

Changing the guard or moving the deckchairs: political change and performance change in English local government¹

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Abstract

A large body of literature has emerged on the determinants of public service performance in recent years, but so far this has concentrated on managerial factors. By contrast, surprisingly little attention has been paid to the impact of political systems in general or political parties in particular. While party effects on expenditure and taxation have been tested extensively, the relationship between party control and public service performance has not been examined. With this paper we make a contribution to both literatures by assessing whether politics matters for the service performance of local authorities in England. Does the party in control of the council make any difference to the quality of public services and citizen satisfaction, and does performance improve or deteriorate when one ruling party replaces another? We develop three theoretical models: (i) the 'ideological parties' model which conventionally suggests that 'left' parties will be associated with better public services (ii) the 'instrumental' model which implies that all parties are vote maximisers, and (iii) the 'mixed' model which suggests that party ideologies come into play only if the majority on the council is sufficiently large as to make the next election appear uncompetitive. We test hypotheses about control and changes in control against a five-year panel of all English upper-tier local authorities. Our findings provide partial support for the mixed model, but with the twist that 'right' party control is linked with better public services. Conservative control and change to Conservative control tend to be associated with higher performance and satisfaction, but only if the Conservative majority is sufficiently small to pose a threat of loss of office at the next council election.

¹ Author order is alphabetical: all make an equal contribution to the paper. We thank the ESRC Public Services Programme for support.

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A large body of literature has emerged on the determinants of public service performance in recent years. Research on this field has concentrated on a number of non-political variables, such as the socio-economic environment of public organizations, managerial strategies, organizational size and financial resources (Boyne 2003; Boyne et al. 2006). By contrast, surprisingly little attention has been paid to the impact of political systems in general or political parties in particular. While there is some evidence that political leadership matters (Gains et al 2007), there is nothing about the parties that produce the leaders. So does the political party in power make any difference to public service performance? Are changes in party control associated with better or worse performance? The aim of this paper is to answer these questions.

The impact of parties has often been theorized in terms of producing spending policies in line with a left-right continuum, with parties of the left expected to produce social spending and parties of the right other kinds of (or less) spending, with research largely supporting the hypothesis at the national level (Castles 1982, Budge and MacDonald 2005). There has also been a long line of such research on the policy outputs of local and state governments (Sharpe and Newton 1984, Boyne 1985, 1986b) or revenue sources/fiscal policies (Blom-Hansen et al 2006, Besley and Case 2003, Petterson 2006), with the idea that the costly nature of welfare service provision should drive up the expenditure of left controlled local councils, in contrast to the demands of right councils for lower taxes and service provision by the private sector.

Research on the impact of parties on governmental performance is limited, which is a surprise given the emphasis that opposition parties place in their pre-election claims on how they will govern better than the incumbents, focusing on government policy errors and waste, and the way in which incumbents defend their records. The exception is the literature on left control and economic performance (Alesina et al 1997, Garrett 1998, Swank 2002, Tor 1999, Imbeau 2001). Here left governments are supposed to stimulate the economy and protect industries against economic competition. They are able to coordinate with other interest groups, such as trades unions, to achieve common aims. But such findings are imbued with endogeneity problems as voters may elect a right government when economic conditions are bad (Petterson 2006) and right governments may successfully press for different economic indicators in different contexts (Hibbs 1977). However, the economic studies are not primarily about the efficiency and effectiveness of incumbent parties in running the bureaucratic machine and delivering public services.

We expect parties to care about the performance of bureaucracies because they deliver policy choices to specific groups of citizens. Indeed, some citizens make their evaluations of incumbent performance in this way. We expect parties to make efforts to shape the internal working of the bureaucracy to implement their manifesto commitments. We expect them to seek to improve the satisfaction of their client groups from which they seek votes. In this way, all parties should seek to improve performance, but differentially depending on their ideologies and the constraints they operate under. We argue that left parties seek to improve the quantity and quality of core public services, especially those targeted to less well off groups, whereas right

parties may sacrifice public service standards in order to deliver tax cuts and expand the private sector.

We use five years of panel data on the political control and public service performance of all upper-tier English local authorities to answer our research questions. After developing three theoretical models about party effects on public service performance, we derive hypotheses about the performance effects of different parties and the effects of changes in party control. Then we describe our data and explain our methods of analysis. We round off the discussion of our preliminary findings with a summary of how we will further probe the relationship between party control and public service performance.

Theories of party effects on public service performance

Our analysis fits within a tradition of work on the ‘responsible party government model’ which is built on the view that parties, rather than individual candidates, are the main entities for democratic representation. In this model elections provide competition between two or more parties that recruit and nominate candidates and contend for power as organisations. Second, parties provide distinct policy options and/or offerings about competence to run governments. Voters are assumed to be sufficiently informed to reward or punish incumbent party governments based on their performance. Parties in power operate within this framework. From the vast literature on party effects (cf. Boyne 1985, 1996b) we distil three theoretical models about the party-public service performance nexus: (i) the ‘ideological parties’ model; (ii) the ‘instrumental’ model; and (iii) the ‘mixed’ model.

