

RESEARCH ARTICLE

Local authority audit in England, playing the field?

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Abstract

This study focuses on the field of public audit as a collibrative element of public sector accountability. It reports on the consequences of substantial collibrative intervention in such a field. The intervention studied is the change to local authority audit in England that culminated in the Local Audit and Accountability Act, 2014, and entailed the abolition of the Audit Commission. Drawing on strategic action field theory, and through examination of submissions to the Redmond Review and other documentary materials, an analysis is developed of the field of public financial audit in its ongoing efforts to re-equilibriate following the intervention. The analysis explores the action taken in pursuit of the restoration of field stability, effective functioning, and legitimacy, and the effects on public accountability. The analysis supports Julia Black's contention that different accountability regimes are not readily substitutable and exposes some of the risks and difficulties associated with attempts to modify accountability through collibrative intervention.

KEYWORDS

accountability, collibration, local authorities, public audit, strategic action fields

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1 | INTRODUCTION

In this study, we view the field of public audit as a collibrative element of public sector accountability: “part of a collibrating system designed to maintain competitive tension in relation to the use of public money” (Heald, 2018, p. 323). We focus on a particular collibrative intervention in the field, an intervention that we take to be an attempt to “steer the equilibrium” (Dunsire, 1990, p. 16) and to maintain, but shift the balance of, the competitive tension between alternative modes of accountability at work within the field. We examine the strategic action taken by participants within the field, as following the intervention it struggles to restabilize its functioning.

Before 2010, the practice of local authority financial audit in England was managed by a public audit institution, the Audit Commission (AC). Soon after taking office in 2010, the Conservative–Liberal Democrat coalition government took steps to reorganize public audit in England, culminating in the Local Audit and Accountability Act, 2014. From the earliest stage of the reorganization, it was decided that the AC would be abolished. This change was heralded as part of a “revolution in town hall openness and accountability” replacing “bureaucratic accountability with democratic accountability” (Ministry of Housing, Communities and Local Government, 2010a).

We view the abolition of the AC as an instance of collibration, whereby the balance of power between actors involved in local authority audit was tipped by central government (Dunsire, 1993). We use strategic action field (SAF) theory (Fligstein & McAdam, 2011, 2012) to explore the consequences of that act of collibration for the field of English local authority financial audit and for the accountability it enacted. SAF theory allows us to examine the dynamics inherent in this field, as well as the evolving connections that exist between this field and other proximate SAFs. Specifically, we draw on prior scholarship to conceptualize the field of local authority financial audit as a constituent of the broader local authority accountability arena (de Widt et al., 2020; Heald, 2018). The latter encompasses a wider set of practices, and included value-for-money (VFM) inspection arrangements operated by the AC, that were dismantled along with the AC. We concentrate on how the local authority financial audit field responded to the abolition of the AC and the inspection regime it presided over (Ferry & Ahrens, 2021; Ferry et al. 2022; Ferry & Eckersley, 2019).

Our investigation makes use of the policy sources surrounding the abolition of the AC and the submissions gathered in the development of the Redmond Review (2020). Specifically, we conduct a narrative analysis to garner insight into the ongoing period of contention that followed the collibrative intervention represented by the removal of the AC and the inspection regime associated with it. Episodes of contention, where “the shared understandings on which fields are based become in flux” (Kluttz & Fligstein, 2016, p. 199), are key to the exploration of significant change in social fields. By studying the contentions originating from the abolition of the AC, we decipher how accountability was remodeled through strategic action in the local authority financial audit SAF.

In the case we consider, the process of re-equilibration is found to be difficult and, as yet, incomplete. The difficulty we find lies in the relational and constitutive nature of accountability practices. Such practices, we find, are not the ready “functional substitutes” (Scott, 2000, p. 47) for one another that some collibrationist interventions seem to assume them to be. Each accountability is rather the product of “an interpretive and discursive schema through which participants in the accountability relationship make sense of their own and each other’s roles, which is constitutive of their relationship and which is fundamentally shaped by it” (Black, 2008, p. 152). Our case confirms that interventions in such, sometimes fragile, schemas of accountability, can have unforeseen consequences. Moreover, it shows that the building of practices and schemas of accountability, in which parties to relations of accountability can take their place, and come to inhabit their roles, both shaping and being shaped by them, needs work and time. In the case we study, the (re)making of effective users of local authority financial audit, following the collibrationist intervention, has been particularly problematic.

The rest of the study is organized as follows. The next section introduces the idea of governance by collibration and casts both the establishment and abolition of the AC as collibrative interventions. In the third section, we introduce the key features of SAF theory and, drawing on prior literature, we describe the constituents of the local authority financial audit field after the abolition of the AC, as the foundation for our analysis of its development. In the fourth

section, we identify key features of the accountability arrangements put at stake by the collibrative intervention. In so doing, we engage with both Scott's (2000) conceptualization of redundancy and interdependency within accountability regimes, and Black's (2008) views concerning the ease with which alternative forms of accountability might be substitutable. In the fifth section, we describe our research design. Conceptualizing local authority financial audit as a SAF, we explore key episodes in its evolution through narrative analysis of materials relevant to the abolition of the AC and of submissions to the Redmond Call for Views (2019). Those submissions offer a vantage point from which to observe the positions taken by parties with stakes in the field of local authority financial audit, and to survey the connections financial audit is deemed to have with proximate practices, most importantly inspections. The sixth section presents our findings. We focus on two episodes of contention triggered by the abolition of AC: The first concerned the dismantling of the inspection regime formerly led by the AC and the second explores the way in which ongoing contention is shaping understandings of "financial audit" in the sector. The seventh section provides our concluding discussion. The account we present casts light on the extent to which accountability arrangements in the local authority financial audit field are shaped by and result from the strategic jockeying of field actors. Furthermore, we argue that the effects of a collibrative intervention are hard to predict *a priori* since the equilibration resulting from tilting the balance of an accountability regime will work through the not entirely predictable choices, patterns of action and reaction, of SAF participants; leading perhaps to quite undesired, unintended change in the assemblage of audit practice and the accountability it produces. As such, collibration instils a process of change but the outcomes of such change will be necessarily mediated by intra- and inter-field dynamics.

