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Governmentality and counter-conduct: A field study of accounting amidst concurrent and competing rationales and programmes

Abstract

This paper contributes to the diverse and growing stream of accounting research on Foucault's notion of counter-conduct, which is broadly concerned with the uses of accounting in the development of alternative ways of governing. Its key problematic lies in the roles that accounting can play in the intertwining of particular practices of governing, for instance, by underpinning practices that facilitate political campaigning, making specific policy choices, and creating new administrative arrangements. We illustrate our argument with some of the ways in which Newcastle City Council (NCC) used accounting to manoeuvre between the programmes of localism, centralism, devolution, austerity, and marketisation to develop novel forms of counter-conduct in response to austerity funding cuts. We show how accounting was used to underpin a multi-faceted counter-conduct that sought to profile itself locally and nationally against austerity as a highly visible and controversial programme of government. However, accounting also served to undermine NCC's own counter-conduct, for example, through its engagement with longer established programmes, such as marketisation, and by rationalising the council's administrative responses of austerity cuts.

Keywords: accounting; austerity; counter-conduct; devolution; governmentality; local government; localism; public sector budgeting

1. Introduction

In the wake of the 2007/8 financial crisis, governments around the world adopted austerity programmes that resulted in large cuts to public budgets, especially for local government (Kim & Warner, 2016; Lowndes & Gardner, 2016; Peck, 2014). For example, the reduction of central government funding for English local authorities was estimated at 56% between 2010 and 2020 despite rising demand for local public services (Lowndes & Gardner, 2016). Local government accounting and accountability practices have been instrumental in bringing about those cuts (Barbera et al., 2016; Bracci et al., 2015; Ferry et al., 2019; Fuller & West, 2017; van der Kolk et al., 2015). The controversial nature of the drastic local government budget cuts is well documented, as are some of the struggles between the central governments that imposed austerity and the local governments that were asked to deliver them on the ground (Dowler & Lambie-Mumford, 2015; Kennett et al., 2015; Kim & Warner, 2016; Local Government Association, 2014; Newman, 2014).

Little is known, however, about the roles of accounting and accountability practices in how those controversies played out. Here, prior research has tended to frame the uses of accounting predominantly with reference to the political conflict between local and central government (Ahrens & Ferry, 2015; Bracci et al., 2015; van der Kolk et al., 2015). In this paper, we adopt a broader perspective by situating local authority accounting and accountability practices during the austerity programme in the wider context of the marketisation of the public sector and the UK government programme of localism (Eikenberry & Kluver, 2004; Hood, 1991, 1996; Lapsley & Pallot, 2000; Lowndes & Pratchett, 2012; Stoker, 2004). Our study reports on fieldwork that focused on Newcastle City Council (NCC) and its institutional network. We seek to understand accounting not only as a political tool in the struggle between local and central government as the two main actors, but as a social practice that is implicated in wider socio-political and economic discourses and practices, namely, austerity, localism, centralism, devolution, and marketisation. In particular, we are interested in exploring how accounting can become implicated in the emergence of alternative forms of governing that might arise from the concurrence and competition between these discourses and practices.

We do so with reference to Foucault's (2009) notion of "governmentality", which has been used by accounting scholars to explore the manifold implications of accounting in processes of power. Specifically, we are interested in the ways in which governmentality research has shed light on accounting as a technology of governing that is mobilised by specific political programmes and rationales in diverse contexts, such as the state, the town, the corporation, the factory, the hospital, or the prison (Mennicken & Miller, 2012).

An intellectual cornerstone of governmentality is Foucault's critique of the sorts of power theories that emphasise either violence or consensus and, thereby, tend to misrepresent resistance as being simply negative or an inversion of what they oppose (Lemke, 2002). By contrast, governmentality emphasises the productive or positive aspect of resistance by framing power as a connection between technologies of domination and technologies of the self (Foucault, 2009). For Foucault, power produces choosing subjects whose choices are constrained by the combined forces of technologies of domination and technologies of the self. Power is here deployed through the guidance of conduct. For Foucault, the essence of resistance, therefore, lies in the struggle for alternative forms of governing, or "counter-conduct", through which spaces of choice can be structured differently (Foucault, 2009, p. 201). We use the notions of governmentality and counter-conduct to frame our research into the ways in which accounting has become implicated in the struggles between austerity, localism, centralism, devolution, and marketisation—the programmes and rationales that have had such dramatic impact on recent local government funding.

The remainder of this paper is structured as follows. Section 2 explains the significance of the notion of counter-conduct for understanding governmentality and section 3 outlines the research approach and methodology. Sections 4 and 5 frame our field study by explaining the context in which NCC operated with reference to two important programmes of government, namely, localism and centralism. Sections 6 and 7 address in more detail NCC's programmatic ambitions and related uses of accounting technologies. Section 6 reports on the involvement of NCC in the programme of devolution that has been gaining in prominence over recent years. Section 7 fleshes out the ways in which NCC has been deploying accounting practices to fight austerity localism. Section 8 discusses the implications of this fight, and sections 9 and 10 conclude the paper and speculate on future developments.

2. Governmentality and counter-conduct

A key tenet of governmentality research is that government is unimaginable without "the activities of expertise" (Rose & Miller, 1992, p. 273). Practices of government depend on the myriad, and not always effective, ways in which different forms of knowledge are mobilised to pursue political rationales through particular programmes and technologies. Examples of technologies are "[...] calculations, techniques, apparatuses, documents and procedures through which authorities seek to embody and give effect to governmental ambitions" (Rose & Miller, 1992, p. 273). This carves out potentially important roles for accounting and other calculative practices that are underpinned by complex bodies of knowledge. Since the various combinations of technologies determine the specific shapes of states, the organisations that constitute them, as well as diverse other organisations, their government becomes, at any one point in history, constituted by a particular "field of calculations and interventions" (Miller & Rose, 1990, p. 3).

Within such fields, accounting cannot be neatly categorised as either a technology or a rationale. It is a technology of government whose use is always also indicative of certain rationales of governing and of the production of certain forms of subjectivity:

“Through their ability to produce certain forms of visibility and transparency, accounting numbers both create and constrain subjectivity. [...] By linking decisions to the supposedly impersonal logic of quantification rather than to subjective judgement, accounting numbers configure persons, domains, and actions as objective and comparable. This, in turn, renders them governable. For the objects and subjects of economic calculation, once standardized through accounting, are accorded a very particular form of visibility” (Mennicken & Miller, 2012, p. 7).

In diverse domains, accounting’s particular objectifications, quantifications, and standardisations have enabled highly specific regimes. Examples have been the ways in which accounting for sustainable supply chain governance conditioned the supply chain practices of UK supermarkets (Spence & Rinaldi, 2014), how accounting for “investment bundles” made operable specific investments in new manufacturing technologies and layouts at Caterpillar, Inc. (Miller & O’Leary, 1994), and how accounting for consumer debt and payment behaviour facilitated the emergence of mass consumer credit (Jeacle & Walsh, 2002).

Governmentality studies such as these have tended to present changes in social and organisational practices that were predicated on novel political and economic rationales. It is noticeable, however, that, within the limits of the events reported in those studies, the rationales themselves were not subject to critique or radical change. For example, sustainability was a notion that informed supermarket supply chain reorganisations without itself being challenged or changed radically (Spence & Rinaldi, 2014). Sustainability was problematized, for example, when key actors reflected on the difficulties of defining, measuring and, ultimately, enacting sustainability. But sustainability was not a rationale that had to fend off critics who wanted to replace it with a different, competing rationale. Similarly, the politics of the product at Caterpillar helped inspire extensive reorganisations through novel technologies, including accounting technologies (Miller & O’Leary, 1994). The politics of the product themselves, however, were not challenged during the period covered by the study (but see Arnold’s (1998) descriptions of conflict related to these politics, which motivated her critique of the framing of this study).

The absence of counter-rationales in governmentality studies is in part due to the desire to explain clearly the linkages between the dominant rationales, programmes, and technologies and

the roles played therein by accounting. This is a difficult enough task in its own right, without drawing attention to the complexity of surrounding and competing rationales, programmes, and discussions. Conceptually, however, accounting research on governmentality would expect as a matter of course that programmatic efforts encounter alternative programmes and are characterised by internal debates over the best direction for the governing programme (Miller, 1990; Miller & Rose, 1990). Unsurprisingly, therefore, programmes are often terminated by their successor programmes (Miller, 1990, p. 317), and the assemblages of government, as part of which accounting functions, are often fragile and short-lived. For example, changing circumstances may invalidate initial rationales (Miller & O’Leary, 1994), programmes may fail by focusing too narrowly on certain performance measures (Mennicken, 2013), and professions and expertises may misalign (Kurunmäki & Miller, 2011). “Government is a congenitally failing operation” (Rose & Miller, 1992, p. 190). On this account, one should expect governmentality research to be more explicit about concurrent and, especially, competing rationales and programmes than it has.

