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Performance Management and Accountability: The Role of Intergovernmental Information Systems

Jostein Askim, Professor, Department of Political Science, University of Oslo

ORCID: <https://orcid.org/0000-0002-5675-6937>

Åge Johnsen, Professor, Oslo Business School, Oslo Metropolitan University

ORCID: <https://orcid.org/0000-0003-4957-6046>

Summary

The chapter studies performance management as an integral part of local/central government relations, including the role this practice has in benchmarking, strategic planning, evaluation, policy making, and, not least, the controlling relationship between central and local government authorities. A case study of Norway's mandatory system of local to central government reporting illustrates how local governments can measure and report comparative information about activities and performance, thus enabling openness and transparency, as well as accountability in relation to internal and external stakeholders. The chapter compares the Norwegian system with similar intergovernmental information systems in the Netherlands, Sweden and the UK; discusses the background for the adoption of such systems and consequences of their use; and provides suggestions for possible and likely future developments in the transition from new public management to new public governance.

Keywords: benchmarking, intelligence, targets, stakeholder participation, trust

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Introduction

This chapter concerns information systems that are used in local/central government relations: “intergovernmental information systems” for short. These are centralized systems for continuous compilation, storage and presentation of financial and non-financial performance data from local government bodies such as counties and municipalities. Such systems can cover a large or a small number of data points, and one or multiple policy sectors where central and local governments share responsibility for policymaking and accountability for policy implementation and efficacy. Examples discussed in the public management literature include England’s “Best Value” and “Comprehensive Performance Assessment” schemes (Andrews et al., 2005). Rationales for developing intergovernmental information systems vary, with, for example, some systems focusing on facilitating centralized political control, others on facilitating local constituency relations, openness or organisational learning. Intergovernmental information systems can also, indirectly, facilitate management control in local governments and the possibility of combining systematic comparisons with target setting and collaboration between local governments (Behn, 2010).

Intergovernmental information systems thus have many important usages, however, they often fail to live up to their potential and many are short lived. As is the case for the implementation of management models more generally (Carson et al., 2000), there are numerous pitfalls. This chapter asks what characterizes a successful intergovernmental information system. Our answer is based on insights derived from a case study of a system that has avoided many of the pitfalls and suggests lessons that can be drawn from it for the design and administration of intergovernmental information systems. The case is Norway’s mandatory local to central government reporting system (KOSTRA). By 2022, this system will have been in operation for 21 years, and it has retained cross-partisan support as well as the support of bureaucrats at central and local government levels, experts, and researchers. Crucial to the KOSTRA story is that it contains a long prologue of experimental projects and pilots. KOSTRA is therefore a case of a sustainable mandatory information system that facilitates performance management and accountability in central/local government relations. The system also exemplifies a case of trial-and-error and bottom-up policy innovation, with extensive stakeholder participation from ministries, counties, municipalities, researchers, consultants and the national bureau for statistics.

Accountability, performance management, and central/local government relations

Accountability

Following Bovens (2007: 450), accountability is defined as “a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences”. The literature on accountability offers nuanced insights into who the actors or account-givers are, what or who the forums or account-takers are, what ‘conduct’ or ‘performance’ refers to, and the formats through which accounts are provided.

In the local government sector, account-giver can refer to municipalities, counties or local government enterprises, to organisational sub-units like social welfare offices, or to individuals like managers or elected politicians. As a local government has a large number of stakeholders, it also has numerous account-takers. According to Romzek (2000: 22), ‘legitimate performance expectations [for a public sector organisation] can derive from supervisors, elected chief executives and legislators, the courts, external auditing agencies, professional associations, co-workers, clients, and the general public’. The national government and the local electorate should be added to this list when discussing central/local government relations.

For local governments, the accountability relation to the national government is an expression of the ministerial responsibility in the political system as a whole. However, in some countries, local governments are constitutionally autonomous. According to Stone (1995), developments and reforms over several decades have, however, led to the growth in importance of accountability relations other than traditional political and hierarchical relations. Certain aspects of these relations, to which we will return below, mean that local governments’ account-giving increasingly takes place on a continuous basis and occurs in more and more formats (see also Roberts, 1991).

The various accountability forums are not equally interested in all accounts a local government can provide. Forums like the national government, the courts and the electorate tend to view the local government as a unit. The contributions of individual caseworkers, managers or politicians to organisational outputs and outcomes are difficult to isolate, especially from the outside and based on thin and infrequent information like summary reports and aggregate statistics. It is consequently the case that external forums rarely hold individuals to account for local government performance. The conduct of individuals is

primarily of interest in internal actor-forum relations using richer and more continuous information streams, between the mayor and the political council for example.