2 | COLLIBRATION AND PUBLIC AUDIT REFORM

Collibration describes the intervention of the state to alter the balance of power in a field in the interests of one or more of the actors (Dunsire, 1990, 1993), with the intention of modifying patterns of governance without using any of the conventional tools of government. Dunsire (1993, p. 35) sees collibration as an intervention to "maintain the tension of opposed forces." Collibration is proposed as an alternative mode of governance to rule-making and self-regulation. It describes a process of government intervention aimed at managing the balance of diverse, possibly opposing, social forces. Policy objectives are pursued by "altering the conditions of engagement without destroying the tension" (Dunsire, 1993, p. 12) that exists between actors with different societal interests. For instance, the government can "tilt the balance" between opposing market forces by providing consumers with information on product composition or by subsidizing independent agencies to do the same (Dunsire, 1993, p. 20). Crucially, Dunsire (1993, p. 33) recognizes that any collibrative intervention implies a process of re-equilibration of the tension underlying the social actors involved, the effects of which may be difficult to establish *a priori*. In other words, a collibrative intervention will necessarily tilt the balance of a social arena populated by actors with different interests and positions with the outcome of such intervention dependent on the dynamic complex of strategic action and reaction following the intervention. The establishment of the AC and many of the key phases of its development can perhaps be best conceived as the outcome of collibrative interventions in the ongoing relations between the agencies of central and local government (Heald, 2018).

From the establishment in 1983 of the AC, as one of the United Kingdom's public audit institutions, until 2010, all local authorities in England were audited by auditors directly employed or appointed by the AC. Heald (2018) identifies a unique role for public audit institutions in democracies whereby they stand between government and the bodies they audit, while being constitutionally independent from both parties. The role of the AC in England evolved over its life in relation to, and sometimes in contestation with, government and other public audit institutions, in particular the National Audit Office. Bowerman et al. (2003, p. 1), refer to this process of change through contestation as "turf-battles." These contests and the evolution of the AC's role took place in context of larger contests between state and the local government (Campbell-Smith, 2008).

Since its establishment, the AC was seen as a mediator between central government and local authorities in England. By adjustment of its remit and functions, the AC, for many years, maintained its place within the evolving equilibrium between contending forces in the field of English local authority accountability and audit (Abu Hasan et al., 2013; Heald, 2018). The creation of the AC was controversial “not least among left-leaning councils, who saw it as “Thatcher’s hammer” for local government” (Timmins & Gash, 2014, p. 4). Bowerman et al. (2003, p. 3) suggest that the national UK governments used public audit institutions as a means of exercising pressure on local public bodies. The logic of collibration is also evident in the rapid growth in terms of size and powers of the AC when the reforming (New) Labour party was in power from 1997 to 2010. This enabled the then Labour central government to further its own political agenda in the face of resistance from local politicians, some of whom were also Labour party members. The tilting of the balance of power in local authority accountability, associated with the development of the AC, served certain political interests and made a significant contribution to the improvement of local government services and accountability. Nevertheless, it brought the AC into conflict with other interests and arguably did not facilitate sufficient involvement of citizens in local government accountability. As such, it became vulnerable to a broad political shift toward localism.

The abolition of the AC was also an act of governance in the mode of collibration, tilting once more the balance of power in local authority accountability (Heald, 2018). The Local Audit and Accountability Act, 2014 (the Act) was the culmination of a political program of change to local audit which started in 2010. This program claimed to strengthen local accountability by increasing transparency of reporting by public bodies to enable local people to scrutinize spending decisions. This is challenged by Ferry et al. (2015) and Heald (2018) who point out that more transparency in the sense of more data does not necessarily equate to enhanced accountability.

3 | STRATEGIC ACTION FIELDS

We use SAF theory (Fligstein & McAdam, 2011, 2012) to conceptualize the process of change through collibration set in motion by the abolition of the AC. SAF theory draws on insights from the theory of practice (Bourdieu & Wacquant, 1992) as well as scholarship on institutional theory (DiMaggio & Powell, 1983) and social movements (e.g. McAdam, 1999), to explore the ways in which social actors operate to create, change, or stabilize “strategic action fields.” The latter are meso-level social arenas where actors interact “under a set of common understandings about the purposes of the field, the relationships in the field (including who has power and why), and the field’s rules” (Fligstein & McAdam, 2011, p. 3). Actors in a field possess varying resource endowments and, on that basis, engage in social action, that is, they “vie for advantage” (Fligstein & McAdam, 2011, p. 3). In this study, we focus on the local authority financial audit SAF in England. Prior research has mapped the key actors populating this SAF as well as their interplay in the aftermath of the abolition of the AC (Abu Hasan et al., 2013; de Widt et al., 2020; Ferry & Ahrens, 2021).

SAF theory places processes of social change and stability generated by collective action at the heart of its theoretical enquiry (Fligstein & McAdam, 2011, p. 2). Unlike institutional perspectives, SAF theory sees fields as rarely organized around a “taken for granted everyday reality” uncontentionally shared and reproduced by the actors (Fligstein & McAdam, 2011, p. 4). Instead, it takes understandings about a field’s purposes, rules, and roles as being constantly contested and open to dispute. In addition, while Bourdieu’s theory of practice conceives field dynamics largely from an individual perspective, SAF theory concentrates on collective actors—such as audit firms or government bodies—as initiators of and vehicles for field change. A stable field is one where there is consensus about the purpose of the field, the roles of the different actors and how the purpose of the field should be achieved (Fligstein & McAdam, 2012). At the same time, SAF theory recognizes that stability is precarious since SAFs are continuously reshaped by the strategic work of actors who attempt to modify the social order in which they operate.

SAF theory offers two complementary standpoints for addressing the ways in which the functions and rules governing social arenas become contested, are changed, and stabilized.