In this paper we attempt to motivate a more explicit perspective on these kinds of competition with reference to governmentality’s highly specific concept of power. Governmentality characterises state power as an assemblage of diverse agencies and practices of government. It does not emanate from a unified source but is an effect of the multifaceted efforts of diverse agents (Miller & Rose, 1990; Rose & Miller, 1992). Power becomes visible primarily as a form of guidance for structuring and shaping the fields of possible actions for its subjects. Foucault does not deny the existence and importance of violence and consensus, but he suggests that they are often the products of much more nuanced and subtle efforts that act upon the actions of subjects, seemingly preserving their freedom to act but really delimiting this freedom. The power in which Foucault is interested in his later work, therefore, is the government of self-government, or the conduct of conduct (Lemke, 2002; Pickett, 1996).

This has important implications for competition between programmes. Power as the conduct of conduct suggests that opposition or resistance to government would not just be a rejection of the present government but a counter-conduct, a productive effort that itself seeks to guide and conduct subjects towards more desirable practices of governing. Insofar as the notion of counter-conduct therefore characterises the kind of power underpinning the notion of governmentality, it has been regarded as central to Foucault’s late work (Demetriou, 2016). Neither the production of conduct and the associated creation of specific subjectivities, nor the production of counter-conduct and *its* subjectivities, should be regarded as straightforward and neatly mapped out. Historic trends, pauses, and reversals generate complex and diverse subjectivities (McKinlay & Pezet, 2017; Rose & Miller, 1992).

Accounting research on governmentality has only recently become more concerned with conflict, struggle, and resistance to programmes, and begun to explore the ways in which accounting can be implicated in the emergence of alternative ways of governing through the development of specific forms of counter-conduct. Examples include recent studies on the uses of counter-accounts to support civil society struggles against a mining project (Apostol, 2015), the uses of accounting to strengthen pastoral power against the catholic church (Bigoni & Funnell, 2015), and efforts by Dutch NGOs to proactively reform their accountability for government funds in order to pre-empt regulation by the Dutch government (Boomsma & O'Dwyer, 2019). Relatively little is still known, therefore, about how accounting can become centrally implicated in counter-conduct as a productive, positive practice, that is, in the creation of novel practices and programmes designed to compete with and eventually overthrow existing forms of the conduct of conduct.

To explore further this potential, we study the role of accounting in critiquing rationales and programmes of government in the reform of local government funding in England in the wake of the 2007/8 global financial crisis. This took place in the context of the UK central government's programmes of "localism" and "austerity" that manifested themselves, for instance, in the 2011 Localism Act (Ahrens & Ferry, 2015; Lowndes & Pratchett, 2012; Raine & Staite, 2012). We suggest that the emergence of "austerity localism" (Featherstone et al., 2012) is potentially of great interest to accounting research because it has been intertwined with substantial changes to the calculative practices of central and local government and their associated rationales.

These kinds of politically motivated changes speak, in particular, to Foucault's notion of governmentality as articulated in his 1977/8 course of lectures at the Collège de France, in which he traced some historical developments of the practices of power that distinguished, what were to become, the European states (Foucault, 2009). A key characteristic of those practices was that they constituted power as a dynamic assemblage of heterogeneous forces that was directed at the population of states. On this account, governmentality is not an institution or apparatus of power but, as Foucault put it, "[...] 'a type of power, a modality for its exercise, comprising a whole set of instruments, techniques, procedures, levels of application, targets'" (Collier, 2009, p. 97) operating in a "[...] heterogeneous space, constituted through multiple determinations" (p. 99). The eleventh lecture in Foucault's 1977/8 course (Foucault, 2009) introduced the notion of a "dynamic of forces" directed at the state and its government. Pointing to Foucault's use of examples of how specific ways of thinking give rise to particular critiques of existing practices of government it has been suggested that governmentality should be understood as a form of

critique of certain “mentalités” of government and, thus, a force for change (Collier, 2009, p. 100).

In our fieldwork on the uses of calculative practices in local government funding in England, what gave governmentality its dynamic quality were primarily the ambitions, schemes, and reorganisations of local government in response to the UK central government programmes of austerity and localism. Crucially, the local government efforts unfolded in the context of the longer established programmes of centralism and marketisation, and the emerging programme of devolution (Eikenberry & Kluver, 2004; Hood, 1995; King, 1989; Lowndes & Gardner, 2016; Pike, 2016). Following the removal of detailed performance management schemes of local government, the abolition of the Audit Commission as a key monitoring agency, the granting of new powers to local government, and the imposition of radical local government funding cuts by the central government, local authorities began to contest the programmes, technologies, and bodies of knowledge that the central government had assembled to reshape the local government funding regime (Ahrens & Ferry, 2015, 2018; Local Government Association, 2014; Lowndes & Pratchett, 2012; Newman, 2014). The efforts of local government to “[...] critique and remediate [problematic] mentalités and practices of government [...]” (Collier, 2009, p. 100) in the wake of the 2007/8 financial crisis illustrate possible roles of calculative practices, such as accounting, in the emergence of new governmentalities that can in various ways remain suffused with the effects of interconnected incumbent programmes.

3. Research approach and fieldwork

The origins of this paper lie in a field study of budgeting and corporate governance of Newcastle City Council (NCC). The study yielded insights into the local repercussions of, and responses to, a significant deterioration of local authority funding nationwide, brought about by central government policy (Lowndes & Gardner, 2016). Locally, NCC sought to make changes to services, management control practices, and accountability processes (Ferry & Ahrens, 2017). Nationally, NCC lobbied for fairer local authority funding arrangements (Ahrens & Ferry, 2018). A governmentality framing was not part of the initial research design. It suggested itself during the data analysis. The ways in which NCC’s locally developed calculative practices seemed to become implicated in the articulation of a counter-rationale to the central government programme of austerity localism, promised novel insights into the dynamic relationships between rationales, programmes, and technologies.

The field study of NCC’s financial practices and its relationships with central government and other local authorities was mainly conducted between 2010 and 2014, with follow-up contacts maintained until the finalising of this paper. Newcastle belongs to the Tyne and Wear

conurbation in north east England with about 1.1 million residents. NCC's services include adult and community, children's, housing, and waste management. NCC's 2014/15 estimated gross revenue budget was about £806 million. However, after deducting ring fenced grants and other obligatory disbursements the net revenue budget was only about £277 million (NCC Budget 5th March 2014, Appendix 1 Revenue and Capital Plan 2014/15). As a consequence of the austerity regime NCC's net revenue budget shrank by about one third during the 2013/14-2015/16 period, leading to highly visible public reactions. The author who conducted the fieldwork, a qualified accountant with work experience as a senior local government and civil service employee, attended large demonstrations and went to various meetings of campaign groups that were held to lobby against specific budget cuts. He attended official public council meetings that became the scene of highly emotional exchanges between citizens, councillors, and local government administrators. Such official public meetings included City Council, Audit Committee, Policy Cabinet, Business Cabinet, and Ward Committee.

This public part of the fieldwork added important context to the 50 interviews lasting up to 60 minutes that were conducted with NCC officers from finance and other departments. The interviews discussed primarily budgeting and reporting processes in the context of austerity localism. Initial interviews were audio-recorded and transcribed. During shorter follow up meetings notes were taken. Also, a diary was kept by one senior NCC officer with the intention to note events of interest to the research project which could then be discussed with the field researcher. This happened during several meetings. Moreover, the field researcher frequently visited the NCC offices informally to keep in touch with contacts, hear the latest concerns and rumours, sense the mood, and observe practices related to budgeting. Formal budget practices were observed also during the aforementioned official public meetings.

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 news media concerning NCC, Newcastle activist and protest groups, and the national field of local government budgeting.

