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## Rethinking Audit and Inspection

Michael Rustin

**Abstract** *This paper criticises the dominant systems of public service audit, arguing that they are undermining belief in the public sector. He proposes instead more constructive forms of inspection, which give emphasis to working together for improvement rather to regulation through sanctions and competition.*

It has become conventional wisdom since the beginning of New Labour's second term that the government's success depends on whether it can bring about tangible improvements in public services, such as health, education, and transport. It has gone about the task through significant increases in spending, and by establishing a draconian regime of target-setting, regulation and inspection. Its methods of managing the public sector have largely followed precedents established by previous Conservative governments, in its commitment to market mechanisms wherever these can be introduced, and to central regulatory controls where they can't. Alan Finlayson, in recent issues of *Soundings* (23 and 24) and in his *Making Sense of New Labour* (2003), has documented the ideology of 'modernisation' and the doctrines of 'new public management' which underpin its policies. 1

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<sup>1</sup> In a valuable discussion of 'new public management', Alan Finlayson (*Making Sense of New Labour*, Lawrence and Wishart 2003) has contrasted an earlier civil service model of bureaucratic hierarchy and probity with new systems which devolve responsibility to separate units and sub-agencies, and devise measures which enable managers at these dispersed or subordinate levels to be controlled at a distance. Inspection regimes are a key part of this new management system. The devolution of responsibilities to managers, with devolved budgets as a prime instrument, passes responsibility to them while denying them support. Such regimes often involve 'de-layering' or stripping out levels of management. In effect these assumptions undermine the idea that containing and supportive structures are what sustain good practice, and substitute models which depend on reward and punishment.

This article argues that this approach is self-destructive in many respects. The government, and Tony Blair in particular, are seeking to 'rescue' and 'modernise' the public sector by, so to speak, campaigning against much of what it actually is and does. This ceaseless critique erodes public confidence in the very idea of a public sector even while the government is supposedly demonstrating that it alone can make it work. Its continuous criticism and fault-finding also has the effect of alienating the public sector workforce, which becomes defensive and fearful when it should be the government's most enthusiastic ally in the search for improvement. In particular, the article examines the 'micro-regimes' of regulation which have become so important to the government's 'delivery strategy', and the pervasive systems of audit and inspection which now plague every inch of the public sector – to which huge resources of money and time are being diverted, away from the primary services themselves. I argue against the goals of competitive ranking and 'consumer choice' which unduly dominate these audits and inspections. I propose instead that these procedures should be designed to facilitate improvement, innovation and learning, and to create alliances between service providers, service-users, and citizens in support of public goods that all can identify with. Only if there is a change in the present systems of regulation of these services can public confidence in them be restored, and the idea of the public good on which social democracy depends be renewed.

#### Audit and inspection

Audit and Inspection has become an increasingly important element in the operation of the public services in the last decade or so, as everyone who works in these services well knows. OFSTED, CHI (shortly to become CHAI), QUAHE, SSI, HM Inspectorate of Prisons – there is an inspectorate for each field of public services, with the Audit Commission itself at the top of this hierarchy, with its broader remit and responsibility for local government. There are also the inspection agencies – OFCOM, OFWAT et al – which emerged to regulate formerly public but now private infrastructural industries. In 1994 Michael Power published a widely-noticed Demos pamphlet, *The Audit Explosion*, which drew attention to this burgeoning phenomenon, and pointed

out the discrepancy between the claims made for it and the evidence for its effectiveness. In 2002, Onora O'Neill's Reith Lectures, published under the title *A Question of Trust*, drew attention to the distrust of professionals inherent in the rise of the regulatory culture, and gave a measured dissenting voice to the professional employees who have felt themselves to be primary targets of the new inspection system, including of course academics. The choice of this topic and of its lecturer by the BBC were a sensitive index of the level of concern and opposition which these new regulatory systems have evoked in what one could describe as 'middle Britain', though this is not quite what Tony Blair means by this term.

In the face of criticism and resistance in the various public services, there has of late been some softening of the methods and approaches adopted to inspection and audit, in its largest spheres of education and health. There is talk of a 'lighter touch' by inspectors, and of the earning of partial exemption from the most rigorous inspecting routines for institutions that meet various criteria of quality in first audits. The conversion of CHI, the Commission for Health Improvement, into CHAI, the Commission for Healthcare Audit and Inspection, is accompanied by new broader aims and guidelines which look likely to be an improvement on those of CHI, whose focus on 'governance' (i.e. administrative procedures) was unduly narrow from the start. But there is little evidence that there has been any fundamental rethinking of purpose in these modifications of practice. It seems rather that the aim is to reduce the levels of conflict with institutions, also perhaps the burgeoning of these systems, while preserving their essential character. The question is, are such minor changes enough? Is the current system of audit, regulation and inspection founded on sound principles? Have alternative ways of conceiving and operating the system been put forward and debated? I shall suggest in this article that they have not, but should be.

