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Flexible regulation: the birth of a qualitative audit society?

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1. Introduction

1.1 Audit and regulation: from numbers to words?

This paper discusses the emergence of qualitative techniques of audit. It focuses in particular on the auditing of NHS Local Improvement Finance Trust (NHS LIFT), a policy that shifts provision of primary care premises to the corporate sector. In this case, far from qualitative audit representing a pluralist approach (as suggested by Power 1996), it actually signifies the regulatory capture of the National Audit Office by powerful private and public sector interests ("the PPP[1] community"). The paper considers how this shift in regulatory techniques – including the adoption of qualitative techniques including snowball sampling, case studies, and interviewing – is linked to a change in the auditor's role.

Firstly, the article summarises and discusses sociological critiques of quantification, and how these have developed into influential analyses of traditional audit rationalities (including in particular Power: 1996, 1999, 2003). Moving on to discuss the National Audit Office and LIFT, it considers why auditors might now want to adopt qualitative methods, and discusses the institutional structures that have given rise to apparently more flexible forms of regulation. The discussion is influenced by Boltanski and Chiapello's (2006) work on how managerial discourses have co-opted "May 68" rhetoric about artistic and personal freedom. The paper argues that a parallel process may be happening here, through the selective appropriation of qualitative research methodologies. Thus talk about "experience" or "the subjective" may be used to justify, promote, and consolidate new power constellations.

[1] Public-private partnership

1.2 Critiques of quantification

A long-standing sociological critique of quantification associates it with the reification and control of people and nature. Radical critics, such as Young (1979), see quantification as deeply implicated in oppressive social structures:

> Our characteristic way of thinking about phenomena is a capitalist, mechanistic one which makes certain sharp separations for the purpose of manipulating, dominating and exploiting both natural processes and social relationships.
>
> (Young 1979:64)

For Young, capitalist rationality seeks to break everything down into its component parts, and measure it. This is rooted in the commodification of labour, which reduces human beings to figures on a balance sheet. The world becomes "a set of interacting facts" (Young 1979:64), silencing critical enquiry and helping to naturalise existing social relations. Quantification is an integral part of the capitalist system: Young (1979:72) states that "[T]he structures which have placed a premium on quantification are the most basic ones in our socio-economic order."

Some who fear the standardising, dehumanising effects of numbers turn to qualitative research as a better alternative. As Millen (1997:2.1) states, while feminist methodology is diverse,

> there are some central concepts which have been raised, discussed and problematised by a variety of feminist writers; two of these are 'empowerment' and of the primacy of experience in social research, both of which are at the heart of the debate on the gendered politicisation of research methods.

While other sociologists have criticised these assumptions (e.g. Oakley 1998) they remain influential within qualitative sociology, encouraging the belief that while statistics deny people's humanity, qualitative methods can remedy this. Note: *can*, not *do*: Oakley's classic article on interviewing women (originally published in 1981) characterised mainstream interviewing as a methodology that disowned its

qualitative potential, becoming merely one means of carrying out a social survey. In the process "[b]oth interviewer and interviewee are thus depersonalised participants in the research process" (Oakley 1997:37). By contrast, feminist interviewing should actively seek personal, individual connections between interviewer and interviewee.[2]

This critique of methodology argues that qualitative methods become implicated in power *when they attempt to mimic the quantitative*. Similarly, postmodern critiques of ethnography have complained that the traditional ethnographer makes unsustainable claims to objectivity (Denzin and Lincoln 2000). By contrast, true qualitative (or relativist) approaches are associated with epistemological and political virtue.

But methodologies have different epistemological and political implications in different contexts. A critical researcher might well not research senior public sector managers in the same way that s/he would research young mothers living in poverty. In the latter case an obligation to the participants might be paramount, while in the former case the researcher might build a research protocol based on obligations to participants *and* their employees and services users. An ethic of care (Gilligan 1982) or a commitment to politicised research (Roberts 1997) must operate at a different conceptual level than that of methods or methodology.

Moreover, broader structural factors may lie behind a slippage from politics, to epistemology, to methodology. Boltanski and Chiapello (2006) argue that contemporary capitalism has assimilated an "artistic critique" (demanding freedom, autonomy, and authenticity) deriving from the 1960s, while silencing an originally related "social critique" (demanding solidarity, security, and equality). Could powerful groups similarly assimilate qualitative sociologists' methodological critiques of quantification, separating them from epistemological and political critiques?

1.3 Audit and quantitative reason

The paper turns now to work on audit, which rests upon the sociological critique of quantification. The focus is upon the pioneering work of Power who – although less radical in his conclusions – follows earlier critics in associating

[2] Oakley has since substantially changed her position on quantitative research, critiquing her earlier arguments (e.g. 1998); but these have remained influential.

quantitative measurement with less desirable governance styles. Power (1996:7) distinguishes two potential "models of control and accountability", arguing that the former is overwhelmingly dominant, at least within current UK public policy.