Where the central government relies on local governments to implement national policies, a balance between one major and several more minor central/local government accountability relationships will occur. The major one is the accountability relation between the central government and the local government *per se*. The more minor ones are accountability relations in separate policy ‘silos’, going from one or several bodies in the central government to local governments. A government ministry and its executive agencies and audit institutions can have incentives to make ‘their’ policy sector at the local level answerable for performance directly back to them, thus sidestepping coordination by the municipal council.

A typology of accountability that is apposite for this chapter comes from Romzek and Dubnick (1987), see Table 1. The two first columns, covering types of accountabilities and their bases, were taken from Stone’s (1995) version of Romzek and Dubnick’s typology. The third column, with applications to local governments and central/local government relations, has been added by us.

[Table 1]

We now introduce the concept of performance management before describing the accountability-performance intersection, which provides the backdrop for the analysis of intergovernmental information systems.

Performance management

Performance management refers to the design, implementation, measurement, reporting and evaluation of performance information, with the intention of improving decision-making in administrative and political processes (Bouckaert and Halligan, 2006). Performance management consists of three activities (Pollitt 2006). *Measuring* the outputs, outcomes and throughputs of organisations, people and programmes in government, thereby generating performance information. *Analysing* performance information by comparing current performance levels to past ones and to standards such as targets/goals and the performance of other organisations, and incorporating the analyses into formal governing documents such as

budgets, contracts and annual reports. *Communicating* performance information to decision-makers in government and other stakeholders (Pollitt, 2006).

The ways in which these three activities are designed and combined result in types of practices called performance management systems (alternatively performance management regimes, logics or models). Various typologies are offered in the performance management literature, however, we rely on Hood (2007) and his distinction between target, ranking and intelligence systems.

A *target* system places a major emphasis on the target component, with performance measured against a pre-set aspirational standard (Hood, 2007). One related and well-known method from management is management by objectives and results, a decentralisation-and-performance method that has been in widespread use in business management since the first half of the Twentieth Century (Drucker, 1954). Another is the balanced scorecard, which became widely used in local government in the 2000s (McAdam and Walker, 2003).

A *ranking* system compares the performance of comparable service units and communicates the results to stakeholders in the form of league tables or other easily accessible formats (Hood, 2007). A related method from management is benchmarking analysis (Camp, 1989). Benchmarking involves identifying top performers, analysing process components, pinpointing differences that contribute to superior performance, and adapting key elements for use in one's own organisation (Askim et al., 2008).

An *intelligence* system measures performance, but does not analyse it in any particular or pre-planned way; performance information it is gathered as background information to be used at some point in the future for some yet-to-be specified purpose (Hood, 2007). One related practice includes the routine collection of statistics for controlling policy implementation and for potential use in policymaking. Another is the data collected by local governments to feed information into their internal management accounting systems.

Obviously, in practice, the ranking, target and intelligence systems are frequently combined. For example, Behn (2010) has identified a 'collaboration-stat strategy' as particularly promising, i.e. a practice that combines benchmarking with target-setting and inter-organisational collaboration. Moreover, the intelligence system can be combined with one or two of the others. For example, local government management accounting systems can have certain elements that incorporate organisational targets, while other elements are unconnected to targets (Johnsen, 1999). They can also have certain elements that incorporate benchmarking (for example, a league position in relation to service quality), while other elements relate solely to the individual local government.

Intergovernmental Information Systems

Intergovernmental information systems exist at the intersection of accountability and performance management. We have defined them as centralized systems for compilation, storage and presentation of financial and non-financial performance data from the local government sector. Intergovernmental information systems that contain timely and relevant performance data can facilitate evidence-based policymaking (Cairney, 2020). Moreover, if they present information in an accessible form, these systems can contribute not only to local governments' accountability of to the national government, but also to stakeholders like professionals and researchers, as well as voters and news media.

However, as mentioned in the introduction, information systems often fail to live up to their potential (Carson et al., 2000). In the case of intergovernmental information systems, quality sometimes suffers because local-level actors tire of producing information for a system that is of no use to them; system ownership becomes too narrow or too wide; some actors game the system (Smith, 1995); or the information is simply not used (van Dooren et al., 2015). Paradoxically, it can also be a problem that the information system is used too much – typically by the central government for top-down control purposes.

Intergovernmental information systems in Europe

We will now briefly review three examples of European intergovernmental information systems. The UK government has been active in employing performance management since the early 1980s (Metcalf and Richards, 1990), and has often provided models for other countries. The Netherlands and the Nordic countries have also been active new public management reformers (van Helden and Johnsen, 2002), with the Netherlands and Sweden often informing public policy in Norway. These three countries are therefore of interest in contextualising the Norwegian case.

