferences and democratic process.

Related to the question of power-sharing is the extent to which grassroots groups can be directly involved in service provision. Recent developments in England suggest that not only have grassroots groups become more significant because political leaders have sought to appeal to them but also because they can become enrolled in public service delivery (Travers, 2011).

To what extent such enrolment of grassroots groups into local government has taken place in England is nevertheless debatable. For example, is community participation undertaken by people as activists or citizens? (Haq, 2008). The Thatcher-Major eras from 1979 to 1997 were characterized by grassroots activism against radical neo-liberalism. There were protests against privatisation of public services, service cuts, and the infamous poll tax protests of the early 1990's that embittered central and local government relationships and further centralised funding of local services (McClean, 2005; Wilson and Game, 2011). In contrast, the Blair-Brown New Labour era from 1997 to 2010 unexpectedly continued the "progressive" neo-liberal changes despite their exhortations of progress and justice but paradoxically governed during a relatively quiet period with little grassroots demands for social change. It has been suggested that such community quiescence in the face of significant local changes did not result from citizen apathy. Rather, particular state interventions and especially central government policies on community regeneration bypassed local government, with the pursuit of consumerism as a strategy for governance, and the accompanying development of policing and surveillance regimes creating a form of "grassroots authoritarianism" (Haq and Hyatt, 2008).

Budgeting has long been recognised as having an important role in the shaping of accountability relationships between the central government, local government and grassroots groups (Selznick, 1949; Blau, 1963; Wildavsky, 1964; Pressman and Wildavsky, 1973; Etzioni, 1993; Moore, 1995; Sabatier et al., 1995; Osborne, 2006). The uses of budgets during the move from public administration to new public management helped constitute citizens as active consumers and established efficiency as a key category of legitimate government (Hopwood, 1984; Pollitt, 1986, 1993; Hood, 1991, 1995). Some referred to the changes as new public financial management (Humphrey et al., 1993) to emphasise the dependence of new public management on accounting-based technologies.

More recently, there have been attempts to move beyond traditional public administration and the new public management towards greater public value governance (Bryson et al., 2014) especially with regard to citizen participation in public value accounting arrangements (Moore, 2014). Supporters of public value accounting suggest that, "The idea that the only appropriate arbiter of value was an individual making judgments about his own material interests was set aside in favour of the idea that when public money and authority was being used, the correct arbiter had to be a collective imperfectly formed by the processes of democratic governance" (Moore, 2012, p.33). This is because an organisation requires legitimacy to better command resources, commitment or co-operation (Kelly et al., 2002). An important role of public managers is therefore to help build a collective, shared notion of the public interest, not merely to aggregate individual preferences (Denhardt and Denhardt, 2000, 2015). In addition, for public value accounting, "The idea that the only cost that had to be recognized in government operations was government money was challenged on grounds that government makes use of both public authority and voluntary public spirit in achieving its aims" (Moore, 2012, p. 34). The grassroots movements are an important part of such public spirit in democracies whether through assistance or resistance.

Much research on the role of budgeting in shaping accountability relationships between central government, local government and grassroots groups has been on public accountability structures and processes that have been introduced and exercised from the top down. This has been manifested in budgeting, performance management, cost benefit analysis, and audit arrangements. For example, the budget in particular acts as a means of shaping accountability at all stages of the setting, monitoring and reporting process (Wildavsky, 1975; Stinchcombe, 2001) playing an integral part in the politics and power of organisational life (Wildavsky, 1964; Hopwood, 1984; Covalleski et al., 2013). It can serve as a means of fostering political exchanges between contesting factions rather than merely solving technical problems and thereby provide a means of legitimation (Covalleski and Dirsmith, 1986; Covalleski and Dirsmith, 1988; Brunsson, 1990). This means budgeting can help shape accountability, and therefore is often seen as a pre-requisite for good governance. However, excessive monitoring and rules can hinder decision-making and have a negative impact on operational performance (Bovens, 2005).

In this paper the budgetary process is conceptualised as a complex mechanism through which politicians and government officials decide how money will be raised and spent. This paper looks at the strategic interactions among the actors involved in the politics of the budgetary process (Wildavsky, 1964, 1988). This perspective puts the budget at the heart of the political process. Government budgets arise from interaction among actors playing a given role. A role is assigned through the position occupied and an actor adopts the policy position related to that role. Roles involve "the expectations of behaviour attached to institutional positions" (Wildavsky 1964, p. 160) and are part of the division of labour among participants to the budgetary process.

Whilst, thus, the significance of budgeting for local government policy making and operations is well established and there is some research on the usefulness and challenges of relationships between local government and the grassroots, little is still known about the space in which those two areas of local government practices overlap: the role of budgeting in the production of accountability relationships between local government and the grassroots. In this paper we seek to address this question in the context of central and local government relationships in England. The grassroots policies and accountabilities reported in this paper are made operational through budget practices in the context of a highly particular shift from centralisation to austerity localism.

### **3. Methodology**

Within the context of austerity localism, between the end of 2010 and March 2014, a field study of accountability and accounting was conducted in the Labour party controlled local authority administration of NCC, which is a metropolitan borough at the urban core of the Tyne and Wear conurbation in North East England. This field study was conceptualised to cover everyday budgeting and performance management practices at NCC (Tomkins and Groves, 1983; Covalleski and Dirsmith, 1990; Ahrens, 2009). As the effects of austerity began to be more widely understood the scale of activity by grassroots groups and their interactions with NCC began to emerge far more visibly. As the field changed, our research interests shifted towards the various implications of the grassroots involvement for local government accountabilities and accounting, and especially budgeting.