STYLE A	**STYLE B**
Quantitative	Qualitative
Single Measure	Multiple Methods
External Agencies	Internal Agencies
Long Distance Methods	Local Methods
Low Trust	High Trust
Discipline	Autonomy
Ex Post Control	Real Time Control
Private Experts	Public Dialogue

(Power 1996:7)

Power associates quantitative methods with a lack of trust, with discipline rather than autonomy, and with the use of private experts rather than public dialogue. He argues (1996:8) that any gains from audit "are likely to be most visible when used in conjunction with, rather than in opposition to, elements of control style B." By contrast, "Japanese structures depend much more on 'style B' types of control: horizontal rather than vertical, trust-creating, qualitative rather than quantitative." (1996:36)[3]. For Power (1996:10) the spread of (style A) audit is supposed to address distrust, but its impersonality and lack of accountability actually aggravates it. Audit is an important part of (neo)liberal governance, because its abstracted forms of control promise independence and so (1996:45) "as apparently apolitical practices, they come to be recognised as necessary by social agents."

Audit is decreasingly industry-specific; supermarket quality control systems resemble those for hospitals, even though different concepts of quality are applied to each institution. Mobile and diverse, audit can be invoked by any actor from states to entrepreneurs to consumers. "The public image of auditing as a dull but worthy practice implies that it is neutral" (Power 1996:25), obscuring the agency of auditors

[3] At the time Power was writing, Japanese-influenced management strategies, such as Total Quality Management, were popular.

and their role in constructing financial rationalities. In fact, by producing homogenised, standardised routines that can evaluate any organisational system, auditors enable organisational transformation (Power 2003). For example, financial management in the NHS created systems to calculate the costs of procedures in different settings, and this measurement and commodification of services allows privatisation policies to be implemented.

To counteract audit's unwelcome, unintended consequences, Power recommends "non-audit based methods linking stakeholders and enterprises"; for example, by supplementing performance measurement with qualitative concepts such as facilitation (1996:34-35). A new concept of the organisation is needed, since audit is based upon "the externalisation of insiders"; alternative accountability strategies could instead internalise stakeholders. "[W]e would benefit from having less respect for abstract forms of portable knowledge and more respect for non-standard and tacit forms of knowledge which are complex and close to their product" (1996:36). Finally, Power argues for accountability to be reconceptualised as local and facilitative, claiming that these values will allow an increase in democracy:

> [W]e need to reposition audit as a local and facilitative practice, rather than one that is remote and disciplinary, so as to enable rather than inhibit public dialogue…This will require a broad shift in control philosophy, from long distance, low trust, quantitative, disciplinary and ex-post forms of verification by private experts to local, high trust, qualitative, enabling, real time forms of dialogue with peers.
>
> (Power 1996:40).

Similarly, Shore and Wright (2000:63) state that the perniciousness of audit resides in its silencing of its own normativity: power works by recasting a political problem in neutral scientific language. Numbers are implicated here, whereas qualitative analysis's apparently more modest goals might appear more benign. Shore and Wright argue that within the "three virtuous E's", effectiveness tends to be disregarded as it cannot easily be quantified, unlike a "narrow and financially-determined agenda of efficiency and economy" (2000:68). More radical than Power, they claim (2000:79) that the audit explosion expresses a fundamental social shift "that is radically transforming all areas of working life." They argue that this is rooted in "the economic and political imperatives of neo-liberalism" (2000:84).

While audit's social effects should be scrutinised, its critics underestimate the possibility of qualitative methods being used to discipline and to disable criticism. The following section discusses some potential characteristics of qualitative audit, through a detailed analysis of the NAO's report into a new procurement initiative in primary care (NHS LIFT).

2. Audit as flexible regulation? The case of the LIFT report

2.1 "Helping the nation spend wisely": the National Audit Office

The role of the UK National Audit Office (NAO) is "to report to Parliament on the spending of central government money" (NAO n.d.). It examines public bodies' economy, efficiency, and effectiveness (Roberts and Pollitt 1994), producing reports for Parliamentary Committees. The NAO's remit has been grown, from focusing on accuracy and legality to assessing service performance, and it has become increasingly politically visible:

> The NAO is an organization in evolution. During the last decade and a half it has evolved from exercising a dominant concern with regularity audits and the identification of waste into a body which also conducts VFM analyses into often politically sensitive programmes. It is not allowed to question the appropriateness of government policy objectives themselves but in other ways many of its activities could justly be termed 'programme evaluation'.
>
> (Roberts and Pollitt 1994:545).

The NAO is a key player in the "audit explosion", which according to Power (2003:186) is characterised by a shift away from auditing within bureaucratic control systems to auditing through external "supreme audit institutions". Pollitt and Summa (1997) note that the NAO accounts for itself through sophisticated managerialist measures, producing annual reports containing quantifications of costs, benefits, and savings. Its policy neutrality coincides with the Blairite mantra that "what matters is what works". This encodes a "contracting logic" (Cutler and Waine 1997), which like auditing more broadly turns organisations and policies into fungible objects mimicking commodities. Such logic of course resonates with a governmental agenda seeking to encourage public bodies to marketise themselves.

Cutler and Waine (1997) argue that organisations such as the NAO demonstrate a fundamentally political bias of efficiency over effectiveness. They claim (1997:49) that "what is striking is how far such monitoring bodies reflect the general assumptions of central government policy." Thus organisations like the NAO and the Audit Commission legitimise spending cuts, and perform a theatre of measures demonstrating the superiority of managerialism. League tables and other measurements of performance tend to reduce the wider implications of citizenship. Schools are no longer social institutions, becoming merely producers of academic success or failure (Cutler and Waine 1997)[4]. Arguments like these chime with the critiques of quantification summarised earlier. There is a sense that the broader, less easily measured effects of policies are being submerged by a drive towards narrow, external, standardised regulation.