The United Kingdom

A control and follow-up system for English local authorities, Best Value, was developed in the late 1990s, combining performance indicators, auditing and inspection (Andrews et al., 2005). Parliament passed an annual law regarding the collection of Best Value performance indicators, which all English municipalities had to produce and report.

Devolution in 1999 resulted in different local government performance regimes in England, Scotland, and Wales (Martin et al., 2016). The Best Value scheme was supplemented in England in 2002 with the Comprehensive Performance Assessment scheme (CPA) (McLean et al., 2007), with the aim of improving the efficacy of local authorities' service production. After assessing supervisory reports and Best Value performance indicator scores, the Audit Commission ranked local authorities in one of five bands from 'poor' to 'excellent' in terms of service performance and ability to improve. These rankings were used to calibrate the level of central government intervention. CPA thus strengthened the rewards and sanctions element of the relationship between central and local governments (Andrews et al., 2005). In Table 1, that corresponds to accountability of the political-control type combined with performance management of the target and ranking types.

Starting in the mid-2000s, ten ministries coordinated their data collection from local authorities, with the data collected through Best Value and CPA reported electronically to the Audit Commission. Initially, there were around 100 Best Value performance indicators, however, this has since decreased and by 2005, 30–40 indicators were used for CPA.

Several organisations promoted and supported the use of benchmarking among the local authorities. The Public Sector Benchmarking Service helped local authorities identify suitable benchmarking partners around the world, the Improvement and Development Agency offered good examples and methods, and the Office of Deputy Prime Minister and the Audit Commission provided key figures and guidelines.

CPA was replaced by the Comprehensive Area Assessment (CAA) in 2009, though only one round of CAA was undertaken before it was abolished by the Conservative–Liberal Cameron Government in 2010. The Audit Commission was disbanded in 2015 (de Widt et al., 2020), and since then there has not been a formal centralized performance management regime in England. However, service-based inspectorates continue to inspect and evaluate services, especially children's services. In addition, a wide range of performance indicators continue to be collected by local authorities, and the Best Value duty still applies. There is occasional central government interest in certain key indicators, usually in the wake of perceived or actual service failures. In Table 1, that corresponds to intelligence-type performance management combined with accountability of the political-control and quasi-judicial-review types.

The local government performance regimes in Scotland and Wales, the Best Value Audits (BVA) and Wales Programme for Improvement (WPI), were less top-down and

“naming-and-shaming” than the English regime, however, all three systems were changed several times in the period 2002–2014 (Martin et al., 2016).

Sweden

The option of using administrative data from official statistics for monitoring and benchmarking in local government was available in Sweden from the mid-1990s, however, collection and availability of data was dispersed among over 50 organisations (Chua et al., 2021) and take-up and use was slow (Knutsson et al., 2012; Siverbo, 2014). In 2002, the Swedish Government decided to convene a committee - the Council for Municipal Information and Comparisons - to set up and operate a web-based municipal database. The assignment also included promoting the use of the database and developing new key figures for municipalities and county councils. The municipal database, designated KOLADA from 2011 (Chua et al., 2021), was launched in 2003 as a free and open resource for everyone to compare and benchmark key ratios from municipalities and counties for health, school and care services. The database initially contained about 200 key indicators of the volume, quality and costs of the activities. These indicators, or ratios, were based on official statistics and primarily covered the mandatory activities of municipalities and county councils at an overall level. The target groups for the municipal database were municipal and county council management, and the database also provided support to follow-up national goals in the municipal sector (SOU 2005:110). Much of the information in KOLADA has been available in public databases for a long time, and many municipalities used such information for comparative purposes, in their annual reports for example, even before 2002.

Assessing the system as an example of benchmarking, Siverbo and Johansson (2006) state that KOLADA was primarily about informing policy and a way of evaluating one’s performance in comparison with other organisations. Some municipalities also used it to create opportunities for greater efficiency and savings, with democratic accountability representing a small part of the concept.

Launched in 2011 as an open database to enhance the municipalities’ use of statistical data for benchmarking, KOLADA was developed and run by an independent non-profit organisation, the Council for the Advancement of Municipal Analysis, which was funded by the government and the Swedish Association for Local Authorities and Regions. Today KOLADA includes over 5,000 different performance indicators for all 290 municipalities (Chua et al., 2021).

The Netherlands

The Policy and Management Instruments (PMI) project has received a great deal of attention from the Dutch municipalities (van Helden, 1998). It was introduced by the Ministry of the Interior and Kingdom Relations in 1987 to stimulate local governments to apply private sector management tools such as output budgeting and responsibility accounting, and to share information about best practices with regard to planning and management control. PMI ended in 1995, with evaluations revealing that, whereas the project was followed extensively by municipalities, PMI had little impact on management practices in Dutch municipalities (Budding et al. 2021).