### Origins and purposes of inspection systems

The origins of our present systems plainly lie in part in the deep distrust of public service provision by the Conservative governments of the 1980s and

1990s. Public services were regarded by them as unaccountable to the public or to consumers, and as having been ‘captured’ by producer interests, both professional and trade union. The lack of ‘consumer choice’ in the delivery of many public services was contrasted with its importance in the spheres of private consumption. The absence of the disciplines of competition and the market were noted as an inefficient aspect of public provision. Some important goods were transferred in bulk by the Thatcher government from the public to the private sectors, notably council housing, through the ‘right to buy’ legislation. But government recognised that other services, such as school, health, and social services, could not easily be privatised, whether for political or operational reasons. Alternative strategies were therefore developed, either to bring market or quasi-market disciplines to bear on these services (‘internal markets’ in the NHS, compulsory tendering in local government), or to bring about greater public accountability for their performance. Inspection and audit systems were the principal means chosen for achieving this greater public accountability. However, by establishing common and public measures of performance and relative merit (‘league tables’ and the award of ‘stars’) these audit systems were also used to enhance and enforce competition, by increasing the information available to individual consumers to make their choices of service-provider.

Inspection and audit systems can have – and indeed usually combine – a number of different purposes. One of the problems of recent British systems is that their development seems to have been accompanied by no significant public debate about what these different purposes might be. Although one of the main principles which justifies the entire regulatory system is the necessity for ‘evidence-based practice’, the regulatory system seems itself to have developed with little interest in, the evidence of its effectiveness. One would have expected such an important engine of government to have been developed by means of a lengthy process of experiment, research, and debate, but this has not been the case.<sup>2</sup>

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<sup>2</sup> One of the principal influences on the development of audit regimes in the public sector has been movements for quality assurance and ‘total quality management’ in manufacturing industry, and subsequently in other fields of business. Here also changes have been

We could identify the legitimate goals of these inspection systems as broadly falling into three categories: raising common agreed standards of performance; measuring comparative performance; and improving quality.

#### Raising common standards

Ensuring that common agreed standards of performance and output are met by institutions and their sub-units is a substantial undertaking in itself. It requires that such standards and objectives are first determined and agreed, and then specified in terms which enable their achievement to be reliably measured.

In some areas of provision, such as primary education, anxiety that such standards and objectives were not being widely met was a shaping influence on the inspection system. The development of the National Curriculum and its various component devices (the national literacy and numeracy hours, etc), and the devising of earlier and more frequent Key Stage assessments, were closely associated with the development of the OFSTED inspection regime, one of whose purposes was to ensure that the goals specified by these measures were fulfilled by all schools.

But in other areas of provision, such as university education, the aim of ensuring that agreed common standards were met was a rather weak justification for the elaborate systems introduced. There seemed little reason for general concern about academic standards in universities at the time when the current Quality Assurance regime was introduced. And, once instituted, the inspection regime began to find that the vast majority of programmes and institutions inspected were achieving standards deemed to be satisfactory or better. The dire effects of the 40% reduction in funding-per-

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propagated by charismatic advocates – management educators and ideas-people – but they have mostly not been warranted as scientific innovations would have been by empirical research. Thus questions remain about the transferability of such methods from their source-contexts. See Adrian Wilkinson and Hugh Colin (eds), *Making Quality Critical*, Routledge 1995; and Colin Morgan and Stephen Murgatroyd, *Total Quality Management in the Public Sector*, Open University Press 1994.

student over 20 years then passed unnoticed by the inspection system, and has only now been acknowledged as a problem to justify top-up fees.

In the sphere of health, it has proved more difficult to define and determine what acceptable standards and goals of provision are, since these depend on complex measures of rates of mortality and recovery, and on the relative costs of treatment in systems which are necessarily very different from one another. A health service is a conglomerate of specialisms related to each other in complex networks of co-operation and interdependency, not a unified production system producing an easily standardised or classifiable output. The 'outputs' of such systems are millions of individual patients or ex-patients, not composite products like Toyota cars or Boeing aircraft. If there is a defective element in the production system for a vehicle, it is going to degrade the standard of the whole product, perhaps fatally. But although specialisms are interdependent in health systems, it is unlikely to be obvious how the output of a whole system is being affected by its different parts. It is perhaps partly for this reason that the inspection and accountability systems in the NHS have so far devoted so much of their attention to secondary measures of quality, such as 'waiting lists', or to procedural measures, such as 'governance', rather than to the measures that matter most, such as the effectiveness and cost of treatments. The medical profession does manifest its keen interest in the latter in the pages of *The Lancet* and the *British Medical Journal*, but methods of comparative medical audit are still resisted.