2.2 Value for money audit – Model A or Model B?

The NAO increasingly focuses on Value for Money (VFM) audit, "a prominent and constantly evolving instrument of financial control" (Power 1999:42). While the definition of VFM audit could be regarded as embodying both Model A and Model B (see 1.4 above), Power (1996:43) argues that it tends to shift towards the former. "For all its proclaimed sensitivity towards context, VFM demands that effectiveness be quantifiable"; there is "a necessary drift towards 'managing by numbers'" (1996:26).

Power (1999) argues that 'economy' and 'efficiency' sit within an accountancy or business tradition, while 'effectiveness' derives from social science. He states that there is a "tendency for the three Es to be related hierarchically such that economy and efficiency values 'oversee' those of effectiveness" (1999:115).

Moreover, effectiveness itself slides towards the simple and the quantitative. While efficiency can be defined as the relationship of outputs to outcomes (both complex to measure), "performance measurement gravitates towards outputs and the systems for producing them" (Power 1999:115). Thus effectiveness can become about measurable outputs rather than the more diffuse and complex outcomes; it is shorn of its most problematic social-scientific implications. Power argues (1999:115)

[4] This of course raises the intriguing question of the social effects of neo-liberal schools.

> What is at stake is the compatibility of two logics, broadly that of auditing on the one hand and that of evaluation on the other…One logic has developed from a home base in input auditing, focusing on the regularity of transactions, towards the audit of measurable outputs. The other, though not without problems and much less coherent than audit as a practice, is traditionally more sensitive to the complexities of connecting service processes causally to outcomes.

He further claims that evaluation (as characterised by peer review and social-scientific methods) tends to generate conflict and ambiguity, while audit "is attractive for its apparent objectivity" (Power 1999:115). Similarly, constructivist epistemologies are seen as "less useful for policy purposes" (Power 1999:118) and thus less popular with auditing institutions than apparently 'harder' disciplines such as accountancy. "The mood of [New Public Management] is such that audit tends to dominate evaluation and that performance tends to be measured in terms of auditable outputs" (1999:120).

2.3 LIFT and the shifting sands of audit

The data presented below are derived from case study research into NHS Local Improvement Finance Trust or LIFT (see e.g. Aldred 2007). LIFT is a new form of Private Finance Initiative (PFI) developed for primary care premises, which has since spread to the education sector. Like PFI, it involves buildings being designed, built, managed, and maintained by private sector consortia. These buildings are leased back to the public sector client, which pays a yearly charge to occupy them. However, LIFT is more far-reaching than PFI: rather than just managing a named building or group of buildings, a LIFT company is given a twenty-year concession to build any new primary care premises in its area, and may also take over existing buildings. Moreover, it is represented on the local NHS "Strategic Partnering Board" that plans premises development. Proponents argue such features make LIFT a 'real partnership' that goes beyond PFI; critics, that it institutionalises dangerous conflicts of interest (UNISON 2006).

The National Audit Office produced a VFM report on LIFT in May 2005. This concluded (2005:2) "[I]t looks as if LIFT will work – at national level LIFT is an attractive way of securing improvements in primary and social care. The local LIFT

schemes we have examined appear to be effective and offer value for money." Although not initially planned, audit became an emergent subsidiary theme of the research, focused around an analysis of the NAO report in its political context. The research included a detailed analysis of the report, an expert interview with one of its lead authors, and the use of interviews and documentary analysis to study ways in which the NAO had interacted with LIFT and PFI elites. This was part of a larger project involving a total of over sixty interviews and observations in a number of local and national LIFT-related sites.

Some of these interviewees were surprised by the NAO's positive report, having expected it to be critical. At the time the NAO carried out their research, no LIFT buildings had yet opened. How could they be so categorical in their assertion that LIFT would "work"? Had they tapped into the power of numbers? The answer was no: instead, they had primarily used *qualitative* methods; interviews and case studies, supplemented by social surveys eliciting senior managers' experiences of the initiative. I decided to dig a little deeper; interview one of the report's authors ("Jason"[5]), examine how the NAO had conducted the report, and trace through the processes that had allowed qualitative audit to produce this result.

The results are discussed below. In particular, the analysis suggests that auditors such as Jason, and his ultimate boss Sir John Bourn, used qualitative critiques of positivism in order to justify corporate involvement in healthcare. This is linked to the development of a "PPP community"[6] (and within this a LIFT community), which connects senior private and public sector managers through online and offline networks enabling knowledge sharing and lobbying. The PPP community provides an organisational basis for this distinctive approach to audit.

2.4 Constructing a report: "anyone and everyone who was involved"

The National Audit Office team producing the report consisted of eight researchers and one director, with Jason being one of the more senior researchers. The NAO involved senior managers and politicians from the very beginning; these key figures contributed to the study methodology, and helped to define the issues

[5] Not the interviewee's real name.
[6] Websites such as www.smi-online.co.uk frequently refer to such a "community".

under investigation. They suggested additional contacts: others within their political and/or business networks.