Observation of grassroots groups was undertaken by one of the researchers from the end of 2012 until early 2014, including the initial protests at the Civic Centre, the mass demonstrations in Newcastle's city centre, and attending the City Council's most controversial budget in March 2013 in the limited capacity public viewing gallery. It also included following up on grassroots groups activities afterwards culminating in the much smaller protests at the budget meeting in March 2014, when again the researcher sat in the public viewing gallery. Additionally, the researcher attended local meetings of grassroots groups when potential actions were being discussed, local meetings of grassroots groups with NCC discussing policy issues, and spoke informally to individuals supporting the respective campaigns. During such conversations with citizens and activists the researcher disclosed that he was undertaking a research study. Online observations included consideration of campaign group webpages, following discussion groups, and reviewing more formal grassroots responses to NCC's 'let's talk' consultation initiative. This researcher is a qualified accountant with former senior level local government and civil service experience.

Observation was also undertaken of NCC budgeting, general office practices and politician and officer meetings which included Policy Cabinet, Business Cabinet, City Council, Ward Committee and Audit Committee. These observations were further supplemented with interviews and documentation review during the field study, as well as information from the media. Fifty interviews had been completed by March 2014 with NCC staff from finance and functional areas, including those responsible for budget setting and control. The initial interviews were audio recorded and transcribed. During follow-up interviews notes were taken and these were written out as interview protocols as soon as possible afterwards. Politics of planning, budgeting and reporting processes that involved various stakeholders were discussed. Contemporary and historical NCC documentation was also analysed. This included NCC's governance, budgeting and performance management documentation as well as meeting agendas, papers and streamed on-line meetings. In addition, documents from the local and national media concerning NCC and broader local government were reviewed.

The insights gained through observation, interviews and document analysis served to inform the researchers' understanding of the functioning of accountability relationships in Newcastle's local government politics and the roles to which budgeting was put. The process of analysing the data for accountability relationships began after the fieldwork was well progressed and the call for this special issue was published. The process of data analysis proceeded iteratively between theory and data. Initially we defined the scope of accountability in the context of public sector budgeting research with reference to key works such as Wildavsky (1964, 1975), Hopwood (1984), and Rosenberg (1989). Comparing the main themes of these works with our data we noticed that the role of grassroots groups was very important in our data but seldom considered in the literature. We developed many different hypotheses of which strands of the literature might be relevant to the NCC case, and also many different ideas of which developments in NCC budgeting and accountability might be of the greatest interest to the scholarly community. We decided to focus our contribution on grassroots groups because they were very visible in the shaping of new forms of NCC's accountability, they used different lobbying and budget strategies, and had different degrees of success (Ahrens and Chapman, 2006). To understand better such variation we sought out additional literature on the role of these organisations in the functioning of local authority accountabilities. They helped to order the publicly available information and identify the most important events for the evolving practices of accountability.



We then returned to a closer analysis of the field data, focusing on a relatively small number of themes to which the literature and our prior readings of the data had sensitised us (Ahrens and Chapman, 2006). The most important ones were those that helped us to shed light on the strategy of local government to pass on the responsibility for cuts to grassroots groups and the related uses of budgeting. Prominent headings around which we organised and analysed the collected data included accountability, budget cuts, relationships between central and local government, statutory constraints, grassroots resistance, grassroots identity, perceptions of neediness, consultation channels, accommodation, enrolment/co-optation, marginalisation of radicals, practical schemes for service continuation, and accounting as facilitating alternative arrangements. We preferred this analysis to a formal bottom up/grounded theory coding process because we had, through our extensive prior discussions and readings, already a fairly developed idea of what we were looking for. Our data suggested that in the experience of the actors in Newcastle the budgeting developments were caught up in a larger narrative of fairness and politics (Ahrens and Khalifa, 2013), suggesting the significance of budgeting for the shaping of new accountability relationships.

In writing this paper, we decided to rely mostly on the publicly available information to support our points. This was in keeping with the nature of local authority accountability as publicly performed. In this way we also could sidestep potential issues of confidentiality. Interview materials were used to help us look for appropriate publicly available information and to corroborate the information contained in public sources.

The following section presents field material on the ways in which the grassroots groups sought to present their causes in response to NCC's austerity budget, focusing in particular on their budget proposals. The subsequent section shows how NCC shaped accountability relationships by attempting to enrol and co-opt grassroots groups into their activities and blaming central government for the cuts. A discussion will then be provided that includes considering how accounting facilitated a dispersing of accountabilities, before conclusions are offered.

#### **4. Grassroots responses to NCC's austerity budget**

The purpose of this section is to highlight how the grassroots groups responded to the austerity budget and themselves employed budget proposals to give them a voice in shaping accountability relationships with NCC. Together with the section thereafter, this section describes the various ways in which they articulated demands for services and financial support, the ways in which this affected the accountability of NCC, and how, in different ways, NCC sought to co-opt their causes. In presenting our fieldwork material in the coming sections, we have sought to identify differences in the approaches of the various grassroots groups and the different responses from NCC.

Most groups accepted in principle the legal right of the central government radically to reduce local government funding. Few wanted NCC to dispute that right, for example, by setting an unbalanced budget. Following the unbalanced budget set by Liverpool City Council in the 1980's to challenge the then Conservative central government under Thatcher, the setting of an unbalanced local authority budget was outlawed on sanction of direct administration by Westminster. Statute, moreover, specified that each local authority appoint a "Section 151 Officer" responsible for stewardship, usually the Finance Director, whose duties included issuing a "Section 114 Notice" if she foresaw an unbalanced budget. Among the protesters who wanted to work within the central government mandated budget

constraints there were those who appealed to NCC's accountability to the needs of day-to-day users of council services and those who mobilised much wider notions of accountability that often included future generations of Geordies<sup>1</sup> and more general notions of the economic future of the Tyne and Wear region.

Following the central government's announcements of significant budget cuts for local authorities, NCC subsequently published initial draft budget proposals and integrated impact assessments on their website.