To document the central government's programme of local government funding reform we analysed actual and proposed policy and legal changes, collected data from central government Spending Reviews and Annual Budgets, Local Government Finance Settlements (Provisional and Final), and funding amounts compared by cash and spending power that measured the overall revenue funding available for local authority services including council tax, locally

retained business rates and government grants. The Chartered Institute of Public Finance and Accountancy (CIPFA) commentaries and statistics were called upon for detailed independent expert analysis. Also, CIPFA's publication *Public Finance* was regularly reviewed.

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 and governing to think through why changes emerged and how processes evolved.

4. Localism as a recent addition to an incumbent mesh of programmes

Drawing on Rose and Miller's (1992) scheme of *rationales*, *programmes*, and *technologies*, this section outlines briefly what the central government wanted to achieve through localism, to what extent this presented a continuation of marketisation (Eikenberry & Kluver, 2004; Hood, 1995), which has had a long history in English local government (Ahrens et al., 2018; Bowerman & Ball, 2000; Boyne, 2000; Ferry et al., 2018; Shaw et al., 1994), and through what kinds of technologies it sought to make localism operable.

4.1. The rationale of localism

Prime Minister David Cameron's Conservative-Liberal Democrat coalition government took power in 2010. Its principal rationale for the shaping of central-local government relations was decentralisation (*Decentralisation and the Localism Bill: An essential guide*, 2010). Rather than dictating to local authorities from Westminster, the coalition government argued that it sought to free local authorities from over a century of creeping bureaucratic centralisation and provide them with greater autonomy to shape the destiny of their local communities (ibid.). The Secretary of State for Communities and Local Government light-heartedly emphasised the freedom of policy choice implied for local authorities:

“I think it is reasonable that councils shouldn't use their new found freedom to saddle up the horses, arm their citizens and invade France. Apart from that, the world will be your oyster...’ From the address of The Right Honourable Eric Pickles MP, Secretary of State for Communities and Local Government, to the Local Government Association Conference on 27 July, 2010” (Raine & Staite, 2012, p. 1).

4.2. The programme of localism

Within this context, the central government followed a programme that granted local authorities new powers outlined in their localism agenda, but at same time they pursued a programme that imposed an austerity regime on local government (HM Treasury, 2015). In the case of NCC, for example, this resulted in a c. 30% reduction of its budget for the period 2013-16 (*Workers protest at Newcastle Council's £90m cuts plan*, 2012). This led to suggestions that Prime Minister Cameron's coalition government's brand of localism be more aptly termed a programme of "austerity localism" (Featherstone et al., 2012), or, four years on, "super-austerity" (Lowndes & Gardner, 2016). In the wake of the local government budget cuts, local authorities have sought to make efficiency savings, increase local taxes, use assets more effectively, use reserves to support the revenue budget, and maximise income from investments, fees, and charges (Local Government Association, 2014, p. 8). These efforts affected all local authority services and intensified the use of calculative practices across the whole of local government.

4.3. The technologies of localism

In the process, the calculative practices and budgetary and performance measurement technologies used by central government to control local government were greatly simplified. After more than a decade of subjecting local government to ever more detailed performance measurement regimes that sought to track the attainment of many different KPIs related to national policy objectives at the local level under the previous New Labour government, the coalition government relied primarily on one number, a total cash expenditure ceiling for each local authority. This cash expenditure ceiling has been tightened year on year since 2010, following the programme of austerity. Cash spending ceilings are thus a key technology of the central government's austerity programme. Local government's reliance on central government grants has left authorities highly vulnerable to funding cuts during the current austerity programme. Having dismantled the predecessor government's central policy and performance measurement apparatus, central government wanted local authorities to be kept in check by a vigilant citizenry operating as an 'army of armchair auditors' (Ferry et al., 2015).

4.4. Localism in the context of marketisation

This combination of greater local policy responsibility, some additional local powers, and reduced funding served to strengthen the much older programme of marketisation in local government (Bowerman & Ball, 2000; Boyne, 2000). Politically, the central government renewed the case for marketisation in terms of local government funding formulae that should prioritise "growth incentivisation" over "needs assessment" ("Eric Pickles outlines funding cuts for England councils—BBC News," 2012). Whereas the practices of tendering and outsourcing had become established technologies of marketisation well before the advent of austerity (Shaw et al., 1994), austerity has recently given rise to a noticeable growth in the corporatisation of

local authority services in England (Ferry et al., 2018). This should be regarded as not just breathing new life into an old practice—that reached back to 19th century municipal utility corporations, for example—but a more subtle repurposing of this practice. It has been seen to strengthen professional expertise in local government (Bourdeaux, 2008; Voorn et al., 2018) as well as further strengthen the hybrid financial-operational expertise on which marketisation depends (Ahrens et al., 2018).

4.5. Localism in the context of centralism

Whereas localism was a highly publicised government programme that combined policies, practices, and even legislation, centralism remained, at the same time, a fact of life for local authorities so deeply entrenched in British political life that it should be regarded as programmatic. Britain has been identified as one of the most centralised countries in Europe in terms of local authorities' decision-making powers and fiscal independence (Bailey & Wood, 2017; Ball et al., 2000; House of Commons Committee of Public Accounts, 2016; King, 1989). Whilst conceptually it is not unusual for programmes to operate at cross purposes (Miller, 1990), conflicting programmatic ambitions, rationales, and technologies can significantly affect the everyday practices of government and the ability and willingness of local government to respond to central government programmes. In the following section we therefore outline the perceptions of NCC officers and politicians with regards to the key pillars of fiscal centralism.

5. Centralism: Its lasting effects on local government

5.1. Conflicting rationales between the centralism programme and the localism programme

“Ha, ha [laughter], localism [laughter]... It conveniently gave the Council more say over its services when there was no money left in the pot. We *can* now debate ‘cuts’, and most probably become the scapegoat for them...” (Informal chat with a Labour politician in Newcastle).

“Localism, but given the cuts that have to be made through austerity it is a joke. The central government just want to pass the blame to local authorities for the cuts. Even statutory services will eventually become difficult to deliver, and then what...” (Accountant at NCC¹).

The overriding impression among the NCC informants was that localism was a hypocritical misnomer because it glossed over the fact that the local authorities were left with little activity over which to exercise local autonomy due to the severity of the planned central government

¹ Unless otherwise stated, all interview designations refer to NCC employees or politicians.

cutbacks of local authority grants. In 2013, the NCC Leader², Nick Forbes, said in a documentary film made by the Guardian national newspaper that “by 2018, the money runs out” and no funding at all would be left for “libraries, swimming pools, leisure centres, arts and culture” (Harris & Domokos, 2013, pts. 0:43-1:09 mins). He referred to NCC projections that accounted for announced central government cuts to local authority budgets over the three years starting in 2013/4.

NCC informants were unanimous in thinking that central government dominated local government (cf., Stewart, 2014).

“Localism, when you have very limited control over funding and more so during austerity is not really localism. Central government is still incredibly dominant in this relationship” (Functional Area Manager).

“The bottom line is that this is not a partnership of equals between central government and local government. It is more of a master and servant relationship. Central government is the master and expects local government to serve. [...] We effectively operate in their shadow and constraints” (Head of Governance and Information).

Whilst central government was clearly seen to dominate local government, the informants also acknowledged that there remained opportunities for local government agency in the margins (“you *have* very limited *control*”, “effectively *operate*”). It appears that when two concurrent programmes, such as austerity and localism, exhibit contradictory elements, the weaker parties may find themselves with spaces for agency that were not envisaged by the dominant programme. Governmentality can load the dice very heavily, but it is not totalitarian. This we try to flesh out in some more detail in the following four subsections (5.2.-5.5.), which elaborate on the key pillars, on which the dominance of central government—notwithstanding its rhetoric of empowering local government—rested. These pillars depended crucially on accounting, budgeting, and taxation rules: They were the requirement for local authorities to maintain a balanced revenue budget, obstacles to raising local taxes, considerable central government control over local expenditure, and the separation between capital and revenue budgets.

5.2. *Balanced budget*

² The Leader of NCC is the head of the majority party in the elected city council. The position of Leader has been held since 2011 by Nick Forbes of the Labour Party. In the national parliament in Westminster the Labour Party has been the largest opposition party since 2010 when a Conservative Prime Minister took power.

English local government is barred by the Local Government Act 1972 from setting a higher spending budget than its projected revenues.

“The authority has to set a balanced revenue budget, as there is a statutory duty here” (Senior Finance Manager).

Only the political fringe thought that NCC should break the law.