Where public services deal with populations who are in some respect 'residual' in their characteristics, as opposed to those representing a cross-section of the people (like health, schools and universities), their inspection systems have different priorities. In Her Majesty's Prisons, and in the Social Services, the achievement of adequate minimum standards has been a matter of constant concern for inspectors. The Reports of HM Inspectorate of Prisons, under its three most recent Chief Inspectors (Stephen Tumim from 1987-95, David Ramsbotham 1995 - 2001, Anne Owers, from 2001 to the present) record an ongoing struggle by the Inspectors to define and enforce

acceptable standards for the prison service. This has been against the thrust of criminal justice policy under the three most recent Home Secretaries, Michael Howard, Jack Straw, and David Blunkett, since all of them have sought to increase the numbers of offenders imprisoned, whereas the Chief Inspectors have argued that they should be substantially reduced.

In Social Services, the routine systems of inspection by SSI have been repeatedly overshadowed by a different regulatory method, namely the special Committees of Inquiry set up in response to specific high profile cases – in particular incidences of failure by the child care services whose purpose is to protect the lives and well-being of individual children. The Victoria Climbié Inquiry is the latest example of these. But it seems unlikely that the investigation of single catastrophes, however meticulous, can provide sound evidence on which to base social policies. The government seems happy to demand that professionals adopt evidence-based practices, while their own interventions seem more often driven by ideology or expediency.

#### Measuring comparative performance

A second objective of current systems is to define and measure the relative or comparative performance of providers of services. This has been accomplished by devising indicators of quality, and by transforming necessarily qualitative measures into numerical indicators, thus making possible the 'scoring' and 'ranking' of institutions and services. The inspection systems themselves have sometimes been somewhat coy about this aspect of their work. For example, in their oral report to those in a university they have just inspected, QUAHE inspectors have been known to decline the suggestion to add up the separate scores from their six separate areas of assessment into a composite score, even though everyone knows that the composite score is the item of most acute concern to everyone. But no-one has been deceived by this reluctance to take note of the obvious – what can be added up, will be added up. So now 'league tables' have an extremely important part in both the school and university systems, partly through the role of the press. This has been justified on grounds of enhanced 'consumer

choice'. It is claimed that if publics know which are good schools or universities, and which are bad, they will be able to choose the good, and avoid the bad. So, in effect, a new and improved market has been created, in which league table positions, constructed from various indicators and reports of inspections, allow objective measures of 'product quality' to be obtained. Monetary prices to consumers remain for the moment out of this quasi-market, since most health and education services are still provided without charge at the point of use. But the enhanced top-up fees proposed for universities will weaken this principle, and it is possible that once Foundation Hospitals are established, with their greater autonomy, they will eventually be permitted to allow their customers to pay for 'top-up' services of extra quality.

The NHS audit systems have so far mainly relied on a star system rather than on a serial ranking of Trusts. Those with 'three stars' qualify for particular financial benefits, and for exemptions from certain kinds of regulation; a 'three star' ranking is also a precondition for Foundation Status. However, comparative rankings and league tables have begun to emerge from various sources. Since the measures on which these rankings are based are largely secondary to the primary task of the Trusts – namely to treat patients effectively<sup>3</sup> – these indicators seem to be a particular travesty, of little use to patients in trying to decide whether their illness would be better treated by Provider A or Provider B. But there is a further difficulty in any notion that ranking and star systems are intended to enhance the possibility of 'patient choice': whereas parents considering a choice of school for their child may well have time, resource, and clarity of mind to consider different options, many patients are in no such position; they are faced with the shock of illness, their lack of medical knowledge, and the urgent need to get something done quickly.

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<sup>3</sup> In a recent study, K. Rowan et al., 'Hospital star ratings and clinical outcomes: ecological study.' (*British Medical Journal* (online) 23<sup>rd</sup> January 04) reported that for adult critical care, the one field for which adequate data exist, star ratings do not reflect the quality of clinical care provided by hospitals. 'Patients do just as well in a trust with no stars as in one with three stars. Crude mortality data are misleading because they ignore the fact that higher rated trusts tend to be teaching institutions with patients who are less severely ill than on admission to critical care units.'

And of course, there is a further problem with all these 'choice-oriented' systems. This is the problem of equity in provision. If information is made available, and individuals are enabled to choose between alternatives, those who make the right choices will undoubtedly fare better. But what about those who make the wrong choices, or who are less well-informed? Or who find, having made a 'right choice', that the best places have all been taken up, and that they therefore have to settle for an inferior provider? It seems that any system of consumer choice will favour those with the capability, time and resources to make informed and determined choices – and penalise those who lack these. The government continues to proclaim its goal of ensuring, through its regulatory systems and increased expenditures, that minimum standards for all are maintained, and there is no reason to think that it is not successful in this – to a degree. But still, it seems likely that the outcome of a system designed to further consumer choice in public services will be an increase, not a decrease, in inequalities of provision within it.