> The methodology and results of our surveys were discussed with the Department and Partnerships for Health.[7]
>
> (NAO 2005: 36)

> We kicked it off with a couple of months of just going and speaking to anyone and everyone who was involved, so the Department of Health, Partnerships for Health and really just from them you tend to get contact names of people who have an interest or who are relevant.
>
> (Jason)

Speaking to Jason, it was clear that the “anyone and everyone” represented those leading on the policy. The resulting 'snowball sampling' through business and policy networks would have helped to ensure that those consulted were unlikely to be critics of LIFT: such samples tend to be “biased towards the inclusion of individuals with inter-relationships, and therefore ... over-emphasise cohesiveness in social networks” (Atkinson and Flint 2001). Accordingly, partnership for Health (PfH), the Department of Health (DH), and other consultants played a key role in defining the research problems. The research work was begun with

> a big session internally, where we get all the study team along. People like Partnerships for Health and the Department come in. And people with expertise, really, across the office. And we kind of thrash out what we think the issues are.
>
> (Jason)

The choice of team to conduct the audit is instructive: the NAO used its private finance team rather than its health team, helping to ensure that discourses of health improvement were marginalised. From the beginning the report was conducted in alliance with the agencies that created and promoted the initiative. This closeness may have influenced the NAO's construction of the important issues, and prioritised the government perspective on LIFT. When Jason was asked what advantages of LIFT over PFI the NAO had found, he initially said that it was positive

[7] The part-privatised agency responsible for the LIFT programme nationally.

that anything at all was being done, which almost negated having to measure value for money:

> There's a feeling currently that if something that wouldn't have been built does just get delivered, that in itself is quite a good thing.
>
> (Jason)

This “current feeling” (that anything is better than nothing) is a way in which the government has justified unpopular policies such as PFI (Pollock 2004). While this justification may seem irrational (in one of the world's richest countries, surely if the government had been unable or unwilling to use PFI it would still have built new hospitals), it remained a powerful argument. It is hard for critics to campaign negatively – and against something as universally popular as new hospitals.

Jason’s first example of a distinctive benefit of LIFT demonstrates his enrolment into pro-LIFT entrepreneurial discourse. He said that LIFT was "more like a commercial entity" than PFI, allowing the private sector to act more entrepreneurially and to benefit from treating LIFT as a property business, rather than a vehicle for a particular project.

> [I]t just looked like a LIFTCo was much more like a *business* than a kind of separate funding entity – although it has got the FundCos[8] in it. But ultimately a lot of the private sector people said to us that if you could run it as you would a property business, where you're getting sort of synergies through having lots of different buildings rather than just one very sort of constrained financial model, and you can effectively subsidise different buildings through funding in different areas. And you can change your funder and you can bring in more shareholders. It just looked like a much more flexible business model, than something that's very constrained in what you can do.
>
> (Jason)

The extract (and its use of 'you' rather than 'they') demonstrates the extent to which he identifies with the private sector's arguments and perspectives. The published report also assumes that this flexibility for capital will be an essential property of the LIFT model, and will produce an equivalent (but not clearly defined)

[8] Subsidiary or holding companies within the LIFT structure.

flexibility in service provision. It accepts a key claim of entrepreneurial discourse: the private sector's ability to create fully flexible, networked systems that generate positive externalities. In this discourse, freeing capital markets frees individuals to create and innovate. Such a vision, which elides the negative consequences of certain 'freedoms' and the inflexibilities imposed on others by some kinds of flexibility, is a key component of neoliberal theory (Harvey 2005).

2.5 The problem of quantification: "a technical and political issue"

The NAO report states clearly that LIFT "appears to be an effective and flexible procurement mechanism, capable of providing value for money" (2005:3). However, during my interview with him, Jason argued that the process of assessing value for money was very complex and that it was very hard to prove anything. He defines LIFT (and by implication other forms of Private Finance Initiative or related Public-Private Partnerships) as difficult to assess quantitatively, for both technical and political reasons.

> It was incredibly hard to say anything conclusive about the value for money. Because although you can say that in practice the deals look okay, we hadn't really seen them operationally at that point. And all we can really compare them to is a typical PFI deal. They're just not comparable to the third party development models[9], because of the way it's all costed up, and LIFT being a whole lifecycle approach to value for money, whereas I think the third party developments are very much more short-term and not focused on the sort of wider benefits that LIFT are. So it was very difficult to say anything too conclusive about that at this stage. And of course we find in this work that there are people who are in principle always opposed to PPP and PFI. And if they get hold of stuff like this, they'd use it against you, effectively! So we're quite cautious in what we say to some extent.
>
> (Jason)

LIFT cannot be compared with non-PFI models, because "the way the data's put together is on such a different basis that it would be meaningless to have tried it." The benefits of the LIFT approach are extremely difficult to quantify. Jason's suspicion of figures seems akin to sociological critiques of quantification. Instead of

[9] Where a GP practice, typically, contracts with a developer to provide primary care premises.

providing certainty, numbers can multiply the field of possibilities, because the choice of figures to use introduces an inevitably subjective element. Even apparently positive figures can turn out to be weapons in the hands of the political enemy. This could be seen to be happening in the construction of “public sector comparators” in PFI, where a relatively small change in one variable can result in a completely different result in the value for money (VFM) assessment (Pollock 2004), destabilising the process’s objectivity.

The NAO's identification with political and business leaders may generate particular ways of thinking about policy audit, privileging the qualitative assessment of “relationships” over talk of measurable (financial or health) outcomes. For example, a key table in the report (NAO 2005:27) lists many benefits of LIFT to the “public sector” and the “private sector”. This treats each 'sector' as a bloc with united interests, and reduces the issues around LIFT to the quality of the relationship between the two sectors, which are to be evaluated qualitatively. By contrast, interviews with clinicians' representatives suggest that they would be happier to see LIFT assessed using quantitative indicators relating to health and health services. However, these actors and others like them were absent from the meetings which decided upon the NAO report's methodology.