The ‘ideological parties’ model

The party government model suggests that in the political values of the party in power will have meaningful consequences for public policy outcomes. For example, research has shown that the programs that parties offer to the voters are translated into policy in most democracies (Klingemann, Hofferbert and Budge 1994). An ‘ideological parties’ model suggests that politicians from different parties have distinctive views about the role of the state and the value of public services. Parties of the left believe that public services can be used to improve the welfare of disadvantaged groups in society, and shape their electoral campaigns accordingly. Once in office, they can be expected to translate these values into policies and a strong concern to improve public services, which in turn provides benefits to their core voters. In other words, we expect left parties to focus their energies on public services and to achieve a higher performance in these services than right parties. The latter focus on goals that may conflict with service performance maximization, such as tax minimization. In addition, parties of the right may prefer to develop private rather than public provision of services such as education and health care. Thus, in the ‘ideological parties’ model, party effects on performance can be expected in terms of political party control. Similarly, they can also be expected for *changes* in political party control. If a government used to be controlled by a party that prioritizes public services and now gets under the control of a party that prioritizes low taxes, one would expect performance on public services to fall as the new priority means that there will be fewer resources available for these, which will translate into lower quality and effectiveness.

The 'instrumental' model

Based on a long literature going back to Hotelling (1929) and Downs (1957), the 'instrumental' model suggests that all parties are vote maximisers that seek to satisfy the median voter, so one would not expect to observe any differences in performance regardless of who holds control of a council. The literature on electoral incentives suggests that, especially in first past the post systems, parties will have an incentive to capture the median voter. On this basis, the differences between parties' policy positions are likely to be small. More generally, the performance of public services is something of a valence issue where there is agreement that better performance is desirable (Stokes 1963, Clarke et al 2004). If all parties obtain an electoral benefit by providing more effective services and higher levels of satisfaction, then each one bidding for votes will equally seek to maintain their vote share in office.

The 'mixed' model

The contrast between the 'ideological parties' and the 'instrumental' model is stark. However, the models have been suggested as both being relevant under different electoral, legislative and governmental institutional contingencies (Strom 1990). An important factor influencing the demarcation between one and the other is the degree of party competition. By that we simply mean the perceived probability that a party that currently forms the government will lose the next election. The 'mixed' model consequently suggests that the perceived threat of losing the next election is positively related to performance, and that ideological effects will be moderated by the level of inter-party competition.

Party effects on English local public service performance: hypotheses

We now explicate the hypotheses that follow from the three theoretical models. They are summarized in the diagram below.

In principle, in English local government one would expect to see party effects because of the large presence of the major national parties that still differ to a significant extent in their policy priorities. To characterise, the Conservative Party focuses on tax reduction and on efficiency rather than service effectiveness, the Labour Party focuses on social services and on education, and the Liberal Democrats cannot be classified as easily because the party is more heterogeneous from council to council than the two other major parties. Consequently, under the 'ideological parties' model one would expect Labour-controlled councils to achieve higher performance than Conservative-controlled councils. Hypothesis 1a suggests Labour control to be associated with higher performance and Conservative control as well as changes to Conservative control to be associated with lower performance. Hypothesis 1b operationalizes the 'instrumental' model. As suggested by the model, it is a null hypothesis: neither are there expected to be any differences between the different types of party control, nor are there expected to be any differences following changes in party control. To test the 'mixed' model, we additionally have to consider the seat share of the party that controls the council (as suggested by Boyne 1996b, 243). Hypothesis 2 follows from the 'mixed' model. It suggests that party effects diminish with greater perceived competitiveness.

To provide an overview of the rest of the paper, the following diagram summarizes the hypotheses and shows the tables that contain the results of the tests of each one:

	Political party control	Change in political party control
<i>Ideological vs. instrumental party models</i> Hypothesis 1a (b): Left party control is (is not) associated with higher service performance.	<i>Table 1:</i> Test of the impacts of party control against the base group of no overall control	<i>Table 2:</i> Test of the impacts of changes in control against the base group of no changes <i>Table 3:</i> Test of the impacts of changes to Conservative control
<i>Mixed model</i> Hypothesis 2: The impact of party control on performance is moderated by competitiveness and increases in competitiveness are associated with increases in performance.	<i>Table 4/Figures 1-3:</i> Test of the impacts of party control moderated by the seat share held	<i>Table 5/Figures 4-6:</i> Tests of the impacts of changes to Conservative control moderated by the seat share held by the new Conservative majority

We now introduce the variables we use in these tests.

Our data: English local authorities

Our data concern upper-tier English local authorities (London and metropolitan boroughs, shire counties, and unitary authorities). These are the authorities that have the primary service provision responsibilities. We collected the data from Local Election Handbooks (Thrasher and Rallings, multiple years), the BBC local elections coverage, the “Political Control in Great Britain” maps issued by the consultancy PPS, the Audit Commission, the Office of National Statistics, and the Department of Communities and Local Government. Our unit of analysis is the council-year.

Our dependent variable is performance. Since the central government’s perceptions of performance may diverge from citizens’ perceptions, we estimate three different sets of models. The first two sets of models have central government perceptions of performance as the dependent variable. These are represented by the service performance score and by the Comprehensive Performance Assessment ratings. We operationalize citizen perceptions of performance by authority-level citizen satisfaction with services.