One week before the 28 November 2012 Business Cabinet meeting at which the budget was to be approved for consultation, the reaction from the grassroots was almost immediate as summarised in Table 1:

### **INSERT TABLE 1 HERE**

The events listed in Table 1 give a sense of the dramatic public protest side of the grassroots response in Newcastle. Between the NCC announcement of the cuts in November 2012 and the agreed budget of March 2013, a number of grassroots groups emerged to protest in addition to the established formal Trade Union institutions. These groups were forged through different grassroots policy demands and different grassroots accountabilities, and came together as ongoing grassroots coalitions to express their perceptions of the unfairness of the NCC proposals. Clearly the grassroots were going to play a role in the unfolding drama of the budget cuts.

Various national and local grassroots groups were involved in campaigning against austerity and NCC's cuts. A number of the main groups are detailed below, with the analysis noting their membership, fields of expertise, and providing examples of their submissions to NCC that mobilised budgetary and other calculative practices to support their core arguments and concerns.

Nationally, False Economy was a grassroots group whose members were concerned about the impact of government austerity spending cuts on their community, family or job. They suggested that 'austerity was the wrong cure' to help the economy and would only make Britain more unfair. Budgetary knowledge focused on the detail of specific cuts to activities at given local authorities. Campaigning expertise was evident in mobilising this detail in an understandable manner through a website. This website had a 'Breaking Britain: cuts and testimonies' map that showed cuts geographically by region and sector, and allowed people to post and access budget information on cuts in services and increases to fees and charges. Various posts were made about NCC, and their proposed budget cuts.

Another national grassroots group was the Coalition of Resistance (CoR) whose members wanted to put forward a 'broad united national campaign against cuts' and privatisation, and encourage debate on protecting the welfare state and developing an alternative programme for economic and social recovery. This group had campaigning expertise from seasoned activists. Activities included liaison with similar opposition movements in other countries that called for international resistance to austerity measures, a high profile national council and steering committee, and branches of members throughout the country including in Newcastle. Branches were committed to open working that supplemented, rather than

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<sup>1</sup> Colloquial term for residents of the Tyne and Wear region.

supplanted, trade union, student, pensioner and community opposition to austerity measures. Their knowledge of budgeting served to put forward national alternatives to austerity. The group articulated social accounts of unfairness and inequality through lobbying, in demonstrations and directly during the storming of the stage protest at a NCC Full Council meeting. The national message provided a background canvas that CoR activists promulgated, which could then be contextualized locally by other campaign groups.

The Anti-Cuts Network (ACN) was a local grassroots group in Newcastle. It was borne out of student protests against university tuition fee increases imposed by the Coalition government in 2010. Over time these activists turned against local cuts in general at NCC, and members expanded from students to also include workers, retired people and claimants in and around Newcastle-upon-Tyne:

*“[ACN was] launched out of the bottom up protests of the students, which others were keen to support and now campaigns against cuts. They [have a Facebook group and email, and] meet every fortnight specifically to organise and oppose cuts to services, jobs and communities, with an aim to coordinate with other local campaigns including campaigns to save Libraries; Youth services; Play services; Pools and Leisure centres; City Hall; Sure Start services, etc.”* (ACN Website).

Other local grassroots groups emerged campaigning against specific cuts. For example, the Arts and Culture campaign group had the highest profile and attracted most media attention locally, nationally and even internationally. Cultural venues that received NCC funding included the Theatre Royal, Northern Stage, Live Theatre and Seven Stories. The latter had recently won the right to be called the National Centre for Children's Books. In November 2012, NCC announced it would scrap its entire £1.2m core arts grant as part of its initial target of £90m savings. This caused an outcry from residents and citizens, but also regeneration professionals and members of the city's arts community and famous artists with strong connections to Newcastle and the north east, including sculptor Antony Gormley, musicians Sting, Bryan Ferry, Mark Knopfler and Neil Tennant of the Pet Shop Boys, Billy Elliot writer Lee Hall, and actors Kevin Whatley and Alun Armstrong.

The Arts and Culture campaign group put forward various economic and social arguments against closures. They said that spending is essential for the local economy, attracting tourism and businesses to Newcastle as a regional capital. Arts and culture are also an investment in local society and social cohesion ensuring communities. Without it vulnerable people and people and families on low incomes will be isolated further. It assists people's wellbeing and gives learning and education opportunities particularly for children and young people. Many alternatives were proposed to minimise the impact of arts and culture cuts. The group produced detailed budget proposals. They included selective cuts, phasing in cuts more slowly to allow alternative funding to be found, cuts of other services, use of volunteers, private sponsorship, work in partnership to share funds, raising money from donations, and setting up shared services with other local authorities.

The proposals were made by artists attracting much media attention. Many artists were among those who signed an open letter protesting at potentially disastrous plans by NCC to scrap its entire arts budget. The letter stated it was a short-sighted attack on the arts and the idea that culture should be available to all, and that the cuts would decimate the cultural life of the city and be economically disastrous to both the arts organisations themselves and to hundreds of businesses who benefit from their success. It was suggested that generations of young people would be denied access to the opportunities that the previous generation had,

and without the council's support the arts would simply become a pursuit for the most wealthy.

Closely linked to the Arts and Culture campaign group, was the Save Newcastle Libraries group that was formed following an inaugural public meeting on Tuesday 20 November 2012, held in response to NCC's proposed closure of 10 branch libraries, along with staffing cuts at the City Library. This was an open non party-political coalition group to unite members that included library workers, service users, readers, authors, trade unions, campaigners and anyone concerned about proposed library service cuts. They highlighted the social benefits of libraries over the costs. This included libraries as a place for children learning activities, ICT for the unemployed to locate jobs, and social spaces for the elderly to meet. Expertise and support was harnessed from numerous local businesses, prominent local figures and multiple award winning authors who believed public libraries are important to provide a vital service for all sectors of the community. Regular planning meetings were held to organise protests, lobbies, petitions and even sleep in's where poems were recited and stories read. Ultimately this included a detailed presentation of the social benefits and costs of the libraries services to Full Council. Alternatives with costings were forwarded to NCC that were subsequently included in the official Council impact templates published on the Council website. These included reduced library opening hours, use of volunteers, charges for services, the notion of keeping services as they will save money in the long term, cuts to other services, private sponsorship, and community asset transfers, among others.