There are bound to be as many individual losers as winners in systems of consumer choice, since at any given moment there can only be a limited number of superior options available. Thus, unless one accepts that greater inequality is desirable in itself, the case for a system of ranked and graded providers, operating in competition with one another, depends on its success in raising average standards, in the medium or long run. Harm to losers in such systems (those who find themselves relying on providers labelled as inferior) might then be offset by the higher average standard brought about by enhanced competition. And 'special measures' are in any case taken to rescue the immediate casualties of failure, whilst the transfer of customers to better providers will also shift resources and give incentives to enhance performance. This is the justification for the effectiveness of competition and markets in general – good providers flourish and bad ones fail, and, on average and in the end, everyone benefits from the competition.

Is this argument valid for services where the vulnerability of consumers is large, and their difficulty in making informed choices great? This depends on

whether these competitive mechanisms do have as their main effect the raising of standards in general, or whether they mainly widen the gaps between the standards of the more and less successful providers. But it seems likely that advantage and success are cumulative, with positive feedback effects as success becomes evident. The most capable staff are liable to move to the highest-regarded institutions, as do the most capable or advantaged consumers – which is no insignificant matter for the performance of a school or university. It may even be significant for a health provider, where oversubscription by needy and disadvantaged patients may have negative effects on its output standards. Far from reported failure stimulating greater effort, it may bring its own negative feedback, with loss of confidence, flight of clients and staff, and declining resources, all making it difficult to achieve ‘turnarounds’ from poor performance to good.

It seems certain that the commitment to ranking and competition is a part of an ideology which endorses structured inequalities in the quality of public service provision. The enhanced ‘choice’ that publics are held to demand includes opportunities to be superior and more privileged than others, not merely different from them. The enlarged middle class, who are the main electoral drivers of this priority, are individualist and competitive by ideological formation. Contradictory impulses on these questions struggle in the soul of the Labour Party, the goal of higher common standards contesting with that of enhancing opportunities to succeed in an unequal society. There seems little doubt about which side in this argument has been winning over recent decades. In so far as audit regimes provide measures and indicators of relative quality as one of their principal outputs, they serve the purposes of maintaining a system of unequal provision. (The current debate about variable funding for universities illuminates this implicit debate. Not long ago the regulatory system aimed to maintain a common standard for all universities, but the implications of current policy are that hierarchy between universities needs to be established and supported.)

### ***Improving Quality***

The third potential objective of inspection and audit systems is for me the most interesting, though it is also the most neglected. This is the objective of improving quality and performance, not indirectly through the incentive or punitive effects of published rankings, indicators, or reports, but directly, through the learning that could take place during the interactions between inspectors and those they inspect, and in the preparations for and outcomes of inspections. How far is the experience of inspection and audit one which contributes *directly* to the enhancement of quality, and how far could it be expected, or indeed designed, to do this? One critical issue to consider here is whether this objective is consistent with the other two primary objectives identified above, or whether it is in competition with them, or indeed compromised by them. How far do choices have to be made between these different purposes, and the procedures, cultures and methodologies appropriate to them?

My experience as a member of staff groups who have been subject to inspections is that – although there is often acknowledged to have been some benefit from them in terms of improved practice – the gain is generally felt to be disappointingly small. The huge commitments required to meet the formal demands of inspections – the production of statements of purpose, the descriptions of procedures, the preparation of data, the planning of meetings, the establishment of adequate ‘audit trails’ – are often felt to bring a small return in what is learned during an inspection. Great anxiety is often followed by disillusionment, where inspection seems unable, through its protocols, to engage with the particulars of what it is looking at. Hopes that genuine dialogue or new insight will be provided by this process are too often dashed.

Some bad experiences of this kind are inevitable, and need not in themselves discredit the process. But I believe the problem to be more systemic than this, and that it is often manifest even when inspection teams are functioning reasonably well according to their procedures. The problem derives from the priority given in these systems to the first and the second of the objectives outlined above, as opposed to the third. Improving quality through interaction

with those inspected simply isn't the main task of most inspection systems, nor the reason for which they were set up.

The two dominant objectives of most inspections – the assurance of acceptable common standards and establishing indicators to justify ranking by merit – have had a profound influence on the procedures they follow. Failure to meet standards can lead to sanction, while success or failure in the achievement of good rankings also brings reward or sanction. Because of this, criteria of fairness and probity have become central to the whole process, since in their absence, given the major implications of the results, those inspected and judged would claim that outcomes were ill-founded, biased, or unjust. To maintain fairness and probity, it is necessary that inspectors function according to standard procedures, following criteria for making assessments which are as objective and uniform as possible. Thus, although inspectors are normally drawn from the professional fields which are being inspected, their specific training as inspectors is in the procedures and criteria of evaluation – and not in the problems of assessing, still less of improving, the quality of work in their particular field.