Dependent variable 1: service performance score

The service performance score is a summary measure of performance theoretically ranging from 0 (worst) to 100 (best). It is based on a range of performance

information, including Best Value Performance Indicators. The Audit Commission carries out checks of the accuracy of the data collected by the local authorities.

Dependent variable 2: Comprehensive Performance Assessment

Our second indicator of central government's perceptions of performance is the Comprehensive Performance Assessment (CPA). The CPA is derived from the service performance score and judgments by Audit Commission inspectors on a local authority's 'ability to improve.' It is a summary rating of a local authority's performance. There are five levels: Poor/0 stars, Weak/1 star, Fair/2 stars, Good/3 stars, and Excellent/4 stars.

Dependent variable 3: citizen satisfaction

For citizen perceptions of performance, we use a measure based on the percentage of citizens stating that they are satisfied or very satisfied with the overall services provided by their local authority. These data are gathered from large random sample surveys that local authorities carry out every three years. The Audit Commission then independently verifies the reliability of these data. Our indicator is based on the three waves of the survey, carried out in 2000/2001, 2003/4, and 2006/07.

Key explanatory variables: political party control and change in control

Our explanatory variables of interest concern party control and changes in control of a council. Throughout this paper, we consistently lag all of them by one year. The reason is intuitive: upon taking office one or two months after the new financial year has begun (on April 1st), a new party majority will largely have to live with the budget priorities set by their predecessors. On the other hand, a year later they can be expected to have altered the budget and other organizational characteristics that may be linked to service performance. It would be foolish for them to wait any longer than necessary, not only in the metropolitan boroughs with their frequent elections but also in general as the first year with its 'honeymoon' period is the best time to make any changes.

For tests of both hypothesis 1a (b) and 2, we look at political control as well as change in control. First, in Table 1 we test hypothesis 1a (b) by means of three indicator variables for Conservative, Labour and Liberal Democratic control, respectively. The base (left out) group in Table 1 consists of council-years with no overall control of the council by a single political party. There are two ways in which we test hypothesis 1a (b) against data on political control change. In Table 2, we specify indicator variables for all three logically possible types of change in control: (i) change from control by a single party to no overall control; (ii) change from no overall control to control by a single party; and (iii) change from control by one single party to control by another single party. The base (left out) group in Table 2 is consists of council-years with no change in control. In Table 3, we consider changes to Conservative control, since hypothesis 1a would predict a drop in measured public service performance after the Tories take office. We are unable to test for changes to Labour control in this data set because only four councils switched to Labour during the study period. We include two indicator variables for change to Conservative Party control: (i) change from single party control by either Labour or the Liberal Democrats to Conservative control and (ii) change from no overall control to Conservative control. The base (left out) group in Table 3 is consists of council-years with no change to Conservative control. Of course this includes council-years where the Conservatives continue to control a

council as opposed to taking it over. For testing hypothesis 2 against political party control, in Table 4 we include two variables for each of the three major parties: (i) an indicator variable that takes on the value of one if that party controls a council year (zero if that party does not control that council-year), and (ii) a variable containing the percentage of council seats held by that party if and only if that party controls the council (zero otherwise). To test the impact of control by a party, one needs to look at the total impact of that party, which is measured by the coefficient on the party indicator variable plus the product of the percentage of seats held and the coefficient on the seat percentage. This information is provided in Figure 1 for the service performance score, in Figure 2 for the Comprehensive Performance Assessment, and in Figure 3 for the citizen satisfaction percentage.

In a similar fashion to Table 4, Table 5 contains a test of hypothesis 2 against changes to Conservative control, which are moderated by the size of the seat majority the new Conservative incumbents obtain. There are two indicator variables: (i) change from single party control by either Labour or the Liberal Democrats to Conservative control and (ii) change from no overall control to Conservative control. The base (left out) group consists of council-years with no change to Conservative control. In addition, for each of these two sets of changes to Conservative control there is a variable containing the percentage of council seats held by the new Conservative majority (zero if there is no change to Conservative control). As in Table 4, to test the impact of a change to Conservative control, one needs to look at the total impact of the change to Conservative control, which is measured by the coefficient on the change to Conservative indicator variable plus the product of the percentage of seats held and the coefficient on the seat percentage. This information is provided in Figure 4 for the service performance score, in Figure 5 for the Comprehensive Performance Assessment, and in Figure 6 for the citizen satisfaction percentage.

Control variables

Finally, we include a number of controls for factors known to generally affect public service performance. The first and most important control is past performance. Theory suggests that organizations are autoregressive systems (O'Toole and Meier 1999) and therefore omitting past performance from equations explaining performance would lead to biased findings. The second important control variable is the claimant rate, which is an excellent proxy for the unemployment rate and therefore, for local economic conditions. Where these are worse, one can expect a greater demand for social services and a host of other issues that are correlated with worse economic conditions, all of which make it more difficult to achieve high performance. In addition, in all our models that explain either the service performance score or the Comprehensive Performance Assessment, by virtue of our estimation technique we automatically control for (relatively) fixed differences between authorities such as population and deprivation. Unfortunately, since there are only three waves of the citizen satisfaction survey, we cannot use this technique for the models explaining citizen satisfaction. Therefore, in all citizen satisfaction models we control for population and deprivation as potential confounders of any party effect. For example, deprivation tends to predict lower performance (Andrews 2004) in spite of the central government's stated aim to take deprivation into account when grading authorities.