In 2002, the Dutch central government enacted the ‘Dual Municipal Administration’ law, which made a distinction between the municipal council and the board of mayor and aldermen. The councils were expected to focus their attention more on policy-making and evaluation of policy execution, and the boards of mayors and aldermen were expected to focus more on the daily management of the municipalities and the administration. A study of this system found that practices of output management at different hierarchical levels were only loosely linked to each other and there was also loose coupling at each hierarchical level between focusing on results, developing output indicators and use of output information for performance evaluation (van Hengel et al., 2014).

In 2015, the reporting rules were changed in order to resolve problems encountered by municipalities when they wanted to compare costs and performance. New rules harmonized the allocation of overhead costs and obliged municipalities to publish uniform indicators in their annual reports – specifically five financial indicators and 39 policy indicators. It was ultimately large, innovative and more indebted municipalities that disclosed most performance information (Budding et al., 2021).

This brief review of the experiences of municipal performance management in three countries shows a similar emphasis on the development of performance management, particularly for benchmarking but also for accountability and to some extent budgeting. The assessments of the use and impacts of the systems are mixed, especially when the systems were used for budgeting (as in the Netherlands) and a combination of political control-type accountability and targets-type and ranking-type performance management (as in the UK). However, some of these systems were assessed relatively shortly after their introduction, and some were changed and eventually terminated – a common pattern when implementing management

models (Carson et al., 2000). It is therefore of interest to study performance management systems that have been in operation over a long period. We now turn to a case study of Norway's KOSTRA system, which has been in operation for 20 years after an initial gestation of nearly 21 years.

Norway's KOSTRA system

The Road to a Mandatory Local-to-Central Government Reporting System

The result of a fruitful collaboration between the Ministry of Local Government, sector authorities, Statistics Norway and the Association of Local and Regional Authorities, Norway's local-to-central government reporting system, KOSTRA, has been in operation since 2001. Local governments also played a central role, with the government consultancy Statskonsult, which had operational responsibility for KOSTRA in the 1990s, characterizing the development of KOSTRA as a bottom-up process, as many local development projects produced results that fed into the design of KOSTRA (Statskonsult, 1995).

Some of the most influential local projects in the 1980s and 1990s were collaborations between entrepreneurial researchers and one or more local governments, with the central government and the Association of Local and Regional Authorities playing funder or facilitator roles (Johnsen, 1999). One of these projects involved the development of accrual accounting and improvement in the disclosure of information in annual municipal reporting (the "Bergen project"). Another developed a results-oriented planning model which incorporated strategic planning and performance management into the budgeting process and annual reports (the "Spydeberg project"). A third project was a network of Norway's largest municipalities (the "five (later ten) municipality collaboration"), which developed 150–200 financial and non-financial performance indicators and methods for benchmarking, similar to the 'collaboration-stat strategy' (Behn, 2010).

A direct precursor of KOSTRA was a pilot project organised by Statskonsult in 1996 (Statskonsult 1995), which drew extensively on the local development projects. Four municipalities participated in this pilot, with the project focusing on experimenting with a new, KOSTRA-adapted chart of accounts for local government budgeting and accounting. The pilot was deemed successful (Statskonsult and Statistics Norway, 1997), and the government decided to launch KOSTRA as a statutory reporting system for all local governments starting in 2001.

Prior to KOSTRA, the reporting of statistics from local to central government was decided top-down, there were many systems which were not co-ordinated, and access to the resulting data was cumbersome. The government expected KOSTRA to collapse due to the low quality of data inputted if the local governments did not themselves perceive the system to be useful. Facilitating local-level utilisation of KOSTRA data consequently became a priority, even though the foundational rationale was to satisfy the information needs of central government (Statskonsult 1995).

When establishing KOSTRA as a project in the early 1990s, one of the Ministry of Local Government's objectives was for the system to produce relevant, reliable and comparable data on priorities, productivity, coverage ratios and volumes of local government service provision. In Table 1, this objective corresponds to a combination of political control-type accountability and intelligence-type performance management. Ultimately, linking KOSTRA data to the central government's targets for service delivery at local government level was not on the agenda, and neither was compiling ranking tables.

A second objective was coordinated and effective collection, storage, administration and sharing of data. A third (added in the late 1990s) was facilitating a 'better dialogue between the local governments and their inhabitants' (Cap Gemini Ernst & Young 2002, p. 94). In Table 1, the third objective corresponds to a combination of constituency relations-type accountability and potentially all three types of performance management – targets, ranking and intelligence.