First, the theory recognizes that actors within a field may occupy different positions and that such positions may change as a result of their interactions and disputes (Loscher et al., 2021; Puyou, 2014). The theory recognizes three

ideal-types of actors. Specifically, “incumbents” are dominant actors in the field, those who are in a position to shape the field’s functioning according to their own priorities and interests. Challengers are in a subordinate position; they are deemed to conform to the prevailing order of the field. At the same time, they may also try to reshape the field through collaboration or competition by articulating “an alternative vision of the field and their position in it” (Fligstein & McAdam, 2011, p. 6). Finally, internal “governance units,” such as industry trade agencies (Modell & Yang, 2018) or accreditation bodies within higher education, oversee compliance with field rules and facilitate its overall functioning. Arguably, up until its dismantling, the AC was the governance unit of local authority financial audit SAF, regulating the field based on rules and guidelines set by the Government: The AC was responsible for appointing all local government auditors and, indeed, itself directly conducted most local authority audits. In addition, it was responsible for regulatory functions in relation to the oversight of local public audits (Abu Hasan et al., 2013; Bowerman, 1994; de Widt et al., 2020). The local authorities themselves are powerful actors in the SAF; the abolition of the AC marks their transition from challenger to a paradoxical level of incumbency in the field of their own audit. Other key actors in the field include the private audit firms. Prior to the abolition of the AC, they conducted 30% of local authority financial audits and were subject to appointment by the AC (de Widt et al., 2020). After the abolition, they conducted them all and were appointed by the local authorities themselves via an agent.

Second, the theory assumes that any field is nested in “a complex web of other fields” (Fligstein & McAdam, 2011, p. 8) and proposes dimensions through which interactions across fields, which may cause change within fields, can be described. Those concern the degree of proximity between fields, the extent and direction of influence that exist between them, and the degree of authority and legitimacy actors from one field have to intervene in and set rules for another field (Modell & Yang, 2018; Spence et al., 2017). The local authority financial audit SAF is nested in the wider arena of local authority audit in England. Local authority audit comprises several practices including VFM audit and inspection and financial audit (Heald, 2018). These originate in different yet interconnected SAFs. For this reason, while we focus on the local authority financial audit SAF, we consider its relations with proximate fields, and crucially that of VFM inspection. At the same time, the local authority financial audit SAF is connected to the field of corporate audit through common auditing standards (Loscher et al., 2021) and actors.

By looking at intra-field dynamics, SAF theory allows us to conceptualize the ripple effects of the collaborative intervention starting from the abolition of the AC. Specifically, with the dismantling of the AC, the local authority audit field enters a period of “contention.” Episodes of contention entail “a shared sense of uncertainty regarding the rules and power relations governing the field” (Fligstein & McAdam, 2012, p. 21) which triggers actors to call into question taken-for-granted rules and arrangements the field had historically rested upon (Taylor et al., 2016). In the attempt to establish a favorable field settlement, actors engage in “framing strategies” aimed at proposing and seeking to “mobilise consensus around a particular conception of the field” (Fligstein & McAdam, 2012, p. 21) and the practices it entails.

4 | PUBLIC ACCOUNTABILITY

Public accountability is central to the theory and practice of good democratic governance (Bovens et al., 2014; Bovens, 2005; Mulgan, 2000; Power, 1999). Accountability is intimately associated with trust and legitimacy. It can be understood in many ways and manifests itself in different forms dependent on context (Bovens et al., 2014; Ferry et al., 2015; Power, 1999; Mulgan, 2000). This study uses Boven’s definition: “Accountability is a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences” (Bovens, 2007, p. 450). The study focuses on the local public financial audit field’s struggle, following the coalition government’s collaborative intervention, to continue to be an effective part of the practices of accountability in which local authorities as primary “actors” are made answerable.

To conceptualize the features of these accountability practices, a useful starting point is the distinction between vertical and horizontal accountability (Hodges, 2012). Vertical accountability refers to those situations where

accountability reflects the hierarchical relations between a subordinate and a superior, for example, the relations between a local authority and central government, or between a local authority and its citizens. Relations of horizontal accountability, on the other hand, are those operating “outside of the hierarchal relationship” (Schillemans, 2008, p. 176). The AC can be understood as having exercised a horizontal accountability in respect of local authorities. Building on its basic audit function, extending to economy, efficiency, and effectiveness, the AC was able to compare local authority performance on a wide range of indicators, and mobilize a horizontal “peer pressure” (Timmins & Gash, 2014, p. 5) to help drive improvement in local authority performance. The abolition of the AC was associated with a shift toward localism that aimed to give local citizens more direct involvement in, even control of, local authority accountability, as such, it can be seen as an attempt to shift the balance between horizontal and vertical accountability.

Accountability regimes, such as those associated with local authority governance, often originate in “extended” accountability arrangements, spanning well beyond traditional vertical and horizontal accountability lines (Scott, 2000; Black, 2008). Scott (2000) describes these complex regimes along two dimensions: interdependence and redundancy. Interdependence exists where actors have “powers or capacities which constrain the capacities of others” (Scott, 2000, p. 52). It produces a regime of mutual accountability whereby each actor is accountable “for at least some of its actions to others within the space, as a precondition for action” (Scott, 2000, p. 50). Redundancy captures the idea that a system’s functioning may be guaranteed through the joint use of overlapping, substitutable accountability mechanisms akin to “belt and braces” mechanisms (Scott, 2000, p. 52). To be sure, complex public sector arrangements may feature overlapping accountability mechanisms by design. However, redundancy can also be the “unintended effect” (Scott, 2000, p. 53) of the historical evolution of an accountability regime. For Scott, complex accountability arrangements are fertile grounds for disputes. In these contexts, collibration, he suggests, can be an appropriate mode of intervention for striking an “overall balance within the regime” (Scott, 2000, p. 57).

In her account of public accountability relationships, Black (2008, p. 152) warns against the risk of reducing accountability arrangements to “neutral, technical instruments” while disregarding their communicative properties. Instead, we should recognize that practices of accountability each have their particular interpretive and discursive properties and make specific legitimacy claims, which are constitutive of each party’s role in the relations of accountability that the practice maintains (Black, 2008). Recognizing the discursive nature of accountability relations is of foremost importance in regimes of extended accountability where multiple *fora* exist, including the electorate, the users of public services, and central government (Mayston, 1993). In these settings, accountability practices will contribute centrally to the construction of the roles of those involved. The practices themselves, in a real sense, and continuously, “make-up” their users (Young, 2006), and, for that matter, all the other elements of an accountability relation too. From this perspective, it makes little sense to think of accountability mechanism as fully overlapping with, or “substitutable” by, others. For Black (2008, p. 152), any collibrative intervention will inevitably alter the discursive nexus an accountability regime has produced, and the legitimacy concerns it rests upon.

This study responds to Black’s engagement with Scott through the exploration of the impact on the field of local authority financial audit of the abolition of the AC. It seeks to identify whether there have been qualitative changes in accountability, and how effectively the SAF has been able to recover its balance.