2.6 From inputs, to outputs, to outcomes?

According to Jason, the NAO report represents a widening of the definition of audit. This might be expected, since audit techniques are associated with welfare re-structuring. Cutler and Waine (1997) state that privatisation is linked to a shift from auditing inputs to auditing outputs or outcomes. Thus private cleaning companies agree to keep a ward clean to an agreed standard, rather than to use a specified number of cleaners or type of equipment. A senior manager from Partnerships for Health promoted a more radical version of this approach, arguing that LIFT would allow the private sector to take full control over primary health care organisation:

> I want to see a situation where primary care trusts can actually say no more than these are the population trends, and these are the services we want to provide, and this is what we've got at the moment. And that's all they do. And then they put that on the table, and the LIFT company comes along and says

> well, we can meet this by doing this, or by doing that, or by doing that, and there's an optimum solution there.
>
> (Senior manager, Partnerships for Health)

Cutler and Waine speculate on the possibility of a further shift towards measuring service *outcomes*, which would potentially further increase private sector control over service delivery. A service could be abandoned entirely if it was not shown to improve health outcomes. This is happening to some extent with the new GP contract.

> [P]ractices are paid by outcomes, rather than according to how many GPs they employ. It's moving away from a rigid performance management framework towards greater flexibility. If they're providing the service why should we care if they employ two or five GPs?
>
> (Senior manager, PCT)

Jason said that the new, flexible approach to audit is characterised by a movement from quantitative to qualitative measurements, and from more objective to more subjective appraisal. He gave the example of design, where "ultimately some of it comes down to opinion and aesthetics, and things like that, which is quite subjective in a way." In the extract below, he argues that the move from quantitative to qualitative is part of the shift from focusing on costs (associated with inputs) to benefits (outputs or outcomes).

> When we used to do work seven or eight years ago, a lot of things were focused on the public sector comparator. And we more or less say that doesn't prove anything. If you put the right figures in, you get out what you want of it. It can be very easily manipulated. And all it shows you basically is what something is *costing*, it's not showing you any of the wider *strategic* benefits of doing something. So that now has been really downplayed and we'd say fine, do that exercise, but do it as part of a range of things that you'd use to say whether it was good value for money or not.
>
> (Jason)

Jason seems to have absorbed some of the many critiques of performance management and targets (c.f. Jones 2006), and to have given up the search for a small number of quantitative comparators that could assess value for money

objectively. Instead, he suggests a range of indicators, some of which may be qualitative. This acceptance of the role of subjective judgement might appear characteristic of entrepreneurial governance. In the LIFT report, numbers are conspicuous by their near-absence: the lack of evidence to evaluate LIFT formally and comparatively does not inhibit the NAO's endorsement of the policy.

> No formal framework to evaluate LIFT exists, however, including the important issue of how it compares in practice to experience using alternative procurement routes .... There was little evidence that LIFTCos had gripped the approach to measuring and setting targets for the delivery of services once operational.
>
> (NAO 2005:3, 30)

The NAO acknowledged, yet then ignored this 'hard' (lack of) evidence, choosing to rely primarily on responses to its social surveys and interviews, particularly those conducted with the senior managers most implicated in LIFT (private sector bidders and public sector LIFT project directors). The reliance on interviews rather than on auditors collating data themselves contrasts quite dramatically with earlier NAO reports such as *Darent Valley Hospital* (2005a). High-level questions there refer to discrete, measurable issues located in the past, such as "Have construction issues been satisfactorily dealt with?", rather than the more nebulous, future-oriented "Will LIFT contribute to the better long term delivery of local health services?" Similarly, *The PFI Contract for the Redevelopment of West Middlesex University Hospital* (NAO 2002) is presented with quantitative data foregrounded at the beginning. By contrast, the LIFT report prioritises qualitative evidence, such as interviewee reports of positive relationships between the NHS and private companies. Rather than enable a broader spectrum of views to be heard, the use of the qualitative here seems to assist 'regulatory capture' by the senior stakeholders.

2.7 Towards "a broader, strategic definition of audit"?

The NAO report presents comparative work as focusing on "strategic aspects" of the different models (rather than, for example, financial calculations of cost-effectiveness). This equates to statements about the wider benefits of LIFT, such as the increased ability of PCTs to focus on their core functions. These benefits are

presented rather than justified in the report, shocking MP Jon Trickett, who in a Select Committee debate complained about the dearth of "facts and figures". Statements from the report resemble arguments made by PfH and the DH on websites and elsewhere. For example, LIFT involves a minority public sector shareholding in private LIFT companies: the DH's website says that this means that

> the NHS (and GPs) will have the key role in determining where investments are made.
>
> (DH 2006)

The NAO report (2005:27) comments that a benefit of the public sector shareholding is that:

> [The] Public sector can direct investment in line with local priorities.

These two statements are essentially the same, although it remains unclear to me why this is a particular benefit of the public sector shareholding. However, such 'strategic aspects' do demonstrate the similarity between the NAO report and the DH/PfH official discourse about LIFT.

Later, Jason was asked about value for money and about whether there had been a general shift in how it was assessed.