The nuts and bolts of the KOSTRA system

One key to KOSTRA achieving the 'relevance' objective was coupling economic data from municipal accounts, demographic data about the local population, and production data from the stovepipe systems, i.e. line-of-business information systems, like those dedicated to schools, social services, childcare, etc. ("fagsystemer" and "sektorrapportering"). To facilitate KOSTRA, in the late 1990s the government made changes to the chart of accounts for local government accounting and to reporting requirements for the stovepipe systems, thus harmonizing the contents and timing of these data streams.

Stovepipe systems are typically very rich, designed by national sectoral authorities to satisfy their huge appetite for details about, for example, service production. The ambition for KOSTRA has not been to replace stovepipe systems, but rather to incorporate into KOSTRA stovepipe-system data that could make important productivity and unit cost indicators when

combined with fiscal data. KOSTRA currently contains about 800 indicators at the level of individual local governments. In order to select data for incorporation into KOSTRA, the government set up advisory groups with representatives from ministries, directorates, county governors, Statistics Norway, local governments and the Association of Local and Regional Authorities. These advisory groups have met at least once a year since the late-1990s. In 2021, there were 18 such groups, plus a Coordinating Council led by the Ministry of Local Government and Modernisation (Statistics Norway, 2021). To avoid local governments having to register the same data multiple times in multiple systems, KOSTRA extracts data directly from stovepipe systems.

Timing was another key to the ‘relevance’ objective. Until the mid-1990s, several months typically passed – sometimes years – before fiscal data and production data reported by local governments to the state were analysed and made available to local governments, for example, in the form of benchmarking against national and group averages. Moreover, deadlines for reporting data were not coordinated in the local government sector, either across systems or with budget and planning cycles. To remedy these problems, KOSTRA consolidated the relevant deadlines and ensured that local governments had access to comparable statistics in time for their budgeting processes. Today, preliminary statistics for the previous year are published online by Statistics Norway in mid-March, and revised statistics in mid-June.

The key to KOSTRA achieving the ‘reliable and comparable data’ ambition, was ensuring that all local governments registered their accounting and administrative data in the same way. The Ministry of Local Government and Modernisation and Statistics Norway have therefore compiled, and continuously revised, detailed guidelines on how to report data (the 2021 guideline for registering financial accounting data was 250 pages long), and actively involved the Association of Local Governments and individual local governments in the incremental development of the system.

As mentioned, it was also an objective for KOSTRA to contribute to coordinated and effective storage, administration and sharing of data. This would give state authorities and local governments easy access to data with relevance for decision-making (Cap Gemini Ernst & Young, 2002). KOSTRA’s advisory groups and the coordinating council obviously contributed to coordination, but the role of Statistics Norway was also key. Statistics Norway took operational responsibility for KOSTRA in the late-1990s, bringing their professionalism as a statistics bureau to the table. For example, Statistics Norway secured the right to reject local government data they deemed to be of substandard quality and ensured a gradual

digitalisation of the data flow (Statskonsult and Statistics Norway 1997, Cap Gemini Ernst & Young, 2002).

Use of KOSTRA data at the local level

In a formative evaluation from 2002, the evaluator concluded that ‘the use of KOSTRA data is not yet widespread’ and that ‘KOSTRA has so far not had any impact on resource allocations’ among local governments. However, the evaluator expected utilisation to increase over time when local governments had learned to trust and interpret the data and had gained more benchmarking experience (Cap Gemini Ernst & Young 2002: 7–8). In order to encourage utilisation, the government organised a nationwide benchmarking project – the Efficiency Networks – together with the Association of Local and Regional Authorities. Participation in this 2002–2004 project was voluntary, but 72 per cent of Norway’s then 435 municipalities took part. Municipalities were grouped into networks that met repeatedly to discuss and draw lessons from benchmarking analyses. The project significantly increased use of KOSTRA data in local government decision making (Askim et al., 2008). For example, three in four municipalities used insights from KOSTRA benchmarking in discussions of internal resource allocation (Askim et al., 2007). In 2005, the Efficiency Networks project was converted into a permanent Association of Local and Regional Authorities’ member service. The success of the Efficiency Networks is one of the explanations for the growth in local utilisation of KOSTRA data. Surveys show that the percentage of municipalities that use KOSTRA data for benchmarking has tripled in 20 years, from 26 per cent in 2004 to 33 per cent in 2008, 67 per cent in 2012, 72 per cent in 2016, and 71 per cent in 2020 (Monkerud et al., 2016; Ideas2Evidence, 2021). The perception that KOSTRA data is useful goes beyond local government bureaucrats and managers. In a survey from 2005, 33 per cent of Norway’ elected local government councillors said that they very or fairly often consulted ‘national databases with comparative performance information’ (i.e. KOSTRA) (Askim, 2007).