Methods

Since we have an autoregressive specification—i.e. we control for past performance—we need to take special care in estimating our models. In the presence of a lagged dependent variable, pooled ordinary least squares (OLS) is consistent only if there is no unobserved heterogeneity—time-invariant differences between local authorities that are not fully measured—and no serial correlation. If there is unobserved heterogeneity, the coefficient on the past value of performance will tend to be exaggerated. This is not a major problem necessarily as it is likely to make it harder to find evidence in accordance with the political change hypotheses. Yet since we prefer to obtain the most accurate estimates, where possible we use an instrumental variables estimator, namely in the models explaining the service performance score and the Comprehensive Performance Assessment. These cover five time periods, which is exactly what the instrumental variables estimator requires. It allows us to control for unobserved heterogeneity while removing any bias that it might have induced in the coefficient on the lagged dependent variable. This estimator was developed by Arellano and Bond (1991), building on earlier work by Anderson and Hsiao (1981). On the other hand, for estimating the citizen satisfaction model, pooled OLS is our best available choice. One might argue we should instead use a fixed-effects model with a lagged dependent variable. Yet since Nickell (1981) demonstrated the severe distortions this normally induces in panels with short times series like ours, it is clear that pooled OLS is a far better choice: While fixed effects with a lagged dependent variable would understate the persistence in the data and thus make artefacts on the other variables more likely, pooled OLS at least tends to make it harder to find anything on the other variables and thus makes it less likely that our evidence will overestimate party effects.

Findings

Our findings corroborate what some pundits and cabbies, but not political scientists, have long suspected: there is only limited evidence that parties matter for public service performance in English local government. Even more interesting, where party control does matter, it is *Conservative* control that is associated with higher public service performance. Our findings thus provide some evidence to refute the traditional ‘ideological parties’ model in hypothesis 1a, but support the ‘mixed’ model. In Table 5 (illustrated by the second panel of Figure 4, both panels of Figure 5, and the first panel of Figure 6), and also weakly in Table 4 (illustrated in the first panel of both Figures 1 and 2) we do find evidence in accordance with the core idea behind the ‘mixed’ model: the smaller a party majority is, the higher public service performance tends to be. Yet this relationship occurs for Conservative control rather than for Labour, providing further evidence to refute the traditional ‘ideological parties’ model.

[Tables 1-4 about here]

[Figures 1-3 about here]

[Table 5 about here]

[Figures 4-6 about here]

A summary of our findings shows evidence of a positive Tory ‘effect’ and evidence refuting the traditional ‘ideological parties’ model:

	Political party control	Change in political party control
<i>Ideological vs. instrumental party models</i> Hypothesis 1a (b): Left party control is (is not) associated with higher service performance.	<i>Table 1:</i> Hypothesis rejected for both models: some evidence that <i>Conservative</i> control is associated with higher performance	<i>Table 2:</i> Inconclusive: only weak evidence that change is related to higher performance, and where it does, it is largely due to changes to Conservative control (contrary to Hypothesis 1) <i>Table 3:</i> Hypothesis rejected for both models: some evidence that changes to <i>Conservative</i> control are associated with higher performance
<i>Mixed model</i> Hypothesis 2: The impact of party control on performance is moderated by competitiveness and increases in competitiveness are associated with increases in performance.	<i>Table 4/Figures 1-3:</i> Some weak evidence that a narrow Conservative majority is associated with higher performance	<i>Table 5/Figures 4-6:</i> If in a change from NOC to Conservative control the new Conservative majority is no greater than about 60% of council seats, performance tends to be higher

While at this stage our findings are preliminary, it already appears that in English local government in the first decade of the new millennium, the old ‘ideological parties’ model is dead. There is also no support for a ‘levels of party government’ model that suggests the Labour national government is able to help out local Labour authorities by targeting resources and manipulating scores to improve their performance. On the other hand, the benefits of electoral competition remain as visible as ever: a smaller majority is associated with higher performance of an incumbent party. What is interesting is that this applies to the Conservatives rather than to Labour, which is generally expected to care more about public service performance. This shows that performance may be of interest to right wing parties, possibly because they are less constrained by trade unions and have more freedom to restructure the bureaucracy, and they have an ideological commitment to service efficiency and reducing ‘waste’. The possible constraint of producer interests for left wing parties potentially provides support for those who argue that the principal-agent relationship can be reversed when local elections are influenced by the agents who are supposed to be controlled (Moe 2006). In local politics in England, the Labour party would potentially be the route for these groups to gain local power. Local administration employees potentially make up a larger portion of this electorate than

in other contests because of low electoral turnout. Thus it is possible that the link between Labour control and better public services is broken by an inability or reluctance to implement reforms that might produce this outcome.