> I: How is value for money actually defined?
> P: I mean essentially, if you look at textbooks, you'll find things like efficiency, effectiveness, economy. Have you come across those kinds of definitions?
> I: Yeah.
> P: And I guess they're still fine, but I think we work slightly wider than that these days.
> ...
> [T]here's all these kinds of wider benefits that are starting to come into these things, so in the example of LIFT it's stuff like is it contributing to the regeneration of the area, and local employment, and things like that. And then loads of people now keep talking about design and the sort of sustainability and green issues, so that's all starting to come in and you have to bear all that in mind, whether you're fulfilling those things. The *risk* aspect is quite

> important, the risk transfer and how well it's all managed. And things like that. Stakeholder expectations and support we look at quite a lot.
>
> (Auditor, NAO)

However, there is no plan in place to measure whether LIFT schemes have contributed to regeneration and employment, or health outcomes more widely. Nor does the report discuss “green issues” or sustainability. This again may be linked to the networks constructed around LIFT, which do not include environmentalists or organisations promoting sustainability. Risk is another area underplayed in the report: there are 14 mentions of “risk”, but only two refer to risk being transferred to the private sector. The first claim is unsubstantiated: at the time of the report's writing there was no evidence for it, no LIFT buildings having yet opened.

> Furthermore because LIFT transfers property development and management risk to the private sector, the partnership enables public sector healthcare professionals to focus on delivery of a good quality service.
>
> (NAO 2005:10)

> One such example [of risk transfer] is Ashton, Leigh and Wigan where, when completion of negotiations was imminent, but had not been completely resolved, the private sector partner agreed with the public sector team that they would risk starting initial construction work early to better allow them to meet their proposed completion date.
>
> (NAO 2005:20)

Without evidence, the first claim may instead be interpreted as an example of discourse generated to support the LIFT programme. This fits with the way in which the report prioritises "stakeholder expectations and support", conducting two national surveys of private sector bidders and LIFT project directors. The views of such senior stakeholders were held to be extremely important in assessing VFM, more so than traditional quantitative data. This constructs different possible spaces for challenge: while MPs on the Public Accounts Committee focused on the lack of scientificity, a more radical challenge could agree that “stakeholder views” are important, but argue that they should be focused upon the views of those engaging with LIFT at a local level (users, Patients' Forums, lower management, clinicians, and other staff).

The NAO's report presents a dramatically different form of audit, whose construction can be traced from its origins. But this does not mean that the organisation has rejected quantitative targets, or that it will not use them in other reports where the configuration of organisations and interests is different. This report should perhaps be seen more modestly as a result of a particular constellation of power connecting government and auditors, rather than as the inexorable rise of a new discourse. Below this is illustrated using other data sources, and suggest that qualitative sociological concepts (such as “experience”) are being mobilised to defend new public-private elites and forge a new, corporate-led, “national interest”.

3. Audit networks in the privatised state

3.1 “We will be with you all”: the auditor as corporate advocate

The enrolment of the auditors into new elite public-private networks co-defined the key issues surrounding LIFT, and how they should be assessed. So, for example, community involvement and participation were minimised, and the auditor interviewee stressed that the public were often ill-informed or "difficult". The “public sector” and “private sector” are represented by senior managers, while lower level staff were not surveyed. The evidence in this section suggests that this enrolment is led from the top.

However, the auditors have not acted alone. The fast developing PPP community has sought the support and participation of senior auditors, inviting them to participate in industry events, helping to consolidate their position within elite networks. UK Auditor General Sir John Bourn gave a speech to the PPP Forum in October 2003. (The Forum was established in 2001 by private sector organisations to promote the benefits of PPPs in the UK.) Sir John told the assembled industry people that:

> PFI and PPP are the vehicle of the 21st century. They are the way in which public services will be delivered increasingly in the United Kingdom and throughout the world…. It's a great opportunity for all of us to show to the world, that in this area as in so many, what Britain does is of the highest quality that can make a real difference throughout the world.
>
> (Bourn 2003)

PPP is seen as a key export opportunity and a source of national pride. In this way, Bourne ensures that a place remains for the nation and the nation*al* in a globalising market. PPP may be helping to attenuate the role of the nation state in service provision, but in Bourne's discourse it is characterised as distinctly *British* and used as part of a nationalist discourse, welding business and the state into a new, self-supporting bloc.

Bourn redefines the auditor's independence as the ability to improve and refine policies, while leaving the policies themselves untouched. (This is in contrast to assessing how far policies meet policy *objectives*).

> [A]s the external auditor, my concern is not to question the policy. I agree with the policy, but that's a matter for Ministers. The policy is set quite rightly by politicians, and it's the responsibility of the auditor, who stands outside the executive chain of command, to make analyses and recommendations which enable the policy to be an even greater success than it has already been.
>
> (Bourn 2003)

Despite his background in the public sector, he clearly identifies himself with private sector interests, and with PFI and PPP. In this speech, the interests of the PFI community *are* the interests of public sector and the nation as a whole, and therefore there is no conflict of interest in Bourn's promotion of PFI here or in general.