Another local group sought to stop NCC closures of respite homes. Members of the Respite Homes group were primarily family and friends of the relatively small number of people affected by NCC's planned cuts to the social work budget including closure of those two respite homes, known as Cheviot View and Castle Dene. The group was made up of novices without campaigning expertise. For example, Nicola Vose whose two disabled children used the homes commented on her campaigning disadvantage: "We are a small group and, even united, we don't have the same volume of voice that the arts sector has or the likes of City Hall because not everybody uses these units." However, the immediate and personalised vulnerability of the respite homes users combined with the media interest in their personal stories gave them considerable soft power: "They [Cheviot View and Castle Dene] are absolutely vital... We've seen horror stories in the newspapers. We know what happens when families don't get the correct support, and to be perfectly frank, families will end up in such a terrible state in reaching crisis point that it could be a matter of life and death for some of these families" (Nicola Vose). The group established a Facebook page to provide a place where people can help to stop the proposed closures, sign the petition, share ideas, offer support and supply information. It also held protests at NCC meetings, made an impassioned speech to Full Council (with wheelchair bound disabled people whaling in the background), coordinated with larger general protest movements, and invited councilors to discuss their cause (including Leader Forbes) to come and see their genuine needs. The group relied on emotional appeals. Budgetary suggestions were limited, including better building utilisation, cutting other funded spaces at the homes that are not of such importance to people with special needs, keeping only one respite centre open to be used by both children and adults, reviewing staff contracts, and keeping the buildings open during reduced hours.

Lastly, Save Our Services (SOS-Toon<sup>2</sup>) was a local grassroots group concerned with children and young people affected by the NCC proposed cuts to play, youth, libraries and leisure

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<sup>2</sup> Toon is a local nickname for Newcastle.

services. Members included children, young people, parents, youth workers and play workers. The group had little budgetary expertise relying rather on a passionate desire to highlight potential marginalisation and social disadvantage. They focused on social exclusion of socio-economic groups at a young age on affordability grounds, the social ills this could spring, and the undermining of them being able to develop to their potential. Budget suggestions for alternative service provision included benchmarking the cost of alternative provision to minimise the service impact of play and youth services cuts, to phase in changes more slowly to allow services time to find other sources of funding, cut other services rather than these, target limited resources on deprived areas, let voluntary organisations or volunteers run these services, consider community asset transfer and provision of services in schools. The group practiced direct action through disrupting a local council meeting chaired by the NCC Leader, where children sang “*Save Our Services – No Cuts for Kids*” with a video of the event posted on YouTube. On 7 January 2013 they took their ‘fight’ to the streets by staging a protest and street theatre for shoppers in the busy city centre retail area.

During the protests petitions were employed to give visibility to grassroots causes. Table 2 provides an extract of some of the most popular grassroots group petitions.

## **INSERT TABLE 2 HERE**

A very visible example of where detailed, alternative, budget suggestions were prepared by the grassroots groups to support a counter policy argument related to the NCC’s proposed closure of Newcastle City Hall, a famous local events and music venue. The technical issues considered by the grassroots included sensitivity analysis for revenue account income and expense implications of putting up ticket prices or charging more for services, opening for more hours, private sponsorship, a grant funding bid, holding fundraising events, and reducing staff costs by use of volunteers. In addition, the possibility of NCC making smaller cuts, and phasing in cuts slowly to allow time to access other funding was considered, as was the use of capital budgets to invest in the buildings that would improve balance sheet assets with potential to increase income for the revenue account. Based on this NCC were drawn in to work alongside both the City Hall staff and campaign groups to look at the feasibility of the options, including having a social enterprise take the City Hall over or a community asset transfer to obtain a more sustainable business model. Social accountings were not put forward in detail for the City Hall although its uniqueness, heritage, importance to the reputation of the City, and the benefits of leisure facilities for the health and mental well-being of the community were highlighted. The City Hall continued to operate with reduced NCC funding and alternative financial and operational arrangements.

NCC’s response to petitions (whether of a financial or non-financial nature) was to ensure that budgetary issues were kept right at the centre of the discussions, although it also sought to ensure that the blame for the cuts were directed at central government.

## **5. NCC’s response to the grassroots protest**

In an attempt to manage the grassroots protests, NCC, too, employed budgetary proposals as a means of political engagement, shaping new accountability relationships. NCC’s overall strategy in this was to ask grassroots groups to justify their causes and blame the central government for the cuts:

*The magnitude of the cuts we're facing means that our budget will lead to changes which will have a far-reaching impact on our community... we have tried to stimulate a frank and open conversation with local people. We have worked hard to try to be open and explain what is happening in relation to public sector spending cuts and how this might impact on local services... We then sought to engage as many parts of the community as possible through a range of different means (NCC, March 2013, Fair choices for tough times, budget proposals 2013-16, our consultation process summary).*

To channel, and manage, the newly emergent accountability processes NCC devised a formal framework called "let's talk Newcastle". People could have their say about NCC priorities, and how NCC spent money. This framework facilitated the traditional raising of concerns with local councillors and consultative events but also new forms of grassroots democracy, such as online surveys, blogs, Twitter and Facebook. In the face of fierce opposition to the proposed budget cuts from grassroots groups NCC employed the budget process to produce a cost benefit analysis for each activity. This had the potential to reshape accountability relationships by enrolling grassroots groups into advocate roles for service determination and co-opting them into governance, service delivery and even funding initiatives or at least manage, mitigate and, in some instances, side-line resistance.

The budget process involved standardised 'Proposal and Integrated Impact Assessment' templates (hereafter 'the budget templates') for each area of activity containing detailed narratives about the service and financial data produced by NCC service and accounting staff. After the formal consultation process through let's talk with stakeholders including grassroots groups the budget templates were updated for any changes and re-named post-consultation January/February 2013. They continued to be updated by accounting staff for any further changes such as the budget approval in March 2013, during the following financial year as necessary, and, again, for budget approval in March 2014.