Conclusions

Despite the provisional nature of our findings, we have found some evidence that parties do indeed matter for performance. However, the relationship between party control and performance needs to be explored more closely, both theoretically and empirically. We need to explore what do left and right parties bring to the performance table. Although there are theoretical reasons to think that Labour may be more interested in the effectiveness of certain services affecting their voters whereas the Conservatives may be more interested in reducing taxes, we find positive links between Conservative control and both service performance and citizen satisfaction. This effect of Conservative control, and *changes* to Conservative control, clearly merits further investigation. It could be that the Conservative's interest in some services, notably secondary education, might be influenced by the proportion of pupils educated within the local state system. In areas in which a substantial portion of Conservative voters opt out of the state system and use private education for their children it could be that the party has less interest in the quality of the state service locally. Thus the strength (and possibly even the direction) of Conservative party effects may be contingent on local circumstances.

Another issue for future research is how parties behave early and late in their tenure, which may interact with competitiveness. Parties in power may find it difficult to retain the same energy in implementing their policies when they come into office. Because of the problem of drift, of too much interaction with the bureaucrats, and a tendency toward elitism, they may lose contact with their followers and the public. On the other hand parties gain experience from governing, be better able to pull the levers of power, and to control the bureaucrats, as the leading politicians gets more experience on the job. Parties out of power may either factionalise, which makes it hard for them to gain power, or they may retool them selves for power once again. Thus the time effect of parties on performance will take a hump shape: low impact for the first few years or year, then a high impact, which dies away again. This may help us to understand why the traditional 'ideological parties' model fails to hold in these data. In further tests we will introduce a Labour 'year counter' to measure how long a Labour incumbent has been in power. This variable should additionally help to unpack the positive 'Tory effect' we find. We will also look more closely at the lag structure of the explanatory variables. We will test a second lag in all models. Also we will estimate alternative specifications for the models of the percentage of citizens satisfied with overall services, where an average of the explanatory variables of the three years preceding a survey wave rather than the one-year lag of these variables is used.

In the end, the preliminary findings of our research suggest three things. First, in contemporary English local government, the old 'ideological parties' model is dead. In spite of an apparently greater focus on public services, councils controlled by Labour do not perform better than councils under no overall control. Second, there is an apparent 'Tory effect': Conservative control and changes to Conservative are

associated with higher public service performance. Finally, party effects are moderated by the size of the ruling party seat majority. Most pronouncedly, the ‘Tory effect’ only holds for councils where the Conservatives hold a sufficiently small majority, i.e. no more than 55-60 percent of council seats. In our data set, the councils that are likely to perform best are those controlled by a Conservative group that faces competitive pressure from rival parties.

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Tables

Table 1: Testing hypothesis 1 (political party control)

<i>Dependent variable:</i>	<i>Service performance score (1.1)</i> Arellano-Bond IV estimator	<i>CPA (treated as interval) (1.2)</i> Arellano-Bond IV estimator	<i>% citizens satisfied w/ overall services (1.3)</i> Pooled OLS w/ LDV
Lagged service performance score	0.215 (2.12)**		
Lagged CPA		0.620 (6.22)***	
Lagged satisfaction percentage			0.396 (9.98)***
Lagged Conservative Party control (D)	2.910 (1.74)*	0.094 (0.54)	4.818 (4.36)***
Lagged Labour Party control (D)	1.011 (0.73)	-0.086 (0.49)	1.302 (1.35)
Lagged Liberal Democratic control (D)	-1.434 (0.80)	-0.420 (1.71)*	3.770 (3.19)***
Claimant rate (in %)	-1.475 (1.45)	-0.111 (0.91)	0.720 (1.30)
Multiple deprivation (TI)			-0.003 (0.05)
Population (log10) (TI)			-0.558 (0.37)
Constant	-0.565 (2.29)**	0.069 (3.13)***	28.320 (3.26)***
Council-years	434	435	293
Number of councils	148	148	148
Test of H0: "The model is statistically equivalent to a constant-only model."	$p=.015$	$p<.001$	$p<.001$

'Lag' denotes a one-year lag. Huber-White z-statistics are listed in parentheses.

* significant at 10%; ** significant at 5%; *** significant at 1%

(D) indicates a dummy variable. (TI) indicates a time-invariant control variable; these as well as other time-invariant differences between councils are automatically controlled for by the Arellano-Bond IV estimator but they need to be included in the model estimated by pooled OLS with a lagged dependent variable.

Table 2: Testing hypothesis 1 (all changes in control)

<i>Dependent variable:</i>	<i>Service performance score (2.1) Arellano-Bond IV estimator</i>	<i>CPA (treated as interval) (2.2) Arellano-Bond IV estimator</i>	<i>% citizens satisfied w/ overall services (2.3) Pooled OLS w/ LDV</i>
Lagged service performance score	0.228 (2.29)**		
Lagged CPA		0.634 (6.11)***	
Lagged satisfaction percentage			0.405 (9.69)***
Lag of change from party → NOC (D)	0.885 (0.80)	0.096 (0.70)	-3.678 (1.09)
Lag of change from NOC → party (D)	1.877 (1.54)	0.018 (0.14)	-0.195 (0.20)
Lag of change from party <i>i</i> → party <i>j</i> (D)	-0.201 (0.17)	0.393 (2.11)**	2.852 (1.58)
Claimant rate (in %)	-0.999 (0.95)	-0.085 (0.70)	0.866 (1.52)
Multiple deprivation (TI)			-0.073 (1.29)
Population (log10) (TI)			0.316 (0.20)
Constant	-0.504 (2.08)**	0.070 (3.36)***	26.766 (2.93)***
Council-years	434	435	293
Number of councils	148	148	148
Test of H0: “The model is statistically equivalent to a constant-only model.”	<i>p</i> = .010	<i>p</i> < .001	<i>p</i> < .001

‘Lag’ denotes a one-year lag. Huber-White z-statistics are listed in parentheses.