“The Labour Council should not implement the Conservative central government’s inspired cuts. Say ‘No’ and set an illegal unbalanced budget like Hatton did at Liverpool Council in the 1980s. That’s what Newcastle should do” (Comment from a protestor from the Socialist Workers Party before Full Council Meeting).

The Local Government Act 1972 outlined the mechanism by which an unbalanced budget was to be prevented. It specified that each local authority designate a “Section 151 officer” who has to report on the robustness of estimates and adequacy of reserves and who must be a qualified accountant. In practice this is often the finance director.

“We must set a balanced budget each year, and I have a legal duty to report to City Council on 6 March 2013, on the robustness of our budget and the adequacy of our reserves. [...] In my view, the funding settlement set out by government for the next few years understates the scale of cuts that councils will need to make, and makes insufficient allowance for councils’ legal responsibilities to provide services” (*Newcastle City Council’s budget proposals 2013-16: Fair choices for tough times*, 2013, p. 7).

In this instance, the NCC finance director’s politically motivated statement was overly cautious, for it turned out that over the next 3 years the council did manage to fulfil its legal responsibilities, and even continued to do so despite additional cutbacks in the years that were to follow. Besides using formal budget statements, such as these, for political pronouncements, NCC had space for manoeuvring through inter-departmental negotiations, through which areas of need or political priority could be addressed.

“There is flexibility [between council departments] for a negotiation of corporate budgets and service wants and needs to help manage performance, but finance [department] still want a balanced [revenue] budget” (Head of Governance and Information).

Local government’s agency was heavily curtailed but not expunged.

5.3. Obstacles to raising local taxes

The tax raising powers of local government were de facto minimal. The main tax revenue for local authorities arose from council tax, a regressive tax on the value of residential property. It was introduced in 1993, after the unpopularity of the poll tax led to street riots and the ousting of Margaret Thatcher as prime minister. At the time, reductions in local taxes raised were offset by

increasing the size of central government grants to local authorities. The legacy of the conflict over the poll tax has remained with local government finance to this day. Local taxes still have a toxic political profile nationally. For example, following large increases in council tax during the early 2000s, government ministers were given the right to “cap” proposed increases, and exercised it. Although the Localism Act 2011 removed capping, it introduced an obligation that any council tax increases deemed excessive by the Secretary of State would be subject to the local authority holding a referendum.

“Now council tax increases require some form of referendum. This effectively limits the potential of this source of revenue to the council” (Accountant).

As a result, NCC’s decision making over whether to even try to increase revenue from local taxation was fraught with political difficulties.

“The previous [NCC] administration was very focused on low council tax increases and primarily an efficiency led budget strategy. So we tried to deliver that... it wasn’t entirely possible the whole time. Prior to that the reputation of the local authority has been of very high council tax and that was a particular issue for us, or to accept lower funding and minimize the impact on services” (Senior Finance Manager).

In summary, the Localism Act 2011 gave councils control over council tax rates, subject to a potential referendum called by the Secretary of State. In textbook governmentality mode, therefore, the Act acted upon the political calculus of NCC as to whether the promise of greater council tax revenue might be worth the political cost of becoming known as a ‘high tax’ council. NCC retained that delimited ‘freedom’. Localism thereby left councils a way out of the strictures of austerity if they were willing to pay the political price.

In addition, the poll tax legislation also removed local government’s power to set the business rates. Instead, councils were required to transfer the money they raised to central government through a national non-domestic rates mechanism. A recent reform allows local authorities to keep 50% of the revenue raised locally through national non-domestic rates, but this only applies to new businesses, and ministers have retained centralised power to set the level of the tax.

“Despite tinkering around the edges, local business tax remains constrained” (Accountant).

5.4. Centrally controlled local expenditure

The financial stress on local government was further exacerbated by central government control over local spending. Many key areas of spending were governed by national rules. This mattered because,

“The local authority already has limited discretion once the budget is taken up with statutory services” (Chief Accountant).

Parts of local government budgets had been committed to certain ring-fenced services that lay beyond the discretion of local government. Often lack of financial control went hand in hand with loss of influence over the governance of the services concerned.

“Over the years, local government has lost significant control over certain policy areas and services, and now even governance is being undermined. For example school funding was taken out of local authority control, but now academies³ mean local authorities have little involvement in governance [altogether]” (Labour Councillor at Audit Committee).

“Local services, e.g., refuse collection, etc. [...] are subject to national guidelines, and so any flexibility is within those frameworks” (Manager of Local Services).

Any remaining agency for NCC depended on the particular rules for the different areas of national regulation.

5.5. The separation of capital and revenue budgets

A final pillar of central government’s dominance was the separation between the capital and revenue budgets. Councils are required by law to separate investment and expenditure and ring-fence certain funds received under investment schemes. Nevertheless, NCC was allowed to sell assets and use the proceeds to fund services. This gave it potentially considerable agency in its approach to tackling austerity.

NCC chose not to sell assets, however. We see the main reasons for this in the long-standing programme of public sector marketisation and the entrenchment of neoliberal ideology (W. Davies, 2017) in local government through, by now, highly legitimate business-like practices, that would include tendering, best value exercises, competitive benchmarking, and corporatisation of council services (Ahrens et al., 2018; Bowerman & Ball, 2000; Ferry et al., 2018; Hood, 1991). Over decades, NCC had developed and retained ownership of certain infrastructure businesses, such as city centre multi-storey car parks and shares in Newcastle airport, which it resolved to keep rather than sell to use the proceeds for the funding of services.

“We will support an active approach to attracting jobs and investment into the city, including through £456m of capital investment in the economy, housing and new services; generating around 2,500 jobs. By investing up-front, income can be secured for re-investment in the future. We cannot use capital monies to support revenue spending”

³ Schools that are run by private entities.

(*Newcastle City Council's budget proposals 2013-16: Fair choices for tough times*, 2013, p. 9)

The chief accountant explained that NCC would continue to invest in the city centre shopping mall together with the private sector in order to safeguard business rates and jobs, in Science City together with the university to attract new investment and jobs, and in a city and knowledge economy business hub, again, to attract jobs and increase the business rates tax base. NCC also wanted to invest in the city's business infrastructure through special funding arrangements, such as the "Newcastle City Deal", which allowed "[...] the creation of an Accelerated Development Zone in the city centre [...]" (*Newcastle City Council's budget proposals 2013-16: Fair choices for tough times*, 2013, p. 23).

Business-like practices were for many NCC officers and politicians not just a local version of neoliberal government (J. Davies, 2014; Newman, 2014). Rather, they were rooted in shared memories of the economic hardship following deindustrialisation in the 1970s and 1980s, through which they had come to see times of depression as crucial opportunities for reinvestment (Johnstone, 2011). This had been demonstrated by the rebuilding and rebranding of the city, in particular in its partnership as "NewcastleGateshead"⁴, as a cultural centre for North East England "[...] whose grand capital projects including the Baltic art gallery, Sage concert hall, and the millennium bridge have attracted international attention [...]" (Ward and Carter, 2002). Practices that were motivated by a programme of marketisation were thus not simply directed at the management of the contemporary crisis, but also expressive of key historical lessons (Ahrens & Ferry, 2018). Present hardship motivated exhortations for greater ambition and imagination, including experiments with investment finance. Tom Symons, *Capital Futures* (2011) report author and Capital Futures Taskforce member, said:

"Councils must explore a completely new landscape of financing options to survive this Spending Review... As a result of central government cuts we need to see a much more ambitious approach from the sector if our infrastructure deficit is to be addressed" (Johnstone, 2011).

The treatment of capital and revenue budgets made visible highly specific interactions between concurrent programmes. Even though the rules allowed asset sales, the dominant rationale suggested that they are undesirable. This was due to the ways in which incumbent programmes were meshed with one another, guiding NCC to act like an anticyclical investor that increases investments in infrastructure and potential sources of future jobs and tax revenues during the

⁴ <http://www.newcastlegateshead.com/>

crisis. Localism gave NCC the authority to act in this way, and marketisation prevented NCC from giving in to the immediate, short-term revenue pressures generated by austerity.

Politically, this was not the desired result for NCC, however, insofar as it did not provide a platform for vocal opposition to austerity. The next section outlines how NCC, caught between the conflicting programmes of localism and centralism, and committed to marketisation, advocated a counter-conduct that emphasised devolved powers for local authorities by supporting local authority devolution for the whole of England at a programmatic level. The section after that outlines the roles of accounting technologies in local authority practices to support this counter-conduct.