Facilitating dialogue between local governments and their inhabitants was added to the list of objectives for KOSTRA in the late-1990s. As far as we know, there have not been any studies of whether this objective has been achieved. However, performance indicators and benchmarking with data from KOSTRA frequently appear in municipal plans and annual reports, even though, as in the Netherlands, the disclosure of such information is not mandatory (Budding et al., 2021). If we view newspapers as an intermediary between the government and the public, we can perceive the development addressed in Figure 1 as a proxy for dialogue with the inhabitants. The number of news articles featuring the word ‘KOSTRA’

increased from zero to about 500 per annum in national newspapers from 2000 to 2004, subsequently to about 1,500 in 2008, finally fluctuating at around that level. Local and regional newspapers were slightly slower to see the potential in using statistics from KOSTRA in news coverage, but the word has featured in 400 to 900 articles per annum since 2008.

[Figure 1]

The design of a “policy success”

Policy has numerous dimensions and policy outcomes are seldom outright failures or successes. Our discussion of the success of KOSTRA is based on concepts derived from McConnell (2010). We thus distinguish between various degrees of success: resilient success, conflicted success (policy goals achieved in some respects, but backtracking or modifications on certain aspects), precarious success (on the edge of failure) and downright failure. We also make programmatic, process and political assessments of the scheme in question, KOSTRA.

KOSTRA as an accountability programme

A programmatic assessment considers a policy measure successful if it delivers on its public value proposition and “produces the results desired by government” (McConnell 2010, p. 353). The use of performance indicators and municipal comparisons, particularly through KOSTRA and the efficiency networks, are now well-established practices in the municipalities. In Table 2, we have inserted some examples of how KOSTRA facilitates accountability and performance management as an intergovernmental information system.

[Table 2]

Targets: The KOSTRA system was designed to avoid being used directly as a target system. This feature may explain why the system has endured, in contrast to the Dutch and UK systems. Nevertheless, municipalities and counties in Norway know that the performance information is used in benchmarking and intelligence. This information may, albeit indirectly, be used in in the long run for designing public policies and setting targets.

The municipalities and counties may use relative performance targets in individual- and sub-unit (quasi-)contracts, but individual level financial incentive contracts are used to a relatively minor extent, with their use declining since 2004 (Monkerud et al., 2016).

Systems like KOSTRA have the potential to be used in pledges to constituents that refer to relative-performance targets, however, at least in Norway, there is currently a lack of systematic research on such usage (but see James and Moseley (2014) for an analysis from the UK).

Rankings: KOSTRA is designed to facilitate benchmarking and can thus be used to compile league tables. There are no official rankings based on KOSTRA, but analysts and the media occasionally produce rankings. Such comparisons may facilitate political accountability through affecting local elections either directly or indirectly and informing public and political discourses.

Accountability through constituency relations is often conceptualized as pertaining to relations between politicians and the electorate (ter Bogt, 2004). In local governments, the constituency may encompass more stakeholders than simply voters. Rankings may facilitate the dialogue between, for example, professional associations and local governments and their associations.

The most pervasive effects of rankings on managerial accountability are possibly to be found in the use of performance information in management at the local level and benchmarking (Askim et al., 2008; Siverbo and Johansson, 2006).

Performance information has interesting functions as ‘dials’ and ‘tin openers’ (Carter, 1991), and may have parallel roles as signals in political systems to that of prices in pure market systems. League tables of production volume, price and quality (e.g. case processing time) are therefore important elements for accountability through market mechanisms in such intergovernmental information systems.

Intelligence: KOSTRA as an intelligence system provides oversight in supporting ministerial responsibility for many departments and policy areas. Performance information may also affect local politicians’ preferences for reforms (Geys and Sørensen, 2018). National and local projects based on intelligence are initiated with the aim of quality improvement and innovation through comparison and collaboration. These functions are important for political accountability.

Regarding the functions for judicial review, inspections and audits are based on risk assessments and performance information. Some of the information underpinning such assessments may come directly as intelligence from KOSTRA or from media coverage, for example, of poor performance and mismanagement.

Possibly the most pervasive use of KOSTRA information as intelligence is managerial. Many municipalities and counties regularly use the performance information in periodic summaries of aggregate performance reports for policy sectors.

A final example of an intelligence function for accountability is indirect through facilitating empirical research into local government and enhancing research/practice interaction. Such research provides information that is relevant for informing different stakeholders, and is therefore important for accountable constituency relations.