5 | RESEARCH DESIGN

To explore the effects of collibration on local authority audit we adopt a case study approach (Yin, 2009). We conduct a retrospective study of the local authority financial audit field in England over a period of 10 years. Specifically, our enquiry addresses the evolution of this strategic action field since the announcement of the abolition of the AC in 2010. In this way, we follow the processes of contention and subsequent field settlement triggered by this “exogenous shock” (Fligstein & McAdam, 2011, p. 8; Kluttz & Fligstein, 2016, p. 199) and capture the relational dynamics of key actors in the field until the issuing of the Redmond Review in 2020.

5.1 | Research case

Drawing on the conceptualization of field dynamics proposed by SAF theory, we have gathered documentary materials to shed light on: (1) the interrelations between the local authority financial audit field and other interconnected SAFs, most notably the field of inspections; and (2) the strategic actions undertaken by key actors in the field of local authority financial audit. The first objective is pursued by collecting and analyzing policy, and related, documents regarding the practice and governance of audit in England, including the working papers, responses from stakeholders, and findings of three independent reviews of statutory audit, commissioned by the government (Brydon, 2019; Kingman, 2018; Redmond, 2020). We pursued the second objective by focusing on the Redmond Review (2020) and responses to its recommendations. The positions taken by key actors in the local authority audit field were grasped by reviewing the submissions to the Redmond Call for Views (2019). The call for views comprised 43 questions on the quality and effectiveness of the audit of local authorities in England. Altogether 156 responses were submitted (Redmond, 2020, Annex 8).

For the purposes of this research, four groups of submissions are particularly relevant as representing key field actors: auditors; audit stakeholders, including the Local Government Association (LGA) which is the main local authority political stakeholder; local authority groups; and metropolitan district councils. Auditors provide an insight into the views of the firms that carry out the audit. Local authority stakeholders give an insight into the views of interested and informed bodies. Local authority groups represent the views of finance professionals working within local government. Metropolitan districts represent the views of large complex local authorities. Most of these submissions are not in the public domain and were made available to the authors via a Freedom of Information Act (2002) request. All submissions were received apart from two individual submissions and one parish council submission. This provided the researchers with a rich source of data to supplement the published materials.

5.2 | Research method

We have analyzed our documentary sources following the approach proposed by Langley (1999) for studying process data, that is, data collected to understand how “events play out over time” (Langley, 1999 p. 692). Specifically, we have made sense of our corpus of data through a narrative approach. To help make sense of the dynamics inherent the local authority audit field, our sources were preliminarily organized in terms of the periods before and after the program of change that included dismantling of the AC.

The narrative strategy we have adopted draws on Polkinghorne’s (1995, p. 12) “narrative approach to eventful data.” This approach is aimed at configuring the “data elements into a story that unites and gives meaning to the data as contributors to a goal or purpose” (Polkinghorne, 1995 p. 15). Accordingly, we have organized our field evidence longitudinally, and we have traced the key interactions between field actors before and after the abolition of the AC. Based on this preliminary work, we derived a more systematic and concise account of strategic dynamics affecting the local authority financial audit SAF in the aftermath of the abolition of the AC. Specifically, we have focused on episodes of contention (Fligstein & McAdam, 2011; Kluttz & Fligstein, 2016; Taylor et al., 2016) associated with SAF understandings of financial audit and its relationship with the abolition of audit inspections. In so doing, SAF theory has been used to make sense of the research case boundaries and multiple units of analysis: a necessary step when dealing with process data (Langley, 1999).

In the next section, we contextualize and discuss the collaborative action crystalizing in the abolition of AC. Then, we examine the episodes of contention that originated from this intervention by focusing on disputes regarding the dismantling of the audit inspection regime and financial audit. Taken together, these accounts provide a historical contextualization of and shed light on how competing notions of public accountability and their perceived substitutability are implicated in strategic actions undertaken by actors in the local authority audit SAF.

6 | FINDINGS

6.1 | The audit commission and local authority audit

From 1983 until 2010, the AC was the public audit institution for local public audit in England. Over that period, it grew in size and power with each successive government. Its role extended far beyond the audit of the financial statements to include inspection of services. The New Labour government (1997–2010) encouraged the AC to take a robust approach to assessing the performance of local authorities which created conflict and challenge. The inspection regime developed from “Best Value” inspections of each council to “Comprehensive Performance Assessments,” and eventually “Comprehensive Area Assessments” using information held by government departments and other inspectorates to form judgements about each authority and to rank them in league tables (Davis et al., 2004).

The AC deployed its functions at the core of a regime of extended accountability whereby local authority financial audits and inspections were seen as mutually reinforcing and interdependent. The Code of Audit Practice for Local Government Bodies defined auditors’ responsibilities in relation to the financial statements of local authorities as well as the “arrangements for securing economy, efficiency and effectiveness in the use of resources” (Code of Audit Practice, 2005, p. 6). The Code was based on the AC’s model of “integrated audit” one in which “work in relation to one element of the audit informs audit work in relation to other elements” (Code of Audit Practice, 2005, p. 6). The Davis et al.’s (2004, p. 34) report indicates that the deployment of the AC’s integrated audit approach was, in practice, far from clear cut. However, the AC had attempted to ensure its smooth functioning by combining the audit and inspection functions “into a new operations directorate within the Audit Commission” (Davis et al., 2004, p. 33). This and other governance arrangements aimed to ensure that the AC would “take an overall view of what an authority needs to do to change rather than being focused on the nitty gritty of individual services” (Davis et al., 2004, p. 34). We can infer that the AC did see benefits in, and indeed favored, the interdependence between financial audit and inspection. Such interdependence was framed as necessary to provide a holistic view of the local authority’s activities and performance.

This accountability regime came to an end in 2010 when shortly after coming to power, the new Conservative–Liberal Democrat coalition government announced the abolition of the AC. Inspection activity ceased immediately, and the audit of all local authorities was transferred to private firms from 2012 onward. Previously, 70% of audits were carried out by the AC’s own staff and 30% by five private firms. The AC was abolished by the Local Audit and Accountability Act 2014 and ceased to exist in 2015, but transitional arrangements had been in place since 2010. In abolishing the AC, the government said that they were delivering on their pledge to reduce the cost and number of public bodies as well as on their commitment to make councils more open and accountable.