The effect of this approach is to flatten out, and diminish in their importance, the differences between, institutions and practices, since it is what they have in common which is of most relevance to auditors, not what is distinctive or unique about them. This tendency to standardisation has impacted significantly on the practices of institutions. For example, in higher education, it is required that the entire process of a course be described in writing, in a 'validated' course document which is given to students, and can be used by them to guide their own studies. These specifications are also seen as the 'terms and conditions of purchase' by students of the educational 'product', though it is doubtful if this consumerist conception is appropriate to educational provision.

In some ways this has been a beneficial process, bringing about a higher standard of preparation of syllabuses, reading lists and assessment

requirements than might otherwise have been the case. But there has also been a tendency to homogenise and standardise not only the written description, but also the practice of a course, in order to meet regulatory requirements. Deviations from the norm are regarded as prospective problems, not as creative innovations. Furthermore, the norms of description which have evolved – no doubt for purposes of comparability, and to enable standard ‘benchmarks’ to be developed – have become removed from the way in which a sensible teacher might want to describe a course, or in which any sensible student might want to read about it. If every unit and every course has to be described in the same way as every other, it can almost be guaranteed that none of them will appear very interesting.

Indeed, a drive to homogenisation and standardisation of all procedures and practices seems endemic in these systems; it is part of the autopoietic production (as Niklas Luhmann calls it)<sup>4</sup> of an institution’s sovereignty over the processes which take place within its boundaries. Inspection regimes invade the mentalities of the primary providers they regulate, as their demands are internalised, as well as responded to by calculation. Differences tend to be defined, a priori, as tending to unfairness. Why should some students have to write more essays than others, be taught for more weeks than others, have curriculum units of different sizes? I have sometimes felt that this process will only reach its conclusion when every university course in the UK, if not eventually the world, is identical in every respect except its specific subject content. It has become hard to sustain the view that difference can be a source of positive value.

This process is part of a larger context in which the demand for measurement is unduly influencing the practices that are being measured. Because core professional practices in education, health care or social services tend to be too complex, subtle and variable to be easily categorised, proxies for these practices are selected which do lend themselves to standard description and measurement. This means that, for instance, the frames placed over

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<sup>4</sup> See Niklas Luhmann, *Risk: a Sociological Theory* (1993).

educational practices in universities to assess their quality filter out a great deal of the specific quality of learning interactions in the cause of producing reliable measures. The measuring of waiting lists, or time elapsed before appointments, is a comparable distortion in health care. Of course getting to see a doctor is a necessary condition of being treated successfully, but its importance has to be balanced against an assessment of what happens once an appointment takes place, and how urgent the condition was in the first place. The latter is hard to measure, the former relatively easy, so this is what assessments have focused attention on. The question is whether such measures are assessing what is most important.

Since governments have instigated this process not only in order to improve these systems, but also to demonstrate to their electorates that they are improving them, a further distortion enters the picture, since appearances may, for the latter purpose, be what matter most.

#### Improving quality and organisational change

Improving quality self-evidently entails change. In organisations providing education, health and social care, achieving this is usually a complex and multi-dimensional affair. The 'national literacy hour' and additional stages of assessment were among the few 'quick fixes' that were ever available in this sphere. They were means of doing one or two 'big things', across a whole sector, that could probably make a difference. But most of the time it is difficult to get staff – as individuals or groups – or organisations to do things differently from the way they already do them. The more complex and differentiated a process of production, the more this is the case, and the less centralised systems of command and control will work.

One notices, for example, even in strong and effective organisations, how little transfer of good practice there seems to be between one specialism and another, even when managers understand that such transfers would be desirable. Staff have a relatively high degree of tenure in these fields, compared with others (this is in part a function of the value of their 'local

knowledge' to their organisation); so it is hard to achieve improvements by the method of removing staff and appointing replacements. Work is often dependent on teams, and on their shared experience and understanding. Quality depends on ongoing relationships, including ongoing relationships with clients, pupils or patients. Changes are therefore likely to have beneficial effects, for good or ill, only after 'working through', and over a period of time. It is not surprising that, in the few empirical studies that have been made of quality of performance in such organisations (such as Michael Rutter et al's classic study of primary schools, *Fifteen Thousand Hours*), leadership, staff morale, and organisational cohesion account for most of the variances in performance.<sup>53</sup>

These factors suggest that in these 'social' sectors there are likely to be serious problems in balancing the goals of achieving acceptable standards, establishing relative merits or rankings, and bringing about desirable changes. Each of these goals of inspection, and the activities associated with them, generates a different occupational culture and mentality.