The budget templates were structured as follows. First, there was a service description that set out what activities were undertaken, where, how, when, by whom and for whom. Second, this was followed by a financial savings target against budget for the following financial year with projections over a three year period, as part of a detailed cost benefit analysis. Third, in identifying need, very detailed evidence, including financial information, was given. Fourth, the consultations undertaken were documented in detail in terms of the dates, groups, type of consultation, and specific parts of activities discussed. This served as the NCC accounting department's audit trail for the budget process. Fifth, the consequences and impact of the proposed changes were established and broken down into key themes. From this, sixth, mitigation and other ways to save were considered, alongside, seventh, whether the proposals were fair and reasonable. In particular, at stages six and seven the grassroots sought to influence the process through petitions, suggestions of alternative courses of action, and appeals to various economic, social, political, and environmental rationales. Finally, at stage eight, any general feedback was captured.

In the remainder of this section, we detail how, through the budget process, NCC sought to assign roles to the various advocate groups and, then, how NCC sought to blame the central government for the cuts, relying, again, substantially on budgetary information.

Turning, first, to adult respite care, the budget was used to enrol the grassroots group into the governance of the service. NCC had produced a financial case to legitimate closure based on

a range of calculative practices. It employed a Newcastle Future Needs Assessment that showed the numbers of people in the city with a learning disability was projected to slightly decrease in future. It also included a statutory return to central government that highlighted NCC had the second highest gross weekly unit cost for in house residential care for people with a learning disability in the region, and a below average (the third lowest) gross cost per service user for in house day care for people with a learning disability in the region. In addition, service data including from specialised data collection tools such as 'Care First' and business objects reports provided the numbers of people accessing services, occupancy, and information on outcomes where available. Budgets and financial information included operating budgets and staffing costs from an integrated financial management information system download, which also provided details on the numbers of staff in the service, including grades and equality factors. Furthermore, there was an assessment of the market for learning disability provision, which found it to be a small market of independent providers in the region with other delivery options including 'Shared Lives' and 'Direct Payments' that allow people to access short break options. NCC also used accounting to benchmark against other local authorities providing short break services in house, finding that they had developed similar proposals. This financial and operational information fed into an emerging consensus that eventually led to a continuation of the service and co-option of grassroots leaders into the governance of the service as a means to control costs and service quality.

The libraries network reduction illustrates how grassroots groups were enrolled in service delivery. The financial case for individual library options was set out within the broader libraries network reduction plan and overall NCC financial position. Grassroots groups put forward alternatives, some with grassroots volunteers to help run the services. In other cases no volunteers could be found for libraries and the service ceased to exist. However, the process of enrolling grassroots as advocates and co-providers had divided the libraries protest into separate factions and their power of voice waned.

The City Hall and arts and culture campaigns provide an example of how NCC enrolled grassroots groups into the funding of services, although this was not without significant controversy. The City Hall recognized that their subsidy was under threat and that against other priorities that they may not rank as highly for continued financial support. Budgetary expertise was used to produce an alternative business plan that included alternative funding. Reversing the planned 100% cut to funding, the arts had some of the funding restored. Through the involvement of many famous Geordie artists the grassroots groups managed to raise some alternative funding to save the services, which was in keeping with NCC's establishment of a formal philanthropy fund.

The youth service and play services provide an example of how NCC, again, used its budgetary templates but failed to win over a grassroots group to become an advocate in service determination or for co-option. Instead, the protests were marginalised. The youth service and play services were not statutory services and although recognised by NCC as being extremely important within the scheme of cuts they were not ranked as high as some other priorities. Even though the grassroots groups, and in particular SOS-Toon, were vocal and active in public they did not suggest a viable financial alternative such as in the case of the City Hall. Nor did they garner the sort of emotional support mobilised by the adult respite care groups. The budget process marginalised them. NCC was able to divide and decide.

The second key component of the NCC's strategy was to blame central government, principally the Department for Communities and Local Government (DCLG) at Whitehall

and the Coalition Government at Westminster, for the cuts. In the portrayal of this accountability relationship, too, NCC relied on budgetary accounts.

Whereas the Localism Act has by some been characterized as affording local government greater power over service determination and scrapping the previous government's centralized performance management regimes and assessments, NCC used a three year budget to show that the reality was different. Moreover, the authority over funding remained firmly with central government. In particular it retained power over all main funding streams including the grant settlement, national non-domestic rates and even council tax. For example, NCC emphasized that the grant settlement was entirely decided centrally.

*“It is now clear following recent statements and letters from ministers and officials in the Department for Communities and Local Government (DCLG) that there has been a significant change in grant funding principles [...] This change in emphasis and approach has produced a grant settlement for 2014/15 and an illustrative settlement for 2015/16 that will have profound effects on the poorest areas of England [...] The disproportionate distribution, erosion of resource equalisation and reduced reflection of ‘needs’ are separate and specific decisions by the DCLG [...] The disproportionate pattern of cuts challenges the continuing assertion that the grant settlement for 2014/15 is fair to all parts of the country. It runs contrary to the principles of fairness set out by Chancellor George Osborne in the 2010 Spending Review process...”* (Paul Woods, NCC Finance Director, March 2014, Public Finance).

NCC's budget papers highlighted that the Localism Act 2011 contained a clause that any council tax increase in excess of an amount set by the Secretary of State required a local referendum.

NCC specifically highlighted through budgetary calculations how the austerity cuts imposed by central government were unfair to local government, and especially NCC.

*“(Central) government announced the biggest cuts to (local authorities to) reduce the deficit, rebalance the economy or live within our means... we are consulting on £90m cuts but on-going changes may make it £100m possibly by 2014/15... This is almost a third of (an annual) budget”* (NCC Leader Nick Forbes at Full Council meeting in January 2013).

To illustrate further the unfairness of central government, NCC had produced pictorial representations of cuts based on accounting data that they called 'heat-maps'. These accounting benchmarks showed in ways understandable for the general public the percentage and pattern of change in spending power, and which areas and regions were worst affected.