6. Devolution in England as the key counter-programme to austerity

The devolution of power and funding to local governments had been an evolving programme of local authorities for several decades (House of Commons Committee of Public Accounts, 2016; King, 1989; Pike, 2016; Ugwumadu, 2015). In this section we describe three key elements of this counter-programme of relevance to NCC, spanning from NCC pronouncements that connected the effects of austerity on Newcastle with the effects on the nation, over national debates that connected devolution to prosperity, all the way to recent legislation and regulatory agreements on devolution. Throughout this section we trace the uses of accounting and financial calculations of various actors to support this counter-programme.

6.1. The effects of austerity on the country's future

In order to win allies for a reform of local authority funding practices it was important that NCC was seen to suggest improvements for the country and not just for NCC. It is before this background that NCC Leader Nick Forbes' letter to the Prime Minister should be read:

“Public services will increasingly only be able to deal with people when they reach a crisis point in their lives. This is a potentially expensive burden that our country will face long into the future. While the cuts may seek to reduce the financial deficit, you are creating a serious social deficit for future generations” (Forbes, 2012).

The NCC leader went so far as liken the central government cuts to an all-out attack on the post-1945 consensus on the welfare state, seeking to return the country to the 1930s (Ahrens & Ferry, 2018, p. 7).

In the official communications from NCC and various voluntary organizations (e.g., *Taking the temperature 2016—The state of play of the voluntary and community sector in Newcastle*, 2016),

as well as in citizen interventions in Council meetings and street protests, there was a strong sense that NCC's budget discussions were not just about balanced books and financial projections. They emphasised that central government was in the process of destroying decent livelihoods and functioning communities in Newcastle (Ahrens & Ferry, 2015; *Fair choices for tough times: Cumulative impact assessment*, 2013). A particular focus of NCC communications and national media reporting lay on the portrayal of NCC's struggle with central government as an exemplar of the regional, cultural, and class fault lines running through the nation, pitching north against south, inner cities against leafy suburbs, poor against rich, and Labour against Conservative (Butler, 2013, 2015; Harris & Domokos, 2013; Hetherington, 2013; *Newcastle City Council's budget proposals 2013-16: Fair choices for tough times*, 2013; Woods, 2014). These fault lines fuelled subjectivities of resistance that contested the central government's attempts to present austerity localism as simply good housekeeping.

An alternative route for making NCC's experience relevant to the country was available through NCC's institutional memberships. In the 2013-16 budget proposals, the budget assurance statement by the NCC's director of finance and resources, Paul Woods, said that,

“The council has joined with other Core Cities⁵ and North East councils to highlight the fact that resources have been unjustifiably redistributed away from poorer areas, with the highest deprivation to wealthier less deprived areas, and is skewed against councils like Newcastle and in other parts of the North and Inner London” (*Newcastle City Council's budget proposals 2013-16: Fair choices for tough times*, 2013, p. 7).

Besides the Core Cities Group, NCC allied its concerns with the voices of important institutional actors in the field of local government budgeting, such as the Audit Commission (*Strategic financial management in councils: Delivering services with a reduced income. Audit Commission*, 2010), the Local Government Association (Local Government Association, 2014), the Joseph Rowntree Foundation (Hastings et al., 2013), the National Audit Office, CIPFA, the Association of North East Councils, and SIGOMA (Woods, 2013), all of whom supported a more independent process of local government funding settlements in future. These debates combined rationales for the future shape of local government with the technologies of the financial calculations of local authority grant settlements.

“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” (Woods, 2014).

⁵ English Core Cities is an advocacy group for the large English cities outside London (Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield). It was founded in 1995 and has been lobbying for fiscal devolution.

6.2. Devolution = Prosperity

Key to turning the complaints against the centralism programme into a positive vision of a different future with concrete proposals for conduct was the link between devolution and economic growth for England. Economic growth became the key rationale of the devolution programme. The message to convey was that, in the same way that NCC did not just protest cuts for Newcastle's sake, England's large cities protested for the good of the country. This was a key plank of the Core Cities Group's agenda.

“The national economy needs our cities to succeed like never before in delivering jobs and growth, and reducing dependency on public services. To do so means going further and faster in devolving resources from the centre” (Sir Richard Leese, Leader of Manchester City Council and Chair of the Core Cities Cabinet, 2013).

Following lobbying by the Core Cities Group and others, a parliamentary Communities and Local Government Committee on local government funding was established in 2014 (“Committee Chair urges Government to devolve financial powers in England,” 2014).

In May 2015, the Core Cities Group published a formal charter demanding devolution:

“The charter highlighted that independent forecasts showed greater freedoms for the eight core cities in England alone could deliver a £222bn boost to the economy and create 1.16 million jobs by 2030” (Ugwumadu, 2015).

At this point, support for devolution encompassed most of the political spectrum, including Labour, Liberal Democrats, and Conservatives (Faulkner, 2015; Heseltine, 2012, pp. 7–8). The earliest serious indication that NCC's attempts at national change might bear some fruit, was perhaps that, following the electoral victory of the Conservative party in May 2015, the Chancellor of the Exchequer, George Osborne, was,

“[...] stating baldly that the old model of running everything from London was broken. Cities can now apply for control over areas such as housing, transport and training, as long as they accept an elected mayor” (“Spreading their wings,” 2015).

6.3. Recent legislation and regulatory agreements in support of devolution

On 15th April 2014 the North East Combined Authority (NECA), to which NCC belongs, was formally constituted. In October 2015 HM Treasury and NECA and the leaders of its constituent

local authorities signed the *North East Devolution Agreement*.⁶ Since then a series of policy changes have sprung from the earlier programmatic outlines. Most importantly, devolution in England became official government policy with the Cities and Local Government Devolution Act 2016 that came into force on 28 January 2016. It provides a legislative framework for secondary legislation to confer local government functions on new local authorities made up of combinations of existing ones (e.g., Greater Manchester Combined Authority, NECA, etc.) and confer any public authority functions on them (*Secretary of State's Annual Report on Devolution 2015-16*, 2016, p. 20). The Act's political motivation is outlined in the Secretary of State's for Local Government and Communities foreword to his first report on devolution, merging some of the rationales of localism and devolution:

“In the EU referendum, the British people sent a clear message that they wanted more control over their lives, that they felt disconnected from democracy when governed by a distant elite. That means there's no point in us taking power back from Brussels only to hoard it in Westminster” (*Secretary of State's Annual Report on Devolution 2015-16*, 2016, p. 5).

This foreword also emphasised the need for a devolution of local authority funding with reference to “radical reforms to business rates [to] [...] fundamentally change the relationship between central and local Government” (ibid.). Detail on initial, trial arrangements can be found in a hyperlinked report on updates to the devolution deal for the Greater Manchester Combined Authority:

“The government will pilot the approach to 100% business rates retention in Greater Manchester. This will help to develop the mechanisms that will be needed to manage risk and reward under 100% rates retention and will help authorities to build financial capacity to reform core services and invest in long term economic growth from 2017–three years ahead of schedule” (*Further Devolution to Greater Manchester Combined Authority*, n.d., sec. 19).

Devolving a key source of local tax revenue was widely seen as a step change in the design of devolution agreements. Still, many more changes are seen to be required, for example, with regards to new house construction (House of Commons Committee of Public Accounts, 2016, p. 5) and the opacity of devolution city deals (Pike, 2016). The process of devolving to combined authorities the sizable local health budgets, £6bn annually in the case of the Greater Manchester

⁶ Ultimately this agreement was stalled because in September 2016 four of NECA's seven constituent local authorities voted against proceeding with the scheme outlined in the Agreement because they could not agree the terms of their collaboration under the Agreement.

Combined Authority, indicates, amidst considerable controversy, future directions for experimentation with devolution in the context of localism (Hirst, 2017; Pidd, 2016).

Programmes combine rationales of governing with technologies that make them concrete and operable, often through recording and measurement. In the national political arena, NCC's articulation of the rationale of devolution, for example, through public letters, press conferences and releases, and the signing of formal charters, was supported with references to forecasts that sought to calculate the economic benefits from devolution. NCC's local politics used innovations in accounting technology to buttress in greater detail and more concretely the claims that central government funding cuts were irresponsible, unsustainable, undemocratic, unfair, and politically motivated. These are the topic of the next section.