KOSTRA as process

Success in relation to process refers to thoughtful and effective policy making practices (Compton & Hart, 2019). For example, policymaking processes offering opportunities for different stakeholders to exercise influence and for different forms of expertise to be heard. Success here also entails a policy measure enjoying an enduring coalition of supporting interests and not just an ad hoc coalition securing initial adoption of a policy.

The experimental projects at local level that preceded the KOSTRA project verified that performance management could be designed and used as management by objectives, monitoring and benchmarking respectively, and also serve strategic planning, management accounting and performance information purposes. These local experiments reduced the risk of implementation failure and increased user-friendliness in the resulting KOSTRA system. In particular, the information reported in KOSTRA was originally intended to be designed to provide a basis for assessing whether the national policy objectives were achieved, however, based on experiences and feedback from the development projects, KOSTRA was eventually designed to be a pure monitoring and benchmarking system with no direct links to formal objectives or budgeting processes (Johnsen, 1999). Paradoxically, the resulting loosely linked systems relative to top-down target systems, such as in England (Martin et al., 2016), or organisational objectives and performance budgeting systems, such as in the Netherlands (Budding et al., 2021), might have been crucial for KOSTRA and perhaps also for the corresponding system in Sweden to function effectively as a system for accountability as well, albeit with more diverse dimensions for accountability than traditional political or hierarchical control.

KOSTRA as a political project

The political assessment concerns whether or not the policy in question enhances the reputational and electoral prospects of the government and the political leaders (McConnell,

2010). Performance measurement in local government and external reporting in the KOSTRA system has been a priority of several governments. KOSTRA was initiated under a social democratic government in 1993, with piloting under a centrist government in the period 1997–2000. The system was made mandatory in 2000–2001 under the helm of a social democratic government and full-scale implementation took place under a conservative coalition government between 2000 and 2005. Since 2005 there have been several governments shifting between the political right and left. Citizens, however, are seldom directly preoccupied with performance information. As such, KOSTRA has not been – and was not designed to be – a programme for increasing electoral support for the ruling government.

KOSTRA may, nevertheless, have been important in providing performance information relevant for local/central government relations and for formulating public policies. Being well informed and avoiding unnecessary conflicts – as the system was not designed as a blame and shame system – in ongoing relationships is useful for any government and contributes to building and maintaining trust in institutions. For the system to be reliable and valid for a large range of actors, the role of extensive stakeholder participation and the provision and facilitating of the system by an independent institution – the national bureau of statistics in the case of Norway and an independent foundation in the case of Sweden – may have been crucial success factors.

Conclusions

The KOSTRA system has been a success story in as much as the system has been in operation for more than 20 years, retaining political and administrative support through several political regime shifts, and widely used by stakeholders at central and local levels for various legitimate purposes. Intergovernmental information systems may often be perceived as tools for political and hierarchical control, and attempts are often made to use such systems coupled to performance budgeting or targets systems. The Norwegian case, and possibly also the Swedish case, indicates that viable intergovernmental information systems are better used as rankings and intelligence systems, loosely coupled to budgeting and targets, than as target systems, and have intriguing accountability functions.

In terms of generalisability, the institutional context for KOSTRA might be idiosyncratic to the Nordic countries. First, the Norwegian municipal KOSTRA system may be an example of some of the tools and mechanisms of the ‘Nordic model’ (Knutsen, 2017). The Nordic model is characterized by pragmatic and consensual policy making, cooperation

between trade organisations, labour unions and the Government, and a large public sector providing high quality public and infrastructure services, and extensive redistribution, and generous and general social security, resulting in ‘flexicurity’ and a high level of trust (European Policy Centre, 2005). In the context of the Nordic model, the KOSTRA system resembles – or constitutes – a ‘micro corporatist system’ that enjoys a high level of legitimacy. Second, the development of the KOSTRA systems might also be idiosyncratic in as much as it entails a story of path dependency with incrementalism, trial and error. The resulting system may therefore be relatively robust only within this particular context. These factors may, on the one hand, inhibit direct generalisability of the KOSTRA case beyond the Nordic countries. On the other hand, the KOSTRA system may be a relevant case for researchers, policy makers and practitioners as a model for comparison with other intergovernmental information systems. ‘Look to Denmark’ (Fukuyama, 2014) – or Norway or Sweden – may therefore also be of interest in studies of performance management and accountability in local and regional governance. In particular, systems that provide reliable and valid, ‘decision relevant’ information for learning in intergovernmental relations, that have extensive stakeholder participation, are stable over time, and that enjoy cross-party support, should also be very useful now that public performance management regimes are increasingly transcending the focus on single organisations in new public management and blending with a trust, network and cooperation perspective in new public governance.