* significant at 10%; ** significant at 5%; *** significant at 1%

(D) indicates a dummy variable. (TI) indicates a time-invariant control variable; these as well as other time-invariant differences between councils are automatically controlled for by the Arellano-Bond IV estimator but they need to be included in the model estimated by pooled OLS with a lagged dependent variable.

Table 3: Testing hypothesis 1 (changes to Conservative control)

<i>Dependent variable:</i>	<i>Service performance score (3.1) Arellano-Bond IV estimator</i>	<i>CPA (treated as interval) (3.2) Arellano-Bond IV estimator</i>	<i>% citizens satisfied w/ overall services (3.3) Pooled OLS w/ LDV</i>
Lagged service performance score	0.227 (2.30)**		
Lagged CPA		0.631 (6.31)***	
Lagged satisfaction percentage			0.407 (9.93)***
Lag of change from Labour or Lib. Dem. to Conservative ctrl. (D)	0.063 (0.03)	0.557 (1.69)*	2.978 (1.68)*
Lag of change from NOC to Cons. ctrl. (D)	2.761 (1.73)*	0.237 (1.58)	-0.236 (0.18)
Claimant rate (in %)	-1.079 (1.04)	-0.095 (0.81)	0.738 (1.31)
Multiple deprivation (TI)			-0.066 (1.15)
Population (log10) (TI)			0.327 (0.21)
Constant	-0.539 (2.24)**	0.068 (3.25)***	26.643 (2.93)***
Council-years	434	435	293
Number of councils	148	148	148
Test of H0: "The model is statistically equivalent to a constant-only model."	$p=.010$	$p<.001$	$p<.001$

'Lag' denotes a one-year lag. Huber-White z-statistics are listed in parentheses.

* significant at 10%; ** significant at 5%; *** significant at 1%

(D) indicates a dummy variable. (TI) indicates a time-invariant control variable; these as well as other time-invariant differences between councils are automatically controlled for by the Arellano-Bond IV estimator but they need to be included in the model estimated by pooled OLS with a lagged dependent variable.

Table 4: Testing hypothesis 2 (party control * party strength)

<i>Dependent variable:</i>	<i>Service performance score (4.1)</i> Arellano-Bond IV estimator	<i>CPA (treated as interval) (4.2)</i> Arellano-Bond IV estimator	<i>% citizens satisfied w/ overall services (4.3)</i> Pooled OLS w/ LDV
Lagged service performance score	0.224 (2.22)**		
Lagged CPA		0.614 (6.17)***	
Lagged satisfaction percentage			0.387 (9.62)***
<i>Lag of Conservative Party control (D)</i>	<i>6.748</i> <i>(0.42)</i>	<i>1.220</i> <i>(1.31)</i>	<i>-9.014</i> <i>(1.65)</i>
Lag of (Cons. ctrl. * seats held by Cons.)	-0.070 (0.26)	-0.019 (1.16)	0.223 (2.54)**
<i>Lag of Labour Party control (D)</i>	<i>3.243</i> <i>(0.54)</i>	<i>-1.117</i> <i>(1.62)</i>	<i>1.135</i> <i>(0.40)</i>
Lag of (Labour ctrl. * seats held by Labour)	-0.039 (0.36)	0.018 (1.46)	0.003 (0.07)
<i>Lag of Liberal Dem. control (D)</i>	<i>20.529</i> <i>(0.95)</i>	<i>-2.124</i> <i>(1.35)</i>	<i>1.275</i> <i>(0.23)</i>
Lag of (Lib. Dem. ctrl. * seats held by Lib. Dem)	-0.379 (1.02)	0.029 (1.11)	0.040 (0.48)
→ interpretation	<i>See Figure 1</i>	<i>See Figure 2</i>	<i>See Figure 3</i>
Claimant rate (in %)	-1.485 (1.46)	-0.115 (0.90)	0.662 (1.19)
Multiple deprivation (TI)			0.001 (0.02)
Population (log10) (TI)			-0.042 (0.03)
Constant	-0.563 (2.26)**	0.083 (3.39)***	26.052 (2.92)***
Council-years	434	435	293
Number of councils	148	148	148
Test of H0: “The model is statistically equivalent to a constant-only model.”	<i>p=.046</i>	<i>p<.001</i>	<i>p<.001</i>

Coefficients in italics cannot be meaningfully interpreted in isolation. Please refer to Figures 1-3 for the impact of party control.

‘Lag’ denotes a one-year lag. Huber-White z-statistics are listed in parentheses.

* significant at 10%; ** significant at 5%; *** significant at 1%

(D) indicates a dummy variable. (TI) indicates a time-invariant control variable; these as well as other time-invariant differences between councils are automatically controlled for by the Arellano-Bond IV estimator but they need to be included in the model estimated by pooled OLS with a lagged dependent variable.