7. The role of accounting technologies in the delineation of counter-conduct

New accounting representations of the cuts—through medium term budgets and heat maps—served to sharpen NCC's political message about the cuts. Medium term budgets also informed concrete council activities to address the funding crisis through specific service reorganisations.

7.1. Medium term budgets

On 20 November 2012, NCC published a three-year budget that forecast detailed revenues and expenses over the coming three years, starting with 2013/4 (“Newcastle Council cuts 1,300 jobs to save £90m,” 2012; *Workers protest at Newcastle Council's £90m cuts plan*, 2012). Up to then, English local authorities only produced annual budgets combined with medium term financial forecasts. The forecasts spanned three years but lacked the detail of the budget and did not entail the in-depth consultations that were held before budgets.

The introduction of three-year budgets underpinned NCC's counter-conduct in two ways. Firstly, it enabled NCC to develop new forms of democratic consultation that contrasted sharply with the central government's top down meting out of cuts to local authority budgets.

“The move to three-year budgeting involved a much greater amount of consultation and breaking down in detail future estimates than previous planning processes. Given the transparent manner in how it was done with the involvement of citizens through ‘lets-talk’ consultations it would obviously make the Council more accountable” (Head of Governance and Information).

NCC was able to portray itself as thoughtful, organised, and accountable to its residents in response to the central government cuts that left councils with unprecedented funding gaps in

their revenue budgets and, beyond the total expenditure ceiling, no guidance as to how to bring about the budget reductions. NCC's attacks on the manner in which the central government conducted the cuts was accompanied by its own example of a counter-conduct of how to tighten budgets much more accountably and, thus, democratically. For example, "let's talk Newcastle" combined a series of public ward meetings and visits of councillors to the wards with a dedicated website (<https://letstalknewcastle.co.uk/>) for disseminating information and garnering feedback and proposals. There were over 50,000 responses during the first year of NCC's "let's talk" consultation in which the public were invited to comment on savings options for services.

Secondly, to budget for 30% cuts over three years rather than 10% over one year meant that NCC had at its disposal more detailed information about the likely scale of service impairments in the medium term, from which stronger arguments against the cuts could be derived. The three-year budget thereby alerted Newcastle residents and attempted to mobilise them against the central government cuts. For example, the official budget documents for 2013-16, entitled "Fair choices for tough times," contained the following foreword from the NCC leader Nick Forbes.

"At the beginning of this consultation process, Newcastle City Council illustrated how cuts in government grants and unavoidable cost pressures meant we would have to make £90m of cuts over the next 3 years. We demonstrated clearly [...] by referring to independent bodies like the Audit Commission and the Joseph Rowntree Foundation, how the cuts we faced were deeply unfair. We pointed out how the government has chosen to hit councils harder than any other part of the public sector, and how the funding formula resulted in us losing £218 per adult, while some councils faced cuts of less than £27 per adult. We used this information to lobby government about both the unfairness and unsustainability of our settlement" (*Newcastle City Council's budget proposals 2013-16: Fair choices for tough times*, 2013, p. 4)

NCC's particular use of accounting engendered additional forms of lobbying and public protest against the announced budget cuts. The technology of medium term budgets was thus connected with the rationales for protesting the cuts and demanding an end to Westminster's tight grip on NCC's finances through the programme of devolution. By combining its model for budget consultation with the more encompassing information about likely service cuts over three years, NCC sought to create a momentum of protest and lobbying through publications, speeches, interviews, and special fora such as the Fairness Commission.⁷

For example, NCC allowed various activists to give impassioned five minute speeches to Full Council in support of their concerns, witnessed by one of the authors. In particular, a speech on

⁷ <http://www.ncl.ac.uk/socialrenewal/engagement/fairnesscommission/>

saving disabled respite care pulled heartstrings. A woman who looked after a disabled adult relative vividly explained the process of dressing, feeding and cleaning as a daily endeavour of love and compassion that was made possible by short respite periods in a special respite home. During her speech the council chamber was filled with the wailing of disabled wheelchair-bound campaigners who has been allowed onto the debating floor of the chamber. Facilitated by the technology of medium term budgets NCC developed forms of counter-conduct that combined more detailed, longer term planning with greater accountability to residents affected by service cuts. In combination, these qualities helped mobilise protest.

Such linkages between technologies, rationales, and programmes hardly ever proceed “snugly” though (Miller & O’Leary, 1994, p. 40). Counter-conduct, and the innovative accounting technologies on which it relied, did not remain unopposed. The medium term budget figures led to opposition party counter claims of scaremongering because of various estimates used to budget for the medium term. NCC’s Finance Director defended the choice of a three-year horizon, despite planning uncertainty induced by the central government bureaucracy:

“Things may change and go up and down as we get more information in February around costs and savings, etc. So we know estimated figures, but these can change. We really need medium term figures that don’t keep changing. I don’t think [central government] civil servants appreciate it. They say you have last year’s figures and can you just not get on... So we are information poor as time goes on.”

Moreover, NCC’s invitations to protest attracted diverse actors, not all of whom were among the imagined stakeholders, and not all of whom articulated the desired messages. For example, Socialist Worker Party activists immediately after the proposed budget cuts for 2013-2016 took direct action and peacefully hijacked the full council meeting in December 2012, leading to heavy police and security presence during subsequent council meetings. In a particularly impoverished west end ward of Newcastle, young children and their carers disrupted an official council meeting chaired by the council leader, waving banners and chanting “SOS – Save Our Services – No cuts for Kids”, subsequently posted on YouTube.⁸ Some petitions were supported by demonstrations in the main city centre.⁹ A march and sit-in against library closures in December 2012 occupied the Newcastle council chamber.¹⁰

⁸ <https://www.youtube.com/watch?v=MmZxomdY3II>

⁹ <https://www.youtube.com/watch?v=n1BrKa-lbmw>

¹⁰ https://www.youtube.com/watch?v=aZ8hQdx_fms

However, where NCC's counter-conduct helped motivate protests directed against NCC itself, there is an ambiguity over whether the political damage was greater for the council or the central government. Take, for instance, the proposed 100% cut to the arts and culture budget and the protests of Geordie¹¹ music and film stars. This became particularly interesting to the news media (Higgins & Kennedy, 2012), partly because the city had become famous for trying to overcome industrial decline with cultural regeneration (Butler, 2013). Some, like Geordie celebrity author Lee Hall, accused NCC of the "staging of a meltdown," of merely pretending to want to eliminate the arts and culture budget in order to attract national attention and score political points against the central government. The arts and culture budget cuts repeatedly made the national news.

"Newcastle City Council is planning to cut all funding to arts organisations in the city, including the Theatre Royal, Northern Stage and Live Theatre. [...] Theatre Royal chief executive Philip Bernays [said].... The council is between a rock and a hard place and we all recognise that. Newcastle has rebuilt itself on a cultural renaissance over the past 15 or 20 years. It's reinvented itself as a city following the heavy industrial decline, and to throw all that away overnight is madness. Which just shows what an incredible decision the council are facing at the moment because they know it's madness" (Youngs, 2012).

The extreme nature of the public commentary of NCC's critics ("meltdown", "madness") suggested implicitly that no local government could actually desire to obliterate cherished cultural organisations of national fame and that such behaviour, therefore, *had* to be motivated by external forces, specifically, the austerity programme of the central government.

At the same time, NCC could argue that cutting arts and entertainment funding was more democratic and demonstrated 'better' accountability than cutting yet more of the funding that supported the poorest in Newcastle. Commenting on the public reaction to NCC's proposed arts and culture budget cuts, the leader of NCC said in a film made by the Guardian newspaper,

"I've done far more interviews about the arts and the impacts of the cuts on the arts than I have about the impact of cuts on adults with learning disabilities, about parents with care responsibilities, and it's, it's been a really interesting illustration to me about who is able to pull levers of power to get most effect" (Harris & Domokos, 2013, pts. 6:04-6:22 min).¹²

¹¹ Colloquial term for people from the Tyne and Wear region.

¹² Nevertheless, the social deprivation in austerity Newcastle—showing itself, for example, in increased homelessness, incidences of pay day loans and loan sharking, and use of food-banks—also generated much media

NCC's medium term budgets thus were a project conceived out of NCC's opposition to central government that acted on the conduct of NCC itself, through detailed public budget consultations and plans for service cuts, and on the conduct of various protest groups, as well as the news media. Additionally, NCC budget practices reinforced discourses of solidarity based on need—in opposition to the central government's narrative of 'growth incentivisation'—that might, in turn, support other forms of counter-conduct.