The abolition of the AC removed the integrated approach to local authority audit supported by the AC: It “broke” the ties that existed between the local authority financial audit and the VFM inspections. The rationale given, at least in part, for the break was that some of the ties of the extended accountability regime centered on the AC were undesirably “redundant.” DCLG (2014, p. 1) talks about the need to address “duplication” and end “unnecessary functions” of the AC. It says that the Government considers disbanding the AC as an opportunity to “as far as is possible, reduce this duplication” while at the same time offering “greater coherence” (DCLG 2014, p. 11) to the system.

The shift away from centralized arrangements to a localist approach aimed to increase local accountability. The government reaffirmed the value of audit for “giving assurance that bodies are spending public money efficiently and effectively” and for “ensuring that people who handle public money are held responsible for its use,” and suggested that an increase in transparency would allow local people to hold politicians and public bodies to account (DCLG, 2013, p. 4). Here, the act of collibration, and its intent, comes clearly into view: On the one hand, the removal of the AC weakens the centralized local authority financial accountability; on the other hand, publicity requirements are introduced to strengthen the capacities for the exercise of local scrutiny of local authority performance by local

citizens and stakeholders. The easily inferred intent is clearly to tilt the balance away from centralized toward local accountability, in other words, to tip the balance of power in the exercise of accountability in favor of local citizens.

The core requirements of the financial audit remained the same, but after 2010 the auditors no longer carried out any VFM or inspection work in individual authorities. The auditor gives a VFM opinion as part of the annual financial statement audit, hence maintaining some of the pre-existing relations between financial audit and VFM audit. However, VFM opinions offer a view on the local authority's arrangements for delivering VFM, such as plans and budgets, not a comment on whether VFM has actually been achieved.

Following the abolition of the AC, the Financial Reporting Council (FRC) took over responsibility for overseeing the regulation of local authority financial audit. In a review of the FRC's effectiveness published in 2018, Sir John Kingman commented on the weakness of the accountability of auditors in the English local authority financial audit sector and suggested that reductions in audit fees were being prioritized over audit quality (Kingman, 2018, p. 14). In June 2019, The Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) commissioned an independent review of the effectiveness of local audit and the transparency of local authority financial reporting in England (MHCLG, 2019).

That review, led by Sir Tony Redmond, noted that the degree of interdependence between financial audit and VFM inspections had been progressively eroded. The report found that there were serious weaknesses in the arrangements for delivering local audit and that this was largely due to the dispersal of responsibilities for different parts of the audit system. In the absence of an integrated audit framework such as the one promoted by the AC, financial audit, including the VFM opinion, was effectively recast as a stand-alone accountability mechanism. The concomitant loss of synergy raised questions concerning the value, informativeness and effectiveness, of financial audit.

The Redmond review found an audit expectation gap related to the VFM opinion given by the external auditors, with 74% of the local authority respondents to the Call for Views saying that the format of the VFM opinion does not provide useful information (Redmond, 2020, p.37). At the same time, and consistent with Kingman (2018) and the FRC's own review of the quality of major local audits (2020), the Redmond review found that the audit market was fragile, largely due to reductions in fees, and that the quality of audit was unsatisfactory. The review also found that the financial statements themselves were too complex to be understood by the primary audience: "The technical complexity of the accounts means that service users/council taxpayers have little or no opportunity to comprehend what is being said or to challenge expenditure and income relating to a specific service and how the local authority has performed" (Redmond, 2020, p. 74).

Redmond recommended that audit fees should be increased, and a new simplified financial report should be developed, but the main recommendation of the review was for a "system leader" (Redmond, 2020, p. 1) to be created to coordinate the procurement and regulation of local authority financial audits. In December 2020, The Secretary of State for MHCLG accepted the findings of the review but rejected the recommendation to set up a new body, saying:

...this Department remains committed to a locally-led audit regime which enables genuine local accountability by residents and taxpayers. We do not wish to re-create the costly, bureaucratic and over-centralised Audit Commission. (MHCLG, 2020, p. 12)

On the introduction of the changes that abolished AC inspection, and the accountability that went with it, it had been suggested that "an army of armchair auditors" (MHCLG, 2010b) would scrutinize local expenditure and hold local bodies to account. Redmond (2020, p. 72) reported that there was no evidence of increased public scrutiny of local authority expenditure. Redmond concludes that there has been a failure to deliver on the policy objectives motivating the change leading to "a lack of coherence and public accountability within the existing system." There is no evidence that the shift to local scrutiny has taken place and instead of benefiting local citizens through a collibrative shift away from central scrutiny, there is now simply less scrutiny of local authorities.

6.2 | Contention on audit inspections

The abolition of the AC removed the inspection regime and narrowed the focus of audit to the financial statements with a limited consideration of arrangements to deliver VFM. Informed by SAF theory, our narrative analysis highlights the extent to which the abolition of this inspection regime gave rise to an episode of contention and (re)equilibration regarding accountability for value for money in the local authority inspection field, with implications for proximate SAFs. We follow the strategic actions of LGA and explore the dynamic tension it created around competing notions of accountability in the field.

In their response to the Redmond review consultation question “Should external auditors be required to engage with Inspectorates looking at aspects of a local authority’s service delivery?” (2019, p. 17), the LGA responded with a firm rejection of the value of inspection: “The LGA does not support inspection as an appropriate or cost-effective way of getting local authorities to improve” (LGA, 2019, p. 4). The LGA’s responses to Redmond clarify their position on this key issue. For the LGA, the loss of inspection, with the removal of the AC, entails no real loss in accountability. On the LGA’s assessment, there was an element of “redundancy” (Scott, 2000) in the previous field of local authority accountability. Concerns regarding redundancy were widespread among respondents to the Redmond review. For instance, representatives of a local authority observed that “having inspectors tripping over themselves inspecting similar things would be a waste of scarce public resources” (Metropolitan District Council A, 2019). Another, notices that since “Central Government took the decision to reduce the burden” they “see no compelling reason to reverse this decision” (Metropolitan District Council B, 2019). The LGA go so far, in fact, as to suggest that the inspection element of the AC audit regime had become positively dysfunctional, and “stopped councils focusing on residents’ main concerns” (LGA, 2019, p. 4).