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Tables and Figures

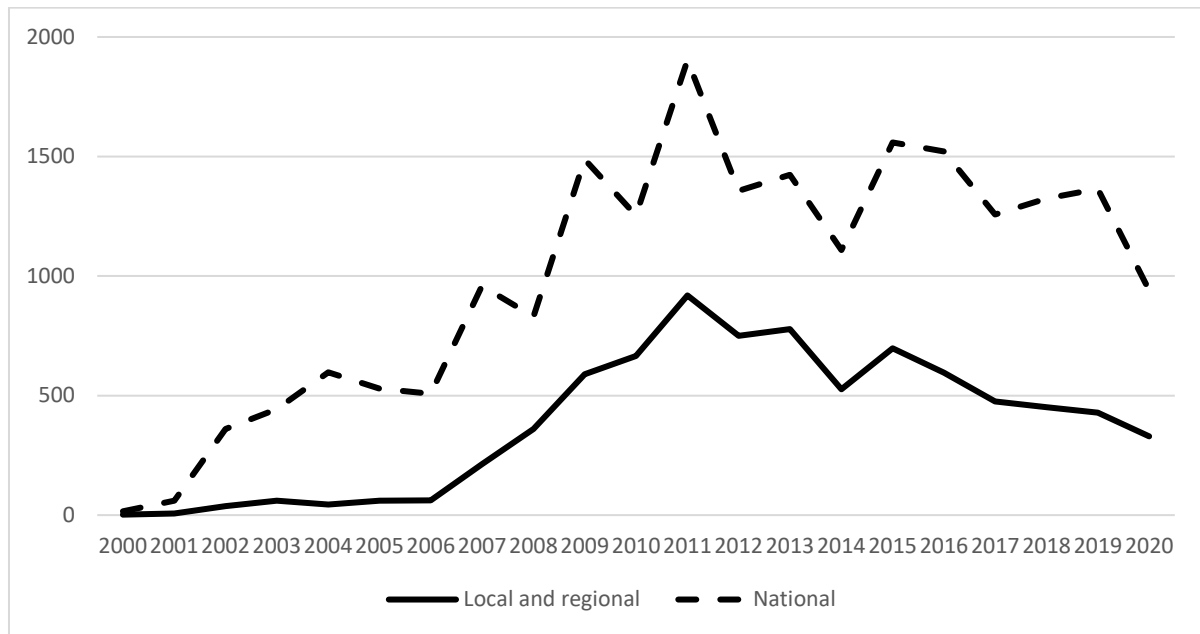
Table 29.1: Types of accountabilities applied to local governments and central/local government relations

Accountability type	Basis	Application
Political control	Command, supervision and election	(1) The national government as the forum. Interest in local governments' delegated policy implementation and fiscal performance. Originating in ministerial responsibility and the government's responsibility for the overall system of government. Oriented towards overall and aggregate performance. (2) The local electorate as the forum. Obligation to provide the electorate with accessible information about performance to facilitate informed elections.
(Quasi-) Judicial review	Rights and obligations	Audit, supervisory, inspection and ombudsman bodies as forums for local government conduct. Court review and external appeal bodies. Oriented towards detailed conduct and individual cases.
Managerialism	Contract and targets	Internal superior/subordinate relations. Following 'managerial' reforms, the focus is on strategic, rather than detailed, control; agent self-evaluation and self-reporting; meta-control; and periodic external evaluation.
Constituency relations	Representation and responsiveness	Non-hierarchical relations focusing on answerability for expectations, suspicions or concerns of local forums like colleagues, citizens, clients, civil society and local media – and to external forums like professional associations. Continuous and ad hoc account-giving.
Market	Choice and competition	Individuals, organisations and businesses as forums, offering a basis for informed choice between voicing dissatisfaction or exiting, by relocating to other jurisdictions. Periodic benchmarking and ranking are key.

Table 29.2: Intergovernmental information systems at the intersection of accountability types and performance management systems

	Targets	Ranking	Intelligence
Political control	State control linked to place in rankings	Comparisons informing local elections	Oversight supporting ministerial responsibility Local quality improvement and innovation based on comparison and collaboration
(Quasi-)Judicial review			Risk-based national audit regimes and internal control
Managerialism	Relative performance targets in individual- and sub-unit (quasi-)contracts	Benchmarking and relative performance evaluation	Periodic summary of aggregate performance reports for policy sectors
Constituency relations	Pledges to constituents referring to relative performance targets	Facilitate dialogue between professional associations and local governments and their associations	Facilitate empirical research on local government and interaction between research and practice
Market		League tables of production volume, price and quality (e.g. case processing time)	

Figure 29.1. Number of newspaper articles per annum containing the word 'KOSTRA' 2000–2020, by type of newspaper



Source: Search using Retriever media analysis, paper-based newspapers only. (Access date 14 June 2021.)