7.2. Heat maps

Another prominent accounting technology that made more concrete the rationales of protest and devolution through a summary measure of the financial effects of austerity localism were NCC's "heat maps" of England, which showed all local authorities colour-coded by funding. They visually produced geographical comparisons between local authorities and, in particular, clusters of disadvantaged authorities in the north and north east and in central London. Through the heat maps NCC sought to communicate the unfairness of the funding cuts to the public, despite the complexity of the underlying formulae:

"Heat maps were first produced by the Department for Communities and Local Government in May 2011 for 2011/12 to show an area per capita figure for revenue spending power. The city council then adapted the idea to show revenue spending power per head of population at an area level. The purpose of Newcastle's maps is to highlight the impact of Government decisions around the country on a comparative basis, for example £ per head of population" (*Poorest areas are hardest hit by cuts—Heat maps*, 2013).

Heat maps were thus a technology originally devised to back up the central government's programme of austerity localism but were repurposed for NCC's protest. Their design presented formidable technical accounting difficulties.

"The unfairness of the local authority funding settlement was visible to some accountants that understood the complexity of the accounting numbers and assumptions. However, not [even] all accountants understood the numbers, and so getting the message across to the general public would be difficult" (Accountant).

"The heat map provided a clever way to get the unfairness of the funding settlement across to people in the street in a way that they could understand and appreciate the

interest from left and right leaning newspapers alike, including film productions for the web (Good, 2015; Harris & Domokos, 2013; *Newcastle still gripped by austerity*, 2014).

implications. This is why the media picked it up and ran with it, as people could now picture the story in a way that made sense to them” (Head of Internal Audit).

Accounting technologies, such as the heat maps, could give focus to the debate such that key concerns emerged (e.g., cuts measured in cash versus spending power). Like medium term budgets, however, they did not produce unanimous responses—in Newcastle and further afield. Rather, by throwing the problems of local government into clearer relief accounting appeared to add fuel to the debates.

An example was the challenge of NCC leader Nick Forbes to the Conservative MP and Secretary of State for Communities and Local Government Eric Pickles. Forbes alleged that the financial settlement was a politically inspired attack against Labour controlled councils and the north of the country that could well lead to civil unrest (Butler, 2013; Hankinson, 2013). This antagonised the NCC opposition leader, the Liberal Democrat David Faulkner. He endorsed in principle the challenge to central government but cautioned against Forbes’ approach and suggested a broader political perspective beyond service cuts.

“The [Westminster] MP’s look at it through eyes of residents and not just [local authorities]. They see council tax, income tax, housing rent, childcare are all higher than before and therefore feel they are advocating on behalf of those people. I’m not sure talking about civil unrest etc. is helpful to the cause. I would like to see technical lobbying as this current approach demeans [NCC]... It is like Liverpool as a basket case under Hatton [who set an illegal, unbalanced revenue budget in the 1980s]. It has only served to antagonise MP’s and in particular MP Pickles” (NCC full council minutes).

His speech caused much controversy in this public council meeting with shouts of points of order from local Labour politicians, counter-points by opposition politicians, and, eventually, mayoral intervention.

The heat map did not simply provide fuel for lively political exchanges, however, but contributed to the mapping out of counter-conduct. This counter-conduct did not specify particular administrative practices, as did the medium term budgets. Rather, the heat maps helped delineate counter-conduct with regards to policy rationales and objectives, thus potentially informing policy choices.

This could be seen, for instance, in the national debate. Here, the Secretary of State for Communities and Local Government, Eric Pickles MP, continued to refute the basis of

calculation used by NCC leader Nick Forbes to dissuade the central government from its planned cuts in a letter to the Prime Minister on 20 November 2012 (Forbes, 2012). Eric Pickles responded by arguing that budget cuts had been fair on the basis of spending power and that “growth incentivisation” and not “needs assessment” offered a better basis of funding. In a speech to Parliament that was motivated by the programme of marketisation he said: “It is unfair on the rest of local government to expect them to subsidise other councils’ failure to embrace modernity” (“Eric Pickles outlines funding cuts for England councils—BBC News,” 2012, secs. 1:47-1:57 min.). He emphasised that on average councils would only suffer small reductions in “spending power”. NCC in turn contended that spending power ignored the complex and significant differences in need. NCC’s finance director suggested that Pickles’ argument was “highly misleading”:

“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 [...] This is highly misleading [...] one of the main reasons for the [...] difference in spending power per dwelling is the difference in needs [...], which is now accepted by the government” (Paul Woods, NCC Finance Director, as observed at the full council meeting at NCC Agenda Item 7 Government’s resource allocation on 9 January 2013, which was later reported in *Public Finance* January/February 2013).

Ironically, both the medium term budgets and the heat maps repurposed central government accounting technologies: The three-year budgets combined the detail of annual budgets with the future orientation of the existing medium term forecasts. The heat maps were based on the funding change maps of the Department for Communities and Local Government itself. Both arose in response to the challenges to NCC presented by the shrinking spending ceiling forced upon them by central government.

8. Discussion

Programmes of government tend not to succeed each other neatly (McKinlay & Pezet, 2017; Miller, 1990). Concurrences of programmes are therefore commonplace and their various influences, and dependencies, on accounting and other calculative practices may be hard to disentangle. Our field study of NCC’s uses of accounting technologies in its political fight against the central government’s austerity funding cuts has sought to tease out some of the interrelationships between technologies, programmes, and rationales of government. Key to our presentation of those uses of accounting have been the attempts by NCC to engender a counter-conduct against the programme of austerity. The shaping of this counter-conduct and the uses of accounting to help bring it about have been complex, not least because of the presence of other programmes besides austerity.

With regards to the revenue budget cuts, NCC argued vehemently that they were unfair. Accounting was central to these arguments. The use of heat maps, for example, helped articulate opposition to the government's programme of cuts and the technologies that it used. NCC's key claim was that the government ignored regional differences in inequality and need and effectively sought to replace the funding formulae for local authorities with a simple per capita grant. While the heat maps functioned as a technology that supported political oppositional counter-conduct, they were not suggestive of detailed administrative local government counter-conduct. However, the functioning of the heat maps also brings to mind recent calls for a more comprehensive appreciation of the diverse strands of Foucault's work, including subjectivity and the care of the self (McKinlay & Pezet, 2017; Raffnsøe et al., 2019). Through their graphical representations of very specific notions and calculations of inequality, the heat maps arguably fed into the subjectivity of lower income, left-leaning northerners, insofar as they combined a sense of victimisation by better-off conservative southerners with a sense of northern pride in traditions of class solidarity (cf., Ahrens & Ferry, 2018). The counter-conduct advocated by the heat maps would thus have been primarily in relation to local government policy choices, acting on the values of solidarity and support for the needy, and a specific subjectivity that fed on northern culture and the Labour Party's working class tradition. These appeals did not depend on the technical accounting detail that underpinned the heat maps. Such detail remained in the background, and the lively responses to heat maps suggested that technical detail may not be necessary to generate counter-conduct with regards to policy choices (e.g., in relation to devolution), practices of solidarity, and subjectivities (e.g., as evidenced in demonstrations and sit-ins, and council and ward meetings).

The use of three-year budgets also engendered these kinds of counter-conduct in relation to general policy choices, solidarity and subjectivities because they made the same points about the unfairness of local government grant cutbacks in the context of the north-south divide. Additionally, however, the three-year budgets also created very detailed plans for how to prioritise services in the medium term, both, programmatically through council debates and special initiatives such as the Fairness Commission (Ahrens & Ferry, 2015), and technically through various budget consultations, committee deliberations, and the finalised budgets themselves. Moreover, the technical-administrative counter-conduct arising from the uses of the budgets was intertwined with a counter-conduct of democratic government because it showcased consultative government and accountability in Newcastle as a striking alternative to the practices of central government top down fiat.

One of the interesting features of medium term budgets at NCC is the ambiguity of their political impact. Whilst supportive of counter-conduct in the ways outlined in the previous paragraph, these budgets also constituted the sort of local government response to austerity that the central government had hoped for, namely, a carefully planned reduction of local government expenditure that minimises hardship for residents by protecting services as best it can under difficult circumstances. Seen in this light, NCC's budgetary conduct did not run counter to the austerity programme. It potentially supported austerity by making it more palatable to the residents through careful local budgeting and financial management. Medium term budgets thus were directed against the central government by supporting policy choices, solidarity, and subjectivities in opposition to austerity, and, at the same time, helped central government by softening the effects of austerity on residents.