Table 5: Testing hypothesis 2 (changes to Conservative control * Conservative Party strength)

<i>Dependent variable:</i>	<i>Service performance score (5.1)</i> Arellano-Bond IV estimator	<i>CPA (treated as interval) (5.2)</i> Arellano-Bond IV estimator	<i>% citizens satisfied w/ overall services (5.3)</i> Pooled OLS w/ LDV
Lagged service performance score	0.232 (2.36)**		
Lagged CPA		0.637 (6.33)***	
Lagged satisfaction percentage			0.406 (9.86)***
<i>Lag of change from Labour or Lib. Dem. to Conservative ctrl. (D)</i>	<i>20.122</i> (1.67)*	<i>3.861</i> (2.76)***	<i>11.346</i> (0.95)
Lag of (Cons. ctrl. onset * seats held by Cons.)	-0.342 (1.72)*	-0.057 (2.57)**	-0.136 (0.70)
<i>Lag of change from NOC to Cons. ctrl. (D)</i>	<i>28.372</i> (1.63)	<i>0.863</i> (0.65)	<i>5.609</i> (0.69)
Lag of (Cons. ctrl. onset * seats held by Cons.)	-0.447 (1.54)	-0.011 (0.45)	-0.105 (0.82)
→ interpretation	<i>See Figure 4</i>	<i>See Figure 5</i>	<i>See Figure 6</i>
Claimant rate (in %)	-1.029 (0.99)	-0.092 (0.78)	0.745 (1.31)
Multiple deprivation (TI)			-0.066 (1.15)
Population (log10) (TI)			0.318 (0.21)
Constant	-0.537 (2.23)**	0.065 (3.08)***	26.739 (2.93)***
Council-years	434	435	293
Number of councils	148	148	148
Test of H0: “The model is statistically equivalent to a constant-only model.”	<i>p=.008</i>	<i>p<.001</i>	<i>p<.001</i>

Coefficients in italics cannot be meaningfully interpreted in isolation. Please refer to Figures 4-6 for the impact of a change to Conservative control.

‘Lag’ denotes a one-year lag. Huber-White z-statistics are listed in parentheses.

* significant at 10%; ** significant at 5%; *** significant at 1%

(D) indicates a dummy variable. (TI) indicates a time-invariant control variable; these as well as other time-invariant differences between councils are automatically controlled for by the Arellano-Bond IV estimator but they need to be included in the model estimated by pooled OLS with a lagged dependent variable.

Figure 1: The impact of party control (lagged 1 year) on the service performance score depending on the % of seats held by the party in control

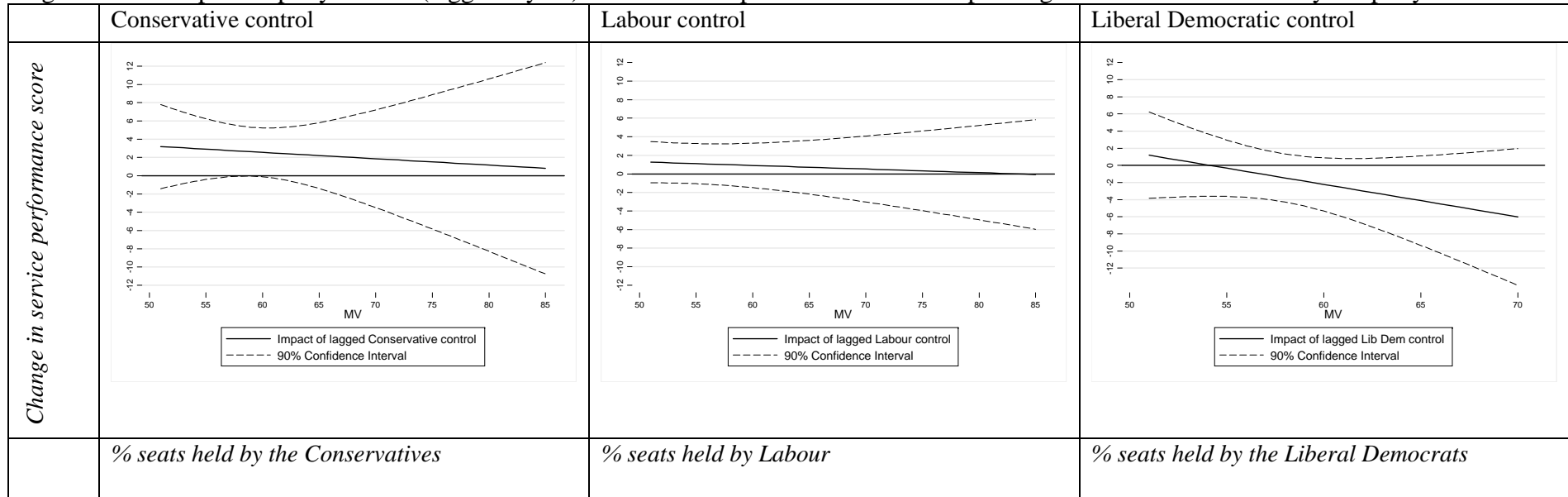


Figure 2: The impact of party control (lagged 1 year) on the Comprehensive Performance Assessment depending on the % of seats held by the party in control