For example, faced with prospective disgrace and sanction for falling below standard, organisations will conceal truths, and develop solidarity, even paranoia, towards the outside. This is not the state of mind in which deficiencies and limitations are readily thought about or admitted. The motivation for achieving high inspection scores, or avoiding low ones, may include more expansive attitudes than simple fear of failure, but the need to succeed will also encourage a concern for appearances over attention to reality. Such preoccupation with self-presentation is a feature of most of these inspection systems.

If the aim is to find out what could be improved in an organisation, and to think about how to bring improvements about, a different state of mind is

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<sup>5</sup> The audit system has substantially taken the place of what should be independent social scientific investigation. Standardised measures – a poor-quality, Fordist, kind of social science – substitute for inquiring and critical investigations of institutional practices (such as the Rutter study). The public resources devoted to the inspection system far exceeds the budget of the

called for. This requires, above all, trust – between colleagues, in organisational superiors, and in external inspectors who are having to bring bad as well as good news. Trust is needed because improvement is not possible without prior acknowledgement of weakness or deficiency (without this, why would improvement be necessary?); and no-one is going to explore their own deficiencies willingly if they believe they are going to be punished when these are discovered.

Of course this is the difficult situation in which teachers, therapists, organisational consultants – and indeed wise managers – find themselves, on a daily basis. They wish to bring about the equivalent of ‘improvements in quality’, in an individual or collective client’s life or work. To do this they have to find a space in which weaknesses can be honestly contemplated, and in which the challenge and risk of doing something differently can be tolerated. This requires, above all, a non-judgemental attitude, an understanding that the consultant/teacher/therapist has been there too, in some way or another, and a willingness to share at least some of the emotional burdens of the task. The process of improvement requires, in short, an identification with those with whom such work is taking place.

Thus, for teachers, perception and acknowledgement of what is not perfect in the learners has to be accompanied by respect and concern for the learners themselves. In practice, in educational contexts the functions of ‘teaching’ and ‘assessment’ are sometimes divided, with ‘the exams’ coming at the end of a teaching process, and even seeming to be the responsibility of a different entity (‘the examiners’) – though in practice these may include the same people. Some teachers may find it more comfortable to ally themselves with the students in their ordeal at the hands of a remote examining board, though this is a solution perhaps based on a reluctance to take on some of the responsibilities of the teacherly role. Nothing can be less like this ‘learning relationship’ than the usual connection between inspectors and inspected, which is brief in duration, impersonal in tone, and lacking in commitment to

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Economic and Social Research Council. The first head of Ofsted was ideologically hostile to most academic educational researchers, and the old HMIs.

anything much, apart from probity and fairness in the discharge of the task. Often, inspectors and assessors are individuals who have themselves opted out of lasting institutional commitments, and are now working as part-time contractors. This situation may enhance their sense of detachment.

Reports by the HM Inspector of Prisons are based on a different approach. They are remarkably direct in their descriptions, and lack the distancing from reality through abstractions and protocols that characterise most of the other inspection formats. They are sometimes moving documents to read, in their commitment to improvement, which one would hardly say of most inspection reports. Tumim successfully campaigned for the abolition of the practice of 'slopping out'. Ramsbotham made the respect accorded to prisoners by staff a key measure of the quality of prison regimes. The Inspectorate of Prisons has sustained a position independent of government, while most of the others have been the enforcers of its 'modernising' agenda.

I am not wishing to argue that one of the three sets of objectives in audit and inspection – perhaps the 'softest' and most 'qualitative' – should be given priority over all the others. My case is rather that, unless we understand what these different objectives are, and how they compete and conflict with one another, we will never develop procedures and cultures which actually improve practice and the quality of services.

### **Different beliefs about motivation**

These different perspectives on assessment – what one might call the sanctioning, competitive, and learning approaches – stem from different assumptions about human motivation and different conceptions of what is socially possible and desirable.<sup>6</sup> The sanctioning approach is committed above all to the necessity for compliance with obligations and standards. Those who advocated audit and inspection as a new regime of regulation did

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<sup>6</sup> These different inspection practices map on to Amitai Etzioni's three models of compliance set out in *A Comparative Analysis of Complex Organisations* (1961). Etzioni distinguishes between mainly coercive institutions, institutions which function chiefly through material rewards, and institutions which rely on moral consensus and solidarity for their cohesion and solidarity.

so because they were disillusioned with the main institutions that had previously been responsible for ensuring compliance, namely traditional bureaucracies.<sup>5</sup> The quality of public services was supposed, traditionally, to be secured by compliance to law, by just and fair appointment processes, and by the existence of ordered hierarchies in government services. Subsequently it was argued that these systems no longer functioned effectively, that they had been 'captured' by their employees, etc. However, the new regulatory systems designed to 'modernise' the old in fact operate with similar motivational assumptions. Instead of direct regulation and control, through bureaucratic hierarchies, there is now indirect regulation and control, through quasi-independent agencies which nevertheless act with the force and power of law. The indirectness of this form of governance has enabled government to exercise huge power, whilst escaping direct political accountability for it. Indeed it is made to appear that the real power lies in impersonal systems and criteria, and not in human agents at all. This system has reproduced in its turn the defects of the earlier compliance-oriented systems it was intended to replace, namely pseudo-compliance, alienation of staff, and rigidity and ritualism in task-performance.