The LGA (2020) see local authority governance and accountability as “a complex web of checks and balances,” that together give assurance that public money is spent “well and wisely.” This web of “checks, balances and controls” they suggest “provides local government with the most transparent, robust and comprehensive system of governance of any sector” (LGA, 2020, p. 4). Rather than resurrect anything like the independent inspection of the AC regime, the LGA argues that the goal of improvement and value for money can best be achieved through a horizontal sector dependent accountability, enabling performance to be compared and contrasted, and made transparent to the criticism of peers: “the sector led improvement model favoured and implemented by the LGA with the support of MHCLG and councils is flexible, good value for money and gets councils focused on their own improvement rather than an ultimately unproductive tick box exercise” (LGA, 2019, pp. 4–5). The sector-led improvement model includes elements of “peer challenge” and the sharing of data to facilitate benchmarking. An independent report, commissioned by the LGA, suggested that the independence of the peer challenge should be made more explicit, and that the LGA should consider whether the model could benefit from a more systematic use of data: “This could include utilising comparative information to enable councils to assess themselves and where appropriate compare themselves with others” (Shared Intelligence, 2020, p. 4).

The LGA clearly have the view that the checks, balances, and controls that authorities are currently subject to, and a developing sector-led improvement model, enable good local authority accountability, promoting good and wise spending of public money and the improvement of performance. Their strategy is to maintain that the field of local authority audit has accommodated the removal of the AC, and in fact has benefitted by being allowed to better direct improvement in response to locally expressed needs. The LGA’s preferred peer-based model of accountability for the promotion of value for money and service improvement, has no place for the interdependence that existed in the AC regime between VFM inspection and financial audit.

The LGA view, if accepted, would seem to support the contention that in complex webs of accountability typical of modern contexts, there tend to be elements of redundancy and one element may accommodate without loss the removal or change in another. Others would not accept this substitutability, and regard the LGA’s preferred peer-based model as inadequate substitute for the value for money accountability lost in the abolition of the AC. In a report

for the Housing, Communities and Local Government Select Committee that predates the Redmond review, Laurence Ferry assessed the developments in the field of local authority audit in the 5 years to 2019. He argued that the LGA's "peer review system is a useful means of performance improvement, but it is voluntary and not intended to be a quasi-regulatory approach" and therefore it should not be relied upon as a significant component of an "accountability framework" (Ferry, 2019, p. 5). We are not able to make an evaluation of the effectiveness of the LGA's preferred sector-led improvement model. It seems clear that such an approach could in principle apply effective peer-based, horizontal accountability to councils, and help drive the pursuit of value for money and service improvement. However, while recognizing it as a real accountability mechanism, and one that might well produce good results, we share Ferry's concern. We see a problem of the substitutability of accountabilities in this case. The focus of concern is primarily the legitimacy of a sector-led improvement model as an accountability mechanism. Where the AC inspection regime was substantially independent, the sector-led improvement model is clearly not; it is sector dependent, and led by a body, the LGA, that is essentially accountable to its members and not to citizens. While AC inspection was conducted by experts, accumulating specialist experience, the sector-led improvement model centers the process on the individual authority and its responsibility for its own performance. Whereas the AC inspection model was formal in its compulsion, the sector-led improvement model relies on peer-based support and is voluntary, with no mechanism for identifying poorly performing authorities, that may choose not to participate (Draft Local Audit Bill Ad hoc Committee, 2013, pp. 79–83). Whereas the AC inspection was transparent and public, the emphasis of the sector-led model is on a process of improvement centered within the authority and lacking in provisions for transparency and publicity. In sum, the LGA's preferred model, supported by the MHCLG, has features likely to undermine its capacity to sustain the public trust, and *democratic* accountability, that is so vital to democratic legitimacy.

6.3 | Contention on financial audit

Before the abolition of the AC was announced in 2010, the AC set the code of audit practice which was followed by all auditors (in-house and private). They appointed auditors and set fees, they decided what additional research to carry out, and set the scope of audit inspection, and they decided how to report their work. In this field, local authorities were the receiver of audits, but they did not have any control over the "amount" of audit received. Private firms delivered audits in accordance with the code of audit practice set by the AC and in accordance with auditing standards; they were unable to change the scope of audit. In effect, the AC governed the field of local authority audit. The AC was, however, always vulnerable to central government intervention which could change or remove its powers.

The abolition of the AC had no significant impact on the formal purpose or scope of financial audit in the English local authority sector, but it was a substantial shock to the organization of the SAF and to its operation. Four issues have been particularly troubling. First, the separation of functions previously undertaken by the AC, including on the one hand appointment and on the other regulation of auditors, has been identified by Kingman and Redmond as problematic. Secondly, the problem of auditor independence emerges because under the new regime, authorities have the power to choose their own auditor. Most authorities have used the specialist agent, Public Sector Audit Appointments Ltd (PSAA) to manage the procurement of auditors, but that has been a voluntary option, and in any case the PSAA is a subsidiary of the LGA and is not independent of the authorities. Third, the removal of the AC has quite suddenly and significantly increased the reliance on private audit firms, it is not clear that their capacity has kept pace with the increased demand and problems have been identified by Kingman and Redmond concerning the quality and timeliness of the audit work done. Fourth, the AC was much more than a financial auditor, its removal and, along with it, the inspection element of their work, opens the question of the purpose of local audit and for some, it "raises the question as to what degree do we need it?" (Ferry, 2019, p. 46). We consider, below, how key actors have responded to these issues, and to what extent they have been resolved.

Before the abolition of the AC, five private firms carried out 30% of the audits. Now, five private firms conduct all of the local authority audits. Only two of the firms involved before the abolition, Deloitte and Grant Thornton, are

still engaged in local authority audit work. Kingman (2018), the FRC (2020), and Redmond (2020) highlight serious concerns about the quality of audits (p. 30), including significant delays in completing them (p. 35), which jeopardize the effectiveness of audited accounts as a tool of accountability. Redmond (2020, p. 33) notes that for the 4 years from 2014/2015, audit fees have reduced by more than 40% for local authority audits at the same time as fees for corporate and government audits have increased by around 25%; the suggestion is that fee pressure in the sector has adversely affected quality and made the audit market relatively unattractive and hence fragile. Despite the increase in market share for the private firms, the work is still concentrated in a small number of large firms that appear to be facing severe delivery challenges and reputational damage. There is consequently a real risk that these actors will exit the field.