> we'll [i.e., the NAO] make our contribution to your success, and your success is the success of the community at large.
>
> and
>
> the National Audit Office will be with you all, public sector and private sector, in making further success into this century of PFI and PPP.
>
> (Bourn 2003)

Bourn told the private sector audience that he appreciates them having welcomed the NAO (after initial hesitation) and that their expertise has helped the NAO's reports encompass the "experience" of the private sector as well as government departments and agencies. This perspective on audit is clearly expressed in the NAO report on LIFT: it prioritises recording the experiences (a qualitative research concept) of senior representatives from the private and public

sectors, rather than service users or staff. Bourn speaks of "collaborating" with the private sector, of "sharing the responsibility" of standing in front of the Public Accounts Committee. The private sector is portrayed as the 'other' to government whose story has hitherto been silenced. Now – through the auditor – "what our legislators hear is the full story; your story as well as the Government's story."

Again, the talk of stories rather than facts references qualitative research methods. Bourn discusses the need for cultural change to support the development of PPPs, claiming that often the public sector has been "in a somnambulistic way, as I put it, walking off the end of a cliff." For Bourn, the public sector's lack of entrepreneurialism is not necessarily expressed in risk aversion, but in a broader inability to manage risk. His image portrays the public sector as suicidally inept: like Blair's famous "scars on my back" speech, it represents an unguarded moment where the discourse of the modernisers reveals a derogatory attitude towards the public sector.

3.2 Flexible audit's utopia: neoliberal consumerism

High-level connections between ministers, auditors, and private sector lobbyists form a key part of the discourses and practices which produce PPPs such as LIFT. Former Health Secretary Alan Milburn gave a revealing speech to the PPP Forum the following year. Fusing neoliberalism and consumerism, he argued that consumer choice will embed "diversity of provision" in a globalising economy. His speech ties together flexibility for product, capital, and labour markets, foreseeing networks of multinational firms providing public services; audit would ideally be devolved to consumers as part of the welfare marketplace.

Throughout the speech Milburn positioned himself as a politician-cum-intellectual, informing the assembled private sector representatives of the benefits and challenges of globalisation. The text discusses "what we can do – government and industry together – to make PPP a major modern British export as interest in the concept develops both in Europe and across the wider world" (2004:1).

> NHS LIFT has features which may commend it for broader use. By forming a genuine local partnership in a jointly owned venture between the private sector, public sector and a specially established national investment vehicle

> building and managing community health facilities, NHS LIFT gives investors a seat at the planning and not just the providing table. It also provides the potential to reach out and involve local people in developing services for the use of local communities. It is one potential way of overcoming the argument that the interests of private and public are invariably at loggerheads.
>
> (Milburn 2004:9)

Milburn made it clear that LIFT allows private sector investors to play an important role in service planning. The speech constructs LIFT and PPP in general as a means of proving that the private sector can serve the public interest: "What PPPs are doing is to challenge a decades-long mindset about the nature of government in general and how public services are delivered in particular" (2004:3). Detractors may make a political case against PPP, so it is vital that industry, government, and services "develop a shared agenda" to communicate PPP's benefits. The team of politicians and senior managers from the public and private sector must speak with one voice at home and abroad. "I hope the industry will consider ways in which it can join with the Government in becoming ambassadors across the whole of Europe for the benefits that PPP can bring" (2004:9).

> Already in the UK all the major construction firms have formed consortia with leading facilities management providers and specialist equity providers. In this next phase we are likely to see new alliances being struck with specialist service providers such as diagnostic companies in health or maybe even in time teacher-run companies in education.
>
> (Milburn 2004:8)

LIFT and PFI are encouraging consolidation and the growth of complex alliances in the private sector. In this ambitious restructuring of the welfare state, intricate networks of firms will operate long-term, large-scale contracts to design, build, and operate facilities far into the future. As Milburn says, these 'in time' could include private firms providing core services, allied with banks, construction companies, support services companies, and other firms. Bourn and Milburn both argue that such alliances form the material basis for the ideological acceptance of privately planned and provided welfare services. This could be seen as happening in the NAO's LIFT report, in which elite public and private sector actors informed the design of the study, reshaping traditional audit in the process.

4. Conclusion: auditors, utopias, and recalcitrant "facts"

The data discussed above tell the story of the production of a report that prioritises qualitative methods and concepts. Where a postal survey was used, this was to elicit opinions and feelings rather than "hard facts". One can certainly criticise the NAO report's methodology: for example, the six case studies were chosen to represent the most successful LIFTs at the time. In fact, Jason told me that this was done so as not to further delay those schemes that were experiencing problems. The NAO's evidence to the Parliamentary Select Committee on Public Accounts concurred:

> The first six schemes to have completed the procurement process were chosen for practical reasons and because they represented all three waves of LIFT. These case studies were used to identify best practice and lessons for future LIFT developments.
>
> (HCSCPA 2006:51)

Researchers could point out that surveying LIFT project directors and private sector bidders was likely to produce an overly rosy view of the programme. Surely, an additional survey should have been carried out to find out the views of lower-level NHS managers who were not personally responsible for the schemes in their area?[10]

However, while I have made such criticisms elsewhere (UNISON 2006) they are not the main point of this paper. Rather, it examines how qualitative methodologies came to be seen as the natural choice for evaluating LIFT. And here one point made by Power (1996:16) seems apt.

> [The] mobility and diversity of application of audit is its great attraction; it can be invoked by marketeers and planners, entrepreneurs and regulators, consumers and producers, citizens and states.

But what seems attractive for policy-makers (an apparently neutral tool to which all can appeal) can prove problematic; opponents can reframe numbers as recalcitrant facts, or alternatively discredit them as value-laden. The Public Sector Comparator is a case in point. The traditional mode of assessing value for money on

[10] A survey was also carried out of local pharmaceutical committees, at the request of their professional body. However, this only involves representatives in the six case study areas, whereas the other two surveys examined all 42 LIFT areas at the time.