Competitive approaches to inspection, via rankings and merit stars, seek to mobilise the desire for reward, power and prestige, rather than merely the desire to avoid disgrace and failure. They do undoubtedly mobilise competitive efforts, and may galvanise mechanisms for improvement and learning within competing organisations. As already noted, there is little evidence about the effects of these systems, one way or another. But it would be interesting to learn whether the competitive pressures brought about by these systems have in fact led to development within them, and to changes in their relative success, or whether they have merely reproduced existing differences in resource and capability. The evidence of the universities is that the entrenchment of performance scores and league tables as a result of audit systems has frozen the pre-existing institutional hierarchy. This is hardly a surprising outcome given that the government is so committed to

inequalities – termed ‘excellence’ – in this and other public spheres. Both the ‘sanction’ and ‘competitive’ models of regulation are essentially individualist and interest-oriented, rather than solidaristic and value-oriented.

The ‘learning model’ makes different assumptions about productive motivations, believing in relationship, trust, and co-operation as the preconditions for development, not only within institutions, but also in their transactions with external authorities. David Marquand elaborated these differences of philosophical view in *The Unprincipled Society* (1988), where he advocated the idea of a society committed to learning. He argued against the domination of the modes of command and exchange, and instead for commitment to the mode of persuasion, to the idea that the citizen could be regarded as 'a reflective and open-minded being, capable of rising above his particular interests in order to make a judgement of the general interest, and willing to revise his judgement in the light of arguments advanced by his fellow-citizens.' Marquand's view comes from the tradition usually thought of as idealist, which currently has few advocates in Britain. New Labour's commitment to ‘modernise’ the public services is largely constructed on individualist assumptions, continuous with those of the previous Conservative governments, though more inclusive if not more egalitarian in aim. What remains absent from, indeed disliked by, New Labour, is an alternative conception of ‘the public’ and ‘the social’ as representing a different kind of solidarity and commitment. These ideas are viscerally regarded as a mere ideological masquerade for the self-interest of public sector professions and unions.

It was no accident that the first chief Inspector of OFSTED, Chris Woodhead, designer of the Thatcherite template for public sector inspection systems, remained in office for three years after New Labour came to office. He was both hostile to teachers and committed to methods of inspection that depended on sanction and competition as their primary motivational levers. Yet the type of regime of audit and inspection he instituted now provides the ‘micro-structure’ of regulation of our increasingly individualised, though also

heavily governed society. It is one of its distinctive regimes of power. (The Foucauldian tradition in social theory provides many useful concepts for analysing such regimes.)

### **An alternative system of inspection and audit?**

It is possible, I believe, to devise a method of audit and inspection that is committed to the achievement of common agreed standards, in each sphere of public provision, but is also committed to shared learning and the improvement of practice. But it is doubtful whether these objectives could be combined with the other major goal of current audit systems – the generation of evidence on which competitive rankings can be based. It would be possible, however, to achieve a consensus about what basic standards should be – even about desirable improvements in these over time – that would not divide the inspected from inspectors. (Those whose offences are tried in courts of law are not usually divided from their judges by profoundly different conceptions of right and wrong, but rather by different views of their own particular circumstances and deserts.) Indeed, one can envisage that the first task of any audit and inspection system would be to establish, through quantitative and qualitative indicators, where an institution or agency stands in regard to these accepted norms – perhaps taking into account its particular situation regarding location, clientele, etc – and then to make recommendations for remedy and improvement which would have the force of obligation.

But once that threshold of adequacy has been achieved, a different role becomes appropriate for systems of inspection. This is to clarify what is distinctive and particular about the goals of an agency or institution, by requiring it to formulate these, and to identify criteria for their evaluation and assessment. A presupposition of this process would be that agencies in these fields are inherently different from one another, and that such differences can be a source of value. The government has to some degree moved towards such an acknowledgement in its advocacy of ‘specialist schools’, and even ‘foundation hospitals’ – though it is clear that other purposes, favouring not

only difference but also enhanced stratification and ranking, are mixed up with this.

In the kind of regime I am describing, inspectors would be required to consider specifications of purpose, and to report on achievements in relation to these, in ways which took account of their particularity. Measures of assessment that were appropriate and relevant to some agencies would not be so relevant to others. Audits would be required first to report on how far institutions met basic objectives. But they would then go on to report on how well they were doing on other criteria, partly identified by the agency concerned, and partly from the pool of relevant knowledge and criteria which inspectors would bring to their task.