*“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, NCC Finance Director, March 2014, Public Finance).

NCC also questioned the basis of accounting in terms of spending power being employed by central government as an appropriate benchmark to legitimate the changes, and their disregard for complex and significant differences in need.



*“One way ministers try to defend this situation is by saying (local authorities) in the North still have more spending power than those in the South”* (Paul Woods NCC Finance Director as observed at the Full Council meeting in January 2013, which was later reported in Public Finance January / February 2013).

Commenting on the claims made by Eric Pickles MP<sup>3</sup>, the Secretary of State for Communities and Local Government, that NCC’s “spending power” per “household” of £2,522 will still be over £700 more than Wokingham, a unitary local authority in the more - prosperous south of England, Mr Woods said:

*This is “highly misleading”... “There are significant cash differences per dwelling and %’s between the South and North.... More specifically, among other things, one of the main reasons for the £700 difference in spending power per dwelling is the difference in ‘needs’ of £600, which is now accepted by the government”.*

*“... Wokingham loses only £27 for each resident by 2014/15. (NCC), by contrast, loses £218. We don’t want to compare ourselves with Wokingham, ministers do that – they’re chalk and cheese – and it deflects from the fact that cuts in (NCC) are much higher”* (Paul Woods NCC Finance Director as observed at the Full Council meeting in January 2013, which was later reported in Public Finance January / February 2013).

NCC claimed that if central government continues with such austerity measures this might spell the end of local authorities.

*“The Local Government Association (LGA) has set out projections that show that, without a change of government policy, councils will very soon run out of money for anything other than statutory services. The National Audit Office has warned government that some councils face bankruptcy”* (NCC, March 2013, Fair choices for tough times, budget proposals 2013-16, p. 4).

More broadly, it was observed from fieldwork that NCC consistently used a budgetary perspective to blame central government by repeating and reinforcing the above messages concerning funding powers and unfairness of cuts. The point was made vigorously to the grassroots through all let’s talk fora and at area committees and presentations to the Full Council. NCC personnel also participated in local and national media in discussions around the budget data, with the Finance Director’s heat-map making national news and professional press. An open letter was sent to the Secretary of State for Communities and Local Government, Eric Pickles, concerning the detail of the cuts, which was then discussed at Full Council and shared with the grassroots. In addition, the case was made for a more independent process of funding settlements.

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<sup>3</sup> Eric Pickles is a Conservative Party politician who since 1992 has been the Member of Parliament (MP) for Brentwood and Ongar that is located within Essex in the South East of England. He was Secretary of State for Communities and Local Government within the Conservative led coalition central government from 2010 to 2015.

*“Ideally a more independent funding process – perhaps overseen by a commission as suggested by CIPFA – would create a more stable and rational funding environment for councils [...] The disproportionate impact of previous grant settlements has been highlighted by independent bodies – such as the Audit Commission, the National Audit Office and the Joseph Rowntree Foundation” (Paul Woods NCC Finance Director, March 2014, Public Finance).*

Indeed, discussions of budgeting were also held with the core cities group of councils who lobbied together on similar grounds. This led to a Westminster Parliamentary committee on local government funding being set up at the start of 2014. Consistently, throughout all of this budget process, the point was repeatedly made that NCC had very little local government power over the funding, and can merely seek to mediate the central government cuts.

NCC’s response to austerity localism produced a profound change in the role of local government for Newcastle. Instead of developing, defending and implementing local government policy, NCC followed the lead of the central government. NCC, too, sought input ‘from below’ by asking ward assemblies, grassroots groups, and citizens about their preferences and priorities for local policy. As in the relationship between central and local government, so in the approach of NCC to its stakeholders the context of the policy devolution was not to ask ‘What policies would you like?’, but instead ‘What services can we least afford to lose?’ - Budgets were used to frame this context very firmly. Budget projections that the Council would run out of funds for any non-statutory services within just a few years focused the discussions on what services were the most prized and in what ways their provision could be changed to lower the cost for the Council. Often this was achieved by imposing costs on the community through reduced services, volunteers, private funding, etc.

In the discussions that produced the various settlements for the different services the significance of budget information can be inferred from the extensive use of such information by NCC and by several grassroots groups. Such use signalled that the activists had understood the framing within which NCC was prepared to entertain suggestions to save services. However, financial arguments did not by themselves determine outcomes. The example of Respite Homes reminds us that public opinion was also very important. The financial case for the closure of the respite homes and the use of alternative services by NCC was very detailed and the financial benchmarks suggested NCC’s costs were high. Nevertheless the homes stayed open. The financial problem was addressed through the use of volunteers and a changed service offering. That this alternative financial arrangement was given a chance was helped by the public presentation of the service users as highly vulnerable. This seemed to matter more than the very small number of beneficiaries of the service.

## **6. Discussion: How budgeting facilitated a dispersing of accountabilities**

Within a context of austerity localism the relationships between central government, local government, and the grassroots groups involved the use of budgeting in a dispersing of accountabilities. The central government had, through the Localism Act 2011, given local government responsibility for service determination, and had separately scrapped centralised performance management. Central government therefore appeared to have decentralised service determination and performance management to local government. However, control and power over funding remained heavily centralised. Funding cuts from austerity illustrated

the power imbalance. The central government had made local government accountable for services and performance, but within funding they controlled.

NCC employed the budgetary process itself to, in turn, disperse accountabilities. NCC cast themselves in a mediator role to ‘determine service options within a balanced budget’. NCC made it clear that central government set the funding constraints and, importantly, imposed the overall funding cuts under austerity. The revenue side of the balanced budget that local government had statutorily to set was therefore out of NCC’s control. NCC promised to lobby upwards on behalf of the people of Newcastle for a fairer settlement and take the fight rhetorically upwards to central government for more funds and more control over their own funding in future. They did this through attacking the central governments accounting for spending power that had been used in legitimating funding allocations by contrasting it with a heat-map that visualized in an easily understandable graphic for the whole country the cash differences of allocations for different local authorities. This illustrated NCC’s point about the unfairness in allocations to relatively poor areas, affecting in particular the northern area of the UK and politically held Labour constituencies. The Secretary of State for Communities and Local Government, Eric Pickles, played into NCC’s hands when he confirmed in a letter to NCC that budget allocations would now not be based on a needs assessment but based upon growth incentives. By unilaterally changing in this way the rules of the game, the Secretary of State thereby offered a powerful illustration of his tactics.