The fragility of the local public audit market was highlighted by Redmond and accepted by MHCLG who quickly authorized increased fees (MHCLG, 2020). The latest response by government (MHCLG, 2021) links the fragile public audit market to issues in the larger corporate audit market and the measures that are being taken in response to those issues following the Brydon review (2019) of the quality and effectiveness of audit. In other parts of the public sector, resourcing is much less of an issue because the majority of audits are carried out by auditors employed by public audit institutions such as the National Audit Office for national public bodies.

It is clear that private audit firms are working to shape the field, including the ongoing understanding of its purpose, to suit their own interests and capacities. In their response to the Redmond review, one of the private auditing firms argued that “reducing differences between the corporate audit regime and public audit (and between sectors in public audit) would reduce barriers to entry” (Auditor A, 2019), and thereby help make the market less fragile. Another suggested that “responsibility for the monitoring of audit quality should mirror the arrangements in the corporate sector” and therefore “the scope of the audit of the financial statements should also be as consistent as possible with other sectors, including the private sector” (Auditor B, 2019). That audit firm went on to warn that “with the specific nature of the public sector market in mind, we would caution that there is a danger of over-regulating a market where the economic attractiveness is already limited” (Auditor B, 2019). The long run effects of commercial pressure from the private firms on the dynamics of this unsettled field are yet to be fully seen.

Responding to the Redmond review, the LGA opposed the review’s central recommendation for the establishment of a new body to coordinate and regulate local audit and in particular they opposed the centralization of functions: “Procurement and contract management remain crucial, but this is separate from regulation and should be carried out by a separate body” (LGA, 2020). The LGA insist that the main issue for local audit is the “robustness of the audit market,” and in particular that “there are too few firms engaged in the market and too few suitably qualified auditors employed by firms” (LGA, 2020). The LGA argue that a new body of the sort envisaged by Redmond would not have the powers needed to address these issues, and call for more work from various actors in the field: “we think that the proposal to create a new regulatory body is not the right answer and it will require a lot more work across a whole range of bodies and stakeholders to resolve, not least the audit firms and the audit profession itself” (LGA, 2020). The LGA are also resistant to the extension of audit to report on financial resilience, and to any increase in the auditors’ powers “We believe that auditors have enough powers to exercise their responsibilities and provide assurance to local residents and other stakeholders” (LGA, 2020).

There is difference of views, concerning the issues facing local audit, between the local politicians, as represented by the LGA, and CIPFA, the professional body that represents most finance officers within local authorities. CIPFA agree with Kingman that the structure of local audit in England has become overly fragmented, and support Redmond’s preference for the establishment of new regulatory body for local audit. They argue that the best way forward would be through “the creation of a separate body, bringing together regulatory responsibilities around the appointment of auditors, standards and guidance to be applied by auditors, external review of audit work, and enforcement in cases where audits are not conducted to sufficient quality” (CIPFA, 2019a, p. 3). This has been dismissed as protection for inadequate finance directors by an influential local politician (Calkin, 2020) but shows the divergence emerging between the views of local authority members and officers.

The central government response to Redmond has fallen in line with the LGA's analysis of the situation and retained the separation of key functions of procurement and regulation. We suggest that the local authorities themselves, led by the LGA, might reasonably be thought of as the incumbent in this SAF. They are no longer subject to an inspection regime that they disliked and they are paying less for audit. The number of additional special audit reports has reduced and there is no evidence to suggest that the level of local scrutiny has increased. The LGA's view on Redmond's main recommendation has prevailed, they are acting to restrain any extension of auditors' powers or the scope of the audit and beginning to question the value of the value for money opinion in the audited accounts. There are obvious dangers in allowing an accountee to become the incumbent in an accountability SAF. The problem of independence referred to above has not been resolved, with 98% of authorities using the services of the PSAA, an LGA subsidiary, to recruit their auditor. This can be seen as another sign of the power of the new incumbent, the local authorities, to shape the field. Unsurprisingly, The PSAA supported the LGA's view on system leadership.

The local authority audit field has its purpose in holding local authorities accountable for their use of public money through external audit. Since 2010, there has been a shift away from the scrutiny of performance to a focus on "financial conformance" (Ferry et al., 2015), and the audit of the financial statements. According to Redmond (2019), the accountability relationship is between the local authority and "service recipients and their representatives and resource providers and their representatives" (CIPFA, 2019b, para. 2.1.2.6). However, Redmond also highlights the complex nature of local authority financial reports and recommends an additional interpretive report. By this means, the suggestion is, the actor will make an account to the forum that can be understood by citizens, presupposing that they will be inclined to engage even with a simplified report.

However, formally, the auditor's report is addressed to the members of the authority and not to the citizens or service users. Indeed, two of the questions included in the Redmond Call for Views (2019) addressed who are the users of and audience for the local authority accounts. Our analysis of the submissions associated with this question indicates that key field actors such as private auditors, metropolitan district councils, and local authority groups all deemed "citizens" to be the audience these accounts should target. At the same time, these submissions noted that the complexity of the accounts limited their utility as a means of securing democratic accountability. In other words, if the accounts are the medium for justifying conduct, then their complexity reduces the ability of the citizen forum to use them. In their response to Redmond, the LGA noted that residents and taxpayers would "need to rely on those responsible for governance and auditors to provide suitable assurance based on their commentary of those accounts" (LGA, 2020). This is supported by the responses of the metropolitan district councils, many of whom identified the external auditor as the primary user of the accounts.

7 | DISCUSSION AND CONCLUSIONS

The field of local authority audit in England, and in particular financial audit and inspection, has changed significantly since 2010. Acting through collibration, central government tipped the balance of the field away from the centralized control of audit in favor of more disseminated accountability. In this study, we have explored the processes of contention, groping toward re-equilibration, that the local authority financial audit field has gone through after the abolition of the AC. In doing so, we have examined how competing notions of accountability and their perceived substitutability were embedded in the "strategic actions" of key parties in this SAF.