PFI projects included a prominent public sector comparator numerically demonstrating PFI's superiority. However, the PSC's objectivity was under attack and companies in the sector were becoming frustrated at the ability of critics such as Allyson Pollock to undermine it. While critics often portrayed PSC numbers as not properly scientific, their criticisms involved making visible (and critiquing) the many assumptions upon which a statistical analysis depends. This has helped to undermine the "power of numbers" per se in PFI evaluations.

> Some of the numerous revisions to the PSCs [for the London Underground PPP] involved performance adjustments that were extremely volatile, and there was considerable scope for double counting. While the costs had been subject to extensive simulations and sensitivity analyses, the 'expected value', or mean, of each distribution was chosen even when the distribution was skewed, leading to a value considerably higher than the 'most likely' value.
>
> (Shaoul 2002:57)

At a Reform Club debate in early 2005 entitled "This house believes that the Public Sector Comparator has become more of a liability than an asset", a representative from the PFI firm Bovis Lend Lease jointly proposed the motion (Architects for Health 2005). The actors originally supporting the PSC seem to be retreating from it. The NAO abandoned the methodology in the LIFT report, only grudgingly producing one example for a supplementary memorandum requested by the Select Committee on Public Accounts. The PSC has effectively helped to enable welfare restructuring, yet now appears compromised and capable of use by critics. When the apparent neutrality of numbers has become a double-edged sword, claims of PPP's cultural superiority may appear instead.

Accordingly, LIFT also seems to represent a retreat from generalised principles of audit. Rather than use the Public Sector Comparator or other existing methods of evaluation, investors' organisation LIFT LOBI (LIFT Liaison Organisation of Business Investors) has been charged with producing a LIFT-specific value for money assessment tool. This represents a return to specificity, controlled by an organisation that can hardly be represented as independent or external to the policy programme.

As far as PPP is concerned, the NAO increasingly appears to see its role as working with policy-makers to improve policies whose existence it takes as given (rather than simply taking policy *objectives* as given). In accordance with this, rather than starting from an 'objective' social-scientific methodology, the LIFT report begins with a conscious assessment of what would be useful to policy-makers. This represents a more general shift in the perceived purposes of research, which is increasingly dependent upon external sources of funding. Auditing LIFT produced an apparent convergence between the NAO's views on the reliability of numbers and sociological critiques of quantification.

> We more or less say [the PSC] doesn't prove anything. If you put the right figures in, you get out what you want of it. It can be very easily manipulated, and all it shows you basically is what something is costing, it's not showing you any of the strategic benefits of doing something.
>
> (Auditor, National Audit Office)

Possible implications for sociological research are interesting. Some have bemoaned the growth of neoliberalism and the increased pressure to make research 'policy relevant', because it may prioritise positivist research at the expense of qualitative methodologies (Wilmott 2003). However, qualitative research is not simply being abandoned; it is being appropriated and re-shaped by powerful groups. Sociological discourses may often be as vulnerable to these processes as are statistical methodologies, particularly where the use of statistics to support government policies has been effectively discredited by critics. In this situation, governing elites may increasingly turn to qualitative methodologies and even promote these as providing more authentic access to truth than traditional quantitative methods.

As through Bourn's words, private sector actors may be able to draw upon qualitative discourse to position their companies as underprivileged, unheard voices in a world of monolithic public sector bureaucracies. Some companies are making an explicit attempt to incorporate qualitative research; Intel offers internships for anthropology students to investigate "'love and spirituality' and its intersection with computers and technology." Concepts such as "experience" can support private sector agendas, particularly as firms become ever more involved in service provision. Part of the NAO's argument for qualitative audit relies upon a claim that new modes of governance represent a paradigm shift (c.f. Kuhn 1962), which cannot easily be

compared with previous (bureaucratic) modes of organisation. Jason claimed that the two worlds were so different that quantitative analysis would fail to create and operationalise meaningful variables. The 'strategic benefits' would be qualitative rather than merely quantitative in nature.

Could these discourses (with such familiar resonances to sociologists) represent a new flexible form of regulation through the qualitative? Perhaps only in the world imagined by those fully enrolled within LIFT's elite power networks. In LIFT's operation at a local level, such discourses did not operate smoothly (Aldred 2007a). Respondents unpicked them and used them to criticise LIFT. NHS interviewees denied that partnership was working, argued that NHS organisations had built more effective partnerships, or laid claim to greater entrepreneurial virtues than the private sector. Despite accepting the terms of entrepreneurial discourse, they managed to use it to describe problems with LIFT and to suggest that while in cost terms LIFT was more expensive, 'wider strategic benefits' were not materialising and it was creating its own bureaucracies.

To return to the implications for qualitative research, far from 'policy relevance' destroying qualitative research, it may increasingly create new opportunities for qualitative researchers. However, issues of co-option will become ever more salient. Crudely, this could involve researchers prioritising or only seeking the views of senior staff involved in projects. Less obviously, it could involve a failure to anonymise case study sites (a procedure that is common in sociological research), which could lead to critics fearing to speak out. Both of these are features of the NAO report. Useful future research could focus on the ways in which qualitative as well as quantitative methodologies may be changing in response to the demands of new constellations of power.

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