This ambiguity about the overall effects of the medium term budgets sheds new light on the implications of economisation on local democracy. Kurunmäki et al. (2016) warned against assuming that the various ways in which accounting and other calculative practices can be used in public administration and the public sphere more generally are necessarily allied with neoliberal or anti-democratic agendas. Our study suggests that of the various ways of enrolling citizens into programmes of governing with the help of accounting and other calculative practices, some are supportive of neoliberal austerity policies and some are not. Medium term budgets helped economise more effectively, by buffering, at least to some extent, service users from the effects of drastic budget cuts. At the same time they helped politicise local government practices through demonstrations of the effects of budget cuts on services, thereby suggesting that the rationale of austerity was wrong. Moreover, they sought to improve accountability and democracy through intensified budget consultations.

The effects of the concurrence of programmes did not stop here, however. NCC remained in the grip of marketisation, as evidenced in its refusal to generate funds from asset sales through its revenue budget in order to plug the growing holes in its revenue budget. The naturalness with which NCC maintained the clear distinction between capital and revenue budgets suggested how deeply rooted in NCC practices the marketisation programme had become. NCC officials and politicians took it for granted that they keep an entrepreneurial mind-set, retain (and not sell) infrastructure assets, and even invest additional millions into new business-friendly and knowledge economy infrastructures during an extended period of service cuts. Accounting technologies were here mobilised to justify the protection of existing, and development of additional business rate income, guaranteed through special deals with the central government. Austerity aligned with marketisation such that a potential source of cash from asset sales to supplement the revenue budget remained out of reach.

Even the emerging programme of devolution that promised, at long last, to break central government's tight grip on local authority government funding was justified in the language of marketisation, portraying an 'empowered' local government sector with devolved powers as a force for national economic growth. That devolution seemed only palatable as an economic and not, primarily, as a political initiative is suggestive of the sway that marketisation had over localism and devolution. More broadly, it is also potentially suggestive of hierarchical relationships between more or less central and important practices in the local government arena (Ahrens, 2018; Swidler, 2001).

9. Conclusions

Accounting research on governmentality has been clear, in principle, that the programmes of government, that draw in various ways on accounting technologies and rationales, evolve in competition with one another. What has been missing is clearer insight into the key processes through which this might happen. We, therefore, offer actual examples of the roles of accounting in competing programmes.

This paper explores how NCC used accounting to fight the effects of austerity and especially local government grant cuts. It demonstrates that the uses of accounting were influenced by the concurrence of various programmes jostling for influence over the actions and rationales of the main actors. NCC's support of devolution formed the programmatic backdrop of its fight against the central government's austerity programme. NCC was hampered in its actions by deep-seated traditions of centralism, as well as more recent, but equally persistent, convictions that marketisation must remain a cornerstone of current and envisioned local government practices.

This has potentially important implications for our understanding of accounting as a technology and rationale of governmentality. We know already that alignments of rationales, programmes, and technologies are rarely "snug" (Miller & O'Leary, 1994) because of problems of adjustment, compatibility, internal competition, and so forth. We have also come to expect particular accounting technologies, such as standard costing (Hopwood, 1987) or auditing (Power, 1997), to become associated with particular ways of framing problems, constituting actors, and seeking to act upon those actors. However, our NCC field study reminds us of the complex processes that can underlie such expectations and that can give rise to considerable ambiguity especially during the gestation of new accountings.

One kind of complexity arises from the relationships between programmes and technologies. Our NCC case contains diverse technology-rationale relationships. An accounting technology with a clear rationale were heat maps. They were designed to visualise unfair funding cuts. As such they made a tangible difference to the formation of counter-conduct—not just for NCC and its citizens, but more broadly across the institutional field of local government (cf., Ahrens & Ferry, 2018). Medium term budgets also did this. Yet, they also sought to make austerity service cuts more considered, efficient, and more palatable to the local community and, thus, paradoxically, more sustainable. Both, heat maps and medium term budgets, acted upon political solidarity and subjectivities. Such examples illustrate some of the dynamics of the changing connections between multiple rationales, programmes, and technology within evolving forms of governmentality. Of particular interest are the ways in which particular accounting technologies can become implicated in efforts at shaping counter-conduct, that is, the positive envisioning of a different governmentality based on new programmes. In this regard, our paper seeks to offer new insights into the ways in which accounting might contribute to changing political programmes and lengthen or shorten their life spans. We thereby outline one possibility for responding to the critiques of the overly schematic uses of governmentality in accounting research (Ahrens & Chapman, 2007; Kurunmäki & Miller, 2011).

A second kind of complexity arises from the combined effects of concurrent programmes on accounting and calculative practices. This, too, might be a fruitful subject for future governmentality research—not just conceptually but also empirically. The reason is not that a story with more detail is always better than a sparser, more abstract story. Rather, the premise of governmentality research, that to govern is to act upon the actions of others by defining their ‘freedoms’ to choose and act, requires insight into the concurrences and assemblages of programmes that, together, make up the context in which those programmes unfold. In the present paper, for example, localism only makes sense if there is, concurrently, also a centralism to which localism is a reaction. Moreover, the particular kind of localism developed by the government in our case crucially depends on austerity, which localism sought to make more acceptable to local government. Furthermore, in the wider historical context, localism very much leans on deeper structures of marketisation insofar as marketisation shaped key notions of what was possible and desirable in local government practices. Borrowing from practice theory, one might invoke the notion of an “essential context” or “site” (Schatzki, 2002) to denote those concurrent programmes without which a programme under study cannot really be understood.

The notion of counter-conduct has been central to our argument. If power is significantly about the conduct of conduct, then counter-conduct can become an important objective of resistance. It is about sketching alternative visions with alternative practices in pursuit of alternative ends. We suggest that accounting can play diverse roles in counter-conduct. It can be used to calculate and

report on the damage done by powerful programmes. This can be of considerable campaign value, and inform policy choices, practices of solidarity and accountability, and subjectivities. If accounting is deployed, however, in order to underpin concrete proposals for alternative administrative practices without being able to challenge directly the resource constraints that were central to motivating resistance in the first place, then a rationale of counter-conduct can end up fuelling practices that intensify and make more sustainable the very programmes that they were meant to fight.

More generally, the meshing of diverse programmes, and their meshing with various accounting practices promises to hold key insights for future studies of contemporary accounting practices. Governmentality research has familiarised us with the significance of calculative practices for generating specific assemblages out of rationales, programmes, and technologies. Less attention has been paid to the ways in which programmes, in turn, can mesh with other programmes and thereby affect the functioning of existing and the emergence of new programmes. By being able to flesh out the limitations for programme development that arise from the existing meshings of different programmes, the notion of practice and programme meshes may help distinguish areas of programme inertia from areas in which a more rapid development of new programmes can be observed. The case of NCC suggests that programme meshes with long traditions, for instance, between centralism and marketisation, and their meshes with more recent programmes, such as austerity, can hamper the rise of new programmes, such as devolution, and any attempts at meshing them with particular versions of new programmes, such as localism. By directing the analytical gaze of governmentality research onto concurrent programmes this tradition of research can further refine its insights into the uses of accounting for creating new discretionary spaces that impose highly specific ‘freedoms’ on diverse actors.

10. Post script

This is not to deny that newly concurrent programmes will continue to shift, sometimes radically, the nature of the dominant programme meshes in Newcastle and beyond. In preparation for the election of the mayor for the newly created metro region ‘North of Tyne,’ to which Newcastle now belongs, Jamie Driscoll, a Corbynite¹³ surprise candidate with little experience in local politics, beat NCC leader Nick Forbes to the Labour Party candidacy. Subsequently, Driscoll won the May 2019 mayoral election. He did so on a radical economic policy programme that

¹³ A supporter of the British socialist Jeremy Corbyn whose election as leader of the Labour Party in 2015 signalled a shift of Labour to the left.

rejects the assumptions underlying austerity policies, focuses on the local economy, and supports the creation of local cooperative financial institutions.¹⁴

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¹⁴ <https://www.google.com/amp/s/www.chroniclive.co.uk/news/north-east-news/jamie-driscoll-north-tyne-mayor-15860074.amp>

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