Many grassroots groups that would eventually be co-opted recognized the context as depicted by NCC. However, some radical grassroots groups proposed an alternative view, suggesting that NCC should set an illegal unbalanced budget in protest. This made their agenda highly schematic, and NCC over the course of the budget process marginalized them by highlighting the problems of the past that engulfed Liverpool City Council when it set an unbalanced budget in the 1980’s in political defiance of the central government of Thatcher. As the budget process took shape and other groups from conformist protests that aimed for budget reallocations and adjustment of planned service levels were co-opted, the support for the radical position further weakened and their marginalization intensified.

The NCC leadership also worked to enroll the political opposition in the council chamber. The Liberal Democrats at NCC who were the main local political opposition became gradually more amenable to further lobbying of central government for a fairer deal for Newcastle (Full Council meeting 5 March 2014). This was reflected more widely by local government in the North of England and indeed the Core Cities Group, representing the eight English cities of Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield. In this context, too, the mediator role sought to blame central government.

With their revenue ultimately set by central government, NCC had to determine which service options to fund. They were very conscious that they could themselves be blamed by the grassroots groups for the cuts under austerity localism. The grassroots groups were therefore enrolled as advocates for service determination through NCC’s budget processes. For instance, NCC’s formal let’s talk initiative and budget templates that included a comprehensive cost benefit analysis pitched the grassroots groups as advocates in service determination of what services to keep or cut, and otherwise gave them opportunities to get involved in governance, service delivery, and funding of services.

NCC enrolled the respite care grassroots groups into its governance structure. This area was provided with funding by NCC for continuation of its services. This became a prominent example that NCC would listen to advocates and re-prioritise both funding and services. Counter to this view, the argument was put forward that respite care services were never to be ceased in the first place and that it was merely included into the proposed cuts as part of political gaming by NCC in its mediator role. By contrast, the SOS-Toon group campaigning for play services and youth services did not receive a continuation of funding and were not enrolled in governance structures, despite representing vulnerable groups. The mediator role, however, was able to point towards a robust consultation process underpinned with budgetary analysis in which to ground its prioritisation.

As a mediator NCC also kept most libraries open. Some libraries closed or were earmarked for closure, but the mediation had co-opted conformist groups that wanted to retain the libraries. NCC also had some success with ameliorating the protests concerning arts and culture when they gave pump prime funding for new fund raising through philanthropy.

Rather than be themselves blamed for cuts by the grassroots NCC had managed to disperse accountabilities. Local policy and accountability systems enabled NCC informally to co-opt local organisations, officials and citizens into their decision making and thereby strengthen their authority as a democratic institution. In so doing, NCC shared responsibility but not power and so the local politicians and their bureaucracy retained control of Council policies regarding service provision. At the same time, grassroots politics served to fill a vacuum within local government. Instead of the local government determining the distribution of budget cuts, it made suggestions and then waited for different grassroots groups to advocate their particular causes. The different uses of budgets in mediating between, essentially, the central government's coffers and the grassroots' demands contributed to shaping the nature of public opinion, the nature of the various arrangements for continued services, and the nature of co-optation.

## **7. Conclusions**

An important theme that runs through this paper is that central government cannot just enforce its authority directly because the local authority's role is to mediate between the central government and the citizens (Pressman and Wildavsky, 1973; Rhodes, 1999). Local government has strategic agency and a democratic mandate to be accountable to the citizens as well as the central government. In practice, local government becomes in particular accountable to those who are activists and grassroots groups. For instance, the Tennessee Valley Authority demonstrated great skill at enrolling arguments of local people and central government in pursuit of its mission as a regional government agency with special responsibilities (Selznick, 1949). Implementing central government policies needs public as well as private local allies to complete critical policy tasks in the local environment (Blau, 1963; Sabatier et al., 1995).

This is true especially if central governments want local governments to bring about positive change, that is, implement locally something new that central government wants to achieve. In our case study the opposite was the case. Central government wanted local government to stop something: spending money. Central government declared that they did not know how exactly to do this and set the funding constraints so as to force local government to come up with the answer. Overspending was not an option because it spelled the end of local government. It had been made illegal and carried the sanction of central administration of

local government. In response local government emulated central government and passed on the message it had received from central government to its local constituents and in particular the grassroots groups: Tell us which services you want to keep, and how?

In the process accountability was localised and spread across different groups—what we termed dispersed accountability. Budgets were central to bringing about this dispersing of accountability. It served to define the total spending ceilings for each local authority, and it framed the discussion about service cuts and service changes. Without detailed suggestions of how changes were going to affect local authority finances no proposals were entertained. The communications of NCC to the public were framed as budgetary templates that contained detailed discussions of options and their resource implications. The demands of grassroots groups, whose members were not typically in the habit of producing financial calculations, had to adjust to this framing and include outlines of financial implications in their proposals. In budgeting terms, dedicated funds were ring-fenced, special assets moved off-balance sheet, governance institutions used to enrol grassroots representatives, and annual reports to discharge joint accountabilities of local government and grassroots groups. By implicating budgeting in processes of accountability in such ways local government, grassroots groups, stakeholders, and service clients were enrolled into new ways of working.

Whilst clearly central to the debates, budgets on their own did not, however, suffice in determining which services might be saved. Public opinion constituted a powerful secondary determinant, but one that worked in very different ways on different topics. In the reversal of the decision to cut the entire arts and culture budget, national media interest and the involvement of many Geordie artists combined with the notion that arts and culture had become an important factor for the regional economy. By contrast, the decision to keep open the respite homes appealed to the notion that the neediest should continue to receive Council funding.