We concentrated on two episodes of contention following the dismantling of the AC and the inspection regime it led. The first episode focused on accountability for value for money and performance. We found the local authorities, led by the LGA, and supported and legitimated by central government, to be the dominant actors. Their dominance distinctly muted contention during this episode. We found that it was generally accepted that the promise that an "army of armchair auditors" would emerge to drive a new accountability for value for money and service improvement, had just not materialized (Ferry & Murphy, 2018). We recognized the LGA's preferred

sector-led improvement model as offering the promise of a peer-based, horizontal accountability. Our findings show that actors in this SAF strategize on the design of the accountability regime following the abolition of the AC by mobilizing ideas of interdependence and redundancy (Scott, 2000). These constructs are used for framing the desirable features of the evolving accountability regime in line with the dominant actors' interests. In particular, we have shown that redundancy was evoked to substantiate calls for streamlining overlapping mechanisms based on their presumed substitutability. We argued, following Black (2008) that accountability mechanisms are not readily substitutable and that they need to be tailored to their context if they are to sustain legitimacy and trust. The LGA's preferred model, while it may have a role to play in promoting service improvement, has characteristics that undercut its capacity to generate legitimacy, public trust and civic involvement, and to be responsive to the needs, wishes, and democratic will of local citizens. We concluded that in a democratic context it could not be an adequate substitute for the independent accountability regime imposed on local authorities by the AC's inspection regime.

The second episode of contention we analyzed revolved around understandings of "financial audit." We saw the ways in which actors in the financial audit SAF repositioned themselves after the closure of the AC and worked to mold the field to fit their own capabilities and interests. We followed the trajectory of the strategizing of the local authorities, the new incumbents, in their efforts to stabilize their dominance of the SAF, to stave off the emergence of any powerful new "system leader," and to resist any expansion of the scope or powers of auditors. We highlighted the risks associated with having an accountee as incumbent in this SAF. Allowing local authorities to dominate the financial audit SAF compromises its independence and legitimacy; and threatens to warp its development in the interests of authority members rather than those of local taxpayers and service users.

Drawing on SAF theory, we have also shown how the interdependency between the field of local authority financial audit and the broader local authority audit arena was reduced because of the abolition of the AC and its inspection regime. The dismantling of the AC eliminated a network of accountability relations inspection had with the field of financial audit (Ferry & Ahrens, 2021; Ferry & Murphy, 2018). Having discarded inspection and in the process lost the synergistic benefits that went with putting inspection and financial audit in one place, questions are beginning to emerge regarding the value of financial audit to a sector already replete with checks, balances, and controls. While interdependence between inspection and financial audit existed in the accountability regime led by the AC, financial audit had value through the use made of it by the AC. The loss of the AC inspection function as a user of local authority financial audit has raised the question of the value of such reports, especially as it is obvious that citizens cannot generally make sense of them; the question of their real redundancy looms as they have lost important interdependence with inspection. As a result, the very purpose, and reason for being, of the local authority financial audit SAF has been brought into question by developments since 2010. The interdependence with AC inspection was constitutive of the financial audit field as much as the financial audit practice itself. Local authority financial audit has been renegotiated as a "self-standing" practice. While our evidence shows no appetite, in the presently accountee dominated SAF, for a return to the previous regime, diminished interdependence makes it difficult for the local authority financial audit SAF to regain stability and has in effect led to its purpose and usefulness to citizens, or anyone else, being called into question.

While the supportive ties that the local authority financial audit SAF once had to a broader local authority audit sphere have been cut, it has, paradoxically, been becoming more heteronomous (Bourdieu & Wacquant, 1992; Fligstein & McAdam, 2012); more dependent and open to the influence of other contiguous SAFs. Rather than having a public audit institution as a mediator, and insulator, between the state and local public audit, the state is expanding its direct influence through the Audit, Reporting and Governance Authority (ARGA), which is due to replace the FRC, and the Department for Business, Energy and Industrial Strategy (BEIS), which is the sponsor department for the FRC/ARGA. In addition, there is now greater alignment between the local authority audit field and corporate audit. This has benefits for the private firms which seek more common ground between public and corporate audit. At the same time, the problems created by the privatization of the field's basic activity has clearly not, as yet, been resolved, there is continuing fragility, and an essential capacity deficit, exacerbated by a lack of expertise. This creates a

pressure to constrain the development of the field, and the practice of local authority financial audit, to accommodate the interests and capacities of the private audit firms. The distortion introduced by this pressure is not likely to reap benefits in terms of real local accountability and democracy.

Overall, our study adds to the literature exploring the evolution of public audit as societal space (e.g., Ferry & Ahrens, 2021). The conceptual apparatus of SAF theory helps us account for patterns of stability and change within that space, as outcomes of the jockeying between actors occupying different positions within it. SAF theory also provides us with a helpful lens to study the effects of collibrative interventions by explicitly recognizing that field dynamics are affected by exogenous change processes, including those emerging through the field's interactions with other SAFs, particularly proximate fields. In addition, our work contributes to the literature on collibration by showing that the effects it may have on accountability regimes are hard to predict a priori (Dunsire, 1990; Heald, 2018). We found accountability to be "discursively and socially constructed" Black (2008, p. 157); the relationship between mechanisms of accountability, preparers and auditors, and user *fora*, were all contested, with each of the elements still unsettled some years after the initial collibrative intervention. The quest for field re-equilibration, still unfolding at this time, involves the mutual reconstitution of accountability practices including the reconception of their purposes and associated reformulations of the roles of key actors in the SAF, including the auditors and the users of audit reports (Mayston, 1993). The process of re-equilibration is ongoing, and the practices of accountability we have explored are still in the process of "designing their audience" (Ferry et al., 2022, p. 11). The strategic actions and reactions of SAF participants have not brought stability and indeed it is clear that the SAF has drifted toward crisis. It remains to be seen whether the interventions represented by the Redmond review and subsequent governmental response will help the SAF to stabilize around a substantial and valued purpose.

Crucially, citizens are not "natural born" armchair auditors, and the accountability assemblage to make up the final users of public financial audits is still in flux. If local citizens are to take an active part in the process, then the information exchanged in the accountability relationship, including financial accounts, almost certainly needs to be modified to become understandable to them. Making the shift to local accountability work, and building an accountability practice that actually enables local accountability through citizens and local stakeholders, is easier said than done:

The best-laid schemes o' Mice an' Men,
Gang aft agley,
An' lea'e us nought but grief an' pain,
For promis'd joy!
(Robert Burns, 1785)

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