In particular, agencies would be expected to demonstrate their commitment to and capacity for improvement, against the criteria they agree with inspectors, and the task of inspection would be in part to explore their success or difficulties with this process. One of the purposes of inspectors would be, in consultancy or facilitation mode, to assist and catalyse this process, from their own knowledge and experience. This might require an insistence that different elements of an institution are brought together, that acknowledged or discovered problems are discussed and analysed, and that follow-up reports are submitted on progress achieved. This would become a much more open-ended and thus variable process, but it might also be one that was more vital and productive.

Compliance is in any case not much use as a habit of mind in a competitive world in which innovation is necessary to create value. A process of inspection and audit which encourages innovation and discovery might, one would hope, have some effects 'all the way down', on the habits of managements, staff, and pupils and clients themselves. Our present systems of regulation by contrast encourage standardisation, defensive self-presentation, and risk-avoidance, and this goes all the way down too.

Among the inspectors in such a system there would need to be capable innovators and facilitators, whose satisfaction and reputation would come from success in influencing and catalysing good practice. It does not seem to me that many people now join inspection services because they believe that this is going to be their best opportunity to bring about innovations, though this was the case at an earlier stage in an organisation like the ILEA, where educational developments were initiated and guided through its advisory services. Such an approach would also have an implication for what institutions would themselves need to do to work successfully in this environment. Instead of the risk-avoiders and compliance-specialists for which the present system now selects, one would hope to see 'quality innovators' and 'quality entrepreneurs' become the key figures in these processes – as developers of new programmes became in the early days of the new universities. Indeed the presence of individuals taking such roles would be a sign of health in such institutions.

Much stress is now laid by government on responsiveness to customers and customer-satisfaction as criteria of good practice and good governance. It would be possible for an inspection system to be oriented towards 'consumer involvement' if the reports on which it was based, and the rituals of discussion and reflection which it generated, were made accessible to publics, especially to the local communities which provide the clients for a service. I don't think one could read an average OFSTED Report and imagine that it would form a lively basis for a public institutional review. But one could imagine the design of a different kind of reporting document, intended to be read by all members and associates of an agency as well as by inspectors, which could form the basic text for 'hearings' to be held in public. This might take the form of a Report by an institution to its members and clients, which an inspecting body, as part of its remit, would question and discuss. The inspectors' own report would subsequently make a further contribution to this assessment, which in any case would have to include genuine self-assessment to be productive.

There has to be some tension in such proceedings for them to have value and authenticity; the confrontation between those submitting a report and inspectors would thus necessarily include elements of uncertainty and potential for conflict. It would indeed be this potential for difficulty, and its experience from time to time, which would signify that this democratic process was a genuine one. Skills and roles would need to be developed for the operation of a system oriented towards self-reflection and improvement, but this would be of benefit in itself. Indeed it is hard to see that 'user involvement' in public services will ever amount to much unless procedures and practices which make possible the exercise of 'voice' and 'loyalty', in Albert Hirschman's terms, as well as customer 'exit' are brought into being.

## **Conclusion**

It is not my purpose to argue against the principle or practice of the accountability of public services and public institutions; nor am I asking for inspectors to 'go away and leave us alone', though it is perhaps understandable that many professionals do react in this way, in response to what they see as the oppressiveness and mindlessness of their regulatory regimes – though of course sometimes it is simply because they do not want anyone to disturb them.

On the contrary, I am in favour of a lively system of audit and inspection, but one which has as one of its principal goals to stimulate, facilitate, and support ongoing improvements in practice. I think this goal is consistent with that of improving common standards. Once these basic aims are met, the work of improvement and innovation can begin, within a different culture and practice. I don't think that such a system can also be used to provide data to effect the competitive ranking of public providers without damage to its quality-enhancing function. Of course, informal and formal rankings will be made anyway, by a host of people and media. But just as organisational consultants do not go around marking their clients out of ten, and publishing their marks, so must institutional auditors maintain a distance between their work and such competitive measurement. They should seek instead to

promote self-understanding and change among their clients, and, through publication and circulation, in the wider community.

Systems of inspection and accountability could become a form of democratic empowerment, encouraging collective identification with the public sphere. New means of citizens' involvement are urgently needed to revitalise democratic practices, which are currently being eroded by the 'mediatisation' of politics, and by the decline of political parties as communities of conviction.

The present government proclaims a commitment to improve and 'modernise' public services, and has belatedly increased investment in them. But it does not seem to have a conception of what is distinctively 'public' about a public service, except that its users do not pay for it at the point of use. Its dominant concept of 'modernisation' is based on the same assumptions about individual self-interest and the necessity for market competition as those that prevail in the market sector. The micro-regime of regulation developed in recent years has been in part the instrument of this conception. This article suggests an alternative view, one which gives predominant emphasis to co-operation and trust, and to the common pursuit of improvement.

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