Our study thus sheds new light on the significance of grassroots groups for local government, especially when local government is weakened by central government austerity policies. Because it is elected and has legal standing, local government can retain its role as the main source of legitimate local political authority. With insufficient resources, however, its power is under threat. By using its remaining authority to impose new political rules it can create a new regime of local accountability in which grassroots groups themselves become policy proposers. Local government analyses, compares, interrogates, and ultimately selects for funding between the various causes presented by different groups. It arbitrates by side-lining the radical opposition and dividing the remaining causes, not all of which will be funded. One reason for NCC's co-option of the grassroots groups lay in the recognition that those groups were highly specific. Convergent groups were found to be co-opted by different means of budgeting, such as transfer of assets or the use of new special purpose vehicles. These insights into local government-grassroots relationships are timely as it has been suggested that not only have grassroots groups become more significant in England because political leaders have sought to appeal to them but also because they can become more directly enrolled in public service delivery (Travers, 2011).

The unfolding of the new accountability regime in local government served the purpose of central government. Budgets were cut and much work went into limiting local damage from service cuts. It also served NCC. It was not replaced by an administrator from central government, and the different grassroots groups remained preoccupied with their individual causes. Local government as an overarching political institution remained resilient thanks to

the careful definition of areas of overlap between the accountabilities of local government and grassroots—a dispersing of accountability. In those ways NCC did end up doing the central governments ‘dirty work’, albeit on its own particular terms and with the support of most grassroots groups.

A limitation of our paper is that we conducted only one case study of a Labour City Council arguing against a Conservative-led Coalition Government in England. A Conservative or Liberal Democrat Council would give an interesting comparative. Also we should note that our findings are more likely to apply to an urban context where the grassroots may tend to be more vocal than in rural districts.

Given the importance of public services to the lives of citizens around the world, and the current challenges of financial sustainability and the pursuit of value for money, we hark back to Wildavsky (1964) and Hopwood (1984), among others, and herald a call for more and broader international research into the ‘potential’ of accountability and budgeting in the organisational, institutional and social aspects of public services.

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**Table 1 - Timeline from announced cuts to agreed NCC budget**

<p><b>21<sup>st</sup> November 2012</b></p>	<p><b>NCC Announce Cuts</b> NCC announced plans to cut its budget by £90m (later to become over £100M) over the next three years representing almost one third of annual net revenue budget, cut 1,300 of 10,500 jobs, close libraries and pools, abolish all arts grants and cut social services. NCC’s Labour Leader Forbes stated this was “<i>horrendous</i>” and “<i>damaging</i>”, claiming if the situation did not change nationally local authorities would be “going bust” by 2018. Paul Gilroy of Unison (Trade Union) said people did not yet realise how badly they were going to be affected by the cuts and should take notice of the situation.</p>
<p><b>28<sup>th</sup> November 2012</b></p>	<p><b>First Main Protest Against Cuts Announcement</b> Trade Unions (Unison and GMB Northern regions) organized a lobby of NCC’s cabinet meeting. This was backed by Coalition of Resistance (Tyne and Wear) who encouraged support from all those opposed to NCC’s proposed cuts and closures. The protest attracted over 500 people and was the visible emerging of various grassroots groups (and individuals) coming together. Over 50 people went to a nearby pub afterwards “<i>to plan the next moves...</i>”</p>
<p><b>5<sup>th</sup> December 2012</b></p>	<p><b>Storming of the Stage Protest</b> A protest, organised by the national campaign group Coalition of Resistance, began outside the City Library at 5pm. Demonstrators walked via Northumberland Street to the Full Council meeting held at Newcastle Civic Centre. The meeting was interrupted when around 60 people burst into the chamber at 5.30pm. New Police and Crime Commissioner Vera Baird had been due to talk to councilors, but instead some demonstrators gave anti-cut speeches. Police were called to calm and monitor the situation, with the meeting being re-opened an hour later.</p>
<p><b>16<sup>th</sup> February 2013</b></p>	<p><b>Major Protest Demonstration Against Cuts in City Centre</b> More than 1,500 people marched through the busy streets of Newcastle city centre on a Saturday in a major demonstration against both NCC cuts and national Coalition government austerity. This involved chants of “Save our services – no cuts for kids!” and “No ifs, no buts, no library cuts”, banging drums, and waving a remarkable range of banners testifying to the breadth of the popular coalition gathered.</p>
<p><b>6<sup>th</sup> March 2013</b></p>	<p><b>Budget Night</b> Hundreds of protesters were met by police and security guards at a heavily guarded Newcastle Civic Centre meeting. Some protesters were searched as they entered the civic centre, and the large number of attendants meant the meeting had to be video linked into other rooms as the public gallery was full. NCC ultimately passed over £100M of budget cuts.</p>

**Table 2 – Petition Responses Extract**

<b>Social Care petitions</b> Respite Care - Cheviot View and Castledene proposed closure petition 8,676 signatories “SOS-Toon” – preserving services for young people petition 928 signatories
<b>Local Services – Services People Access – Libraries petitions and social media</b> Save Newcastle Libraries petition 5,275 signatories Other libraries had petitions ranging between Jesmond library proposed closure petition 796 signatories to Dinnington library proposed closure petition 105 signatories
<b>Local Services – Services People Access – City Hall etc petitions and social media</b> “Save City Hall” petition (by NEMH – North East Music History) 12,663 signatories
<b>Local Services – Services People Access - Arts petitions and social media</b> Newcastle Cultural Venues – “A Fair Cut?” petition postcards 3,675 signatories Seven Stories – “Not 100%” petition postcards 867 signatories Social media comments 190 signatories
<b>Total number of responses at 1 February 2013 50,501 signatories</b>

*Source: NCC, March 2013, Fair choices for tough times, Let’s talk Newcastle budget 2016 consultation report, pp. 9-12*