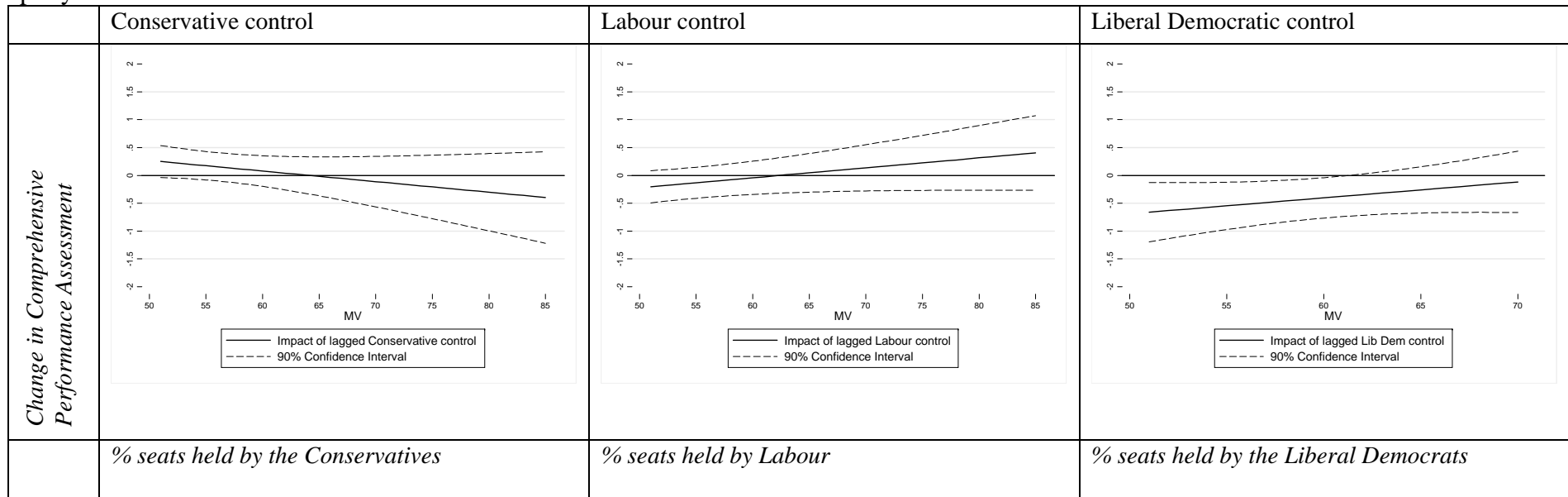


Figure 3: The impact of party control (lagged 1 year) on % citizens satisfied with overall services depending on the % of seats held by the party in control

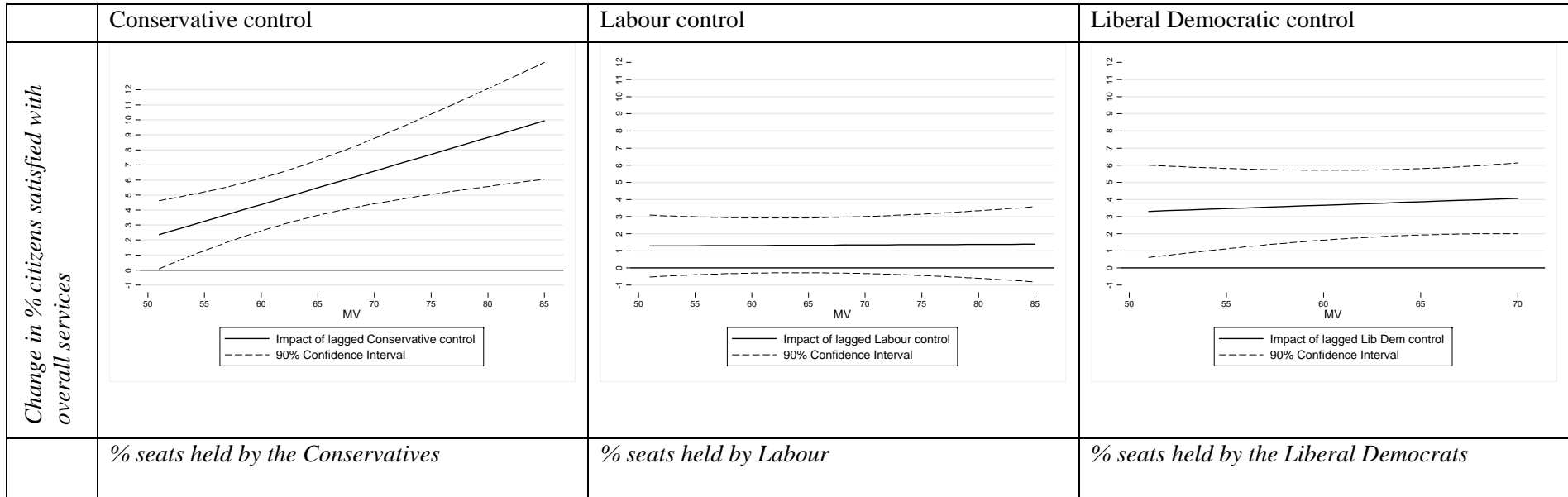


Figure 4: The impact of a change to Conservative Party control (lagged 1 year) on the service performance score depending on the % of seats held by the Conservatives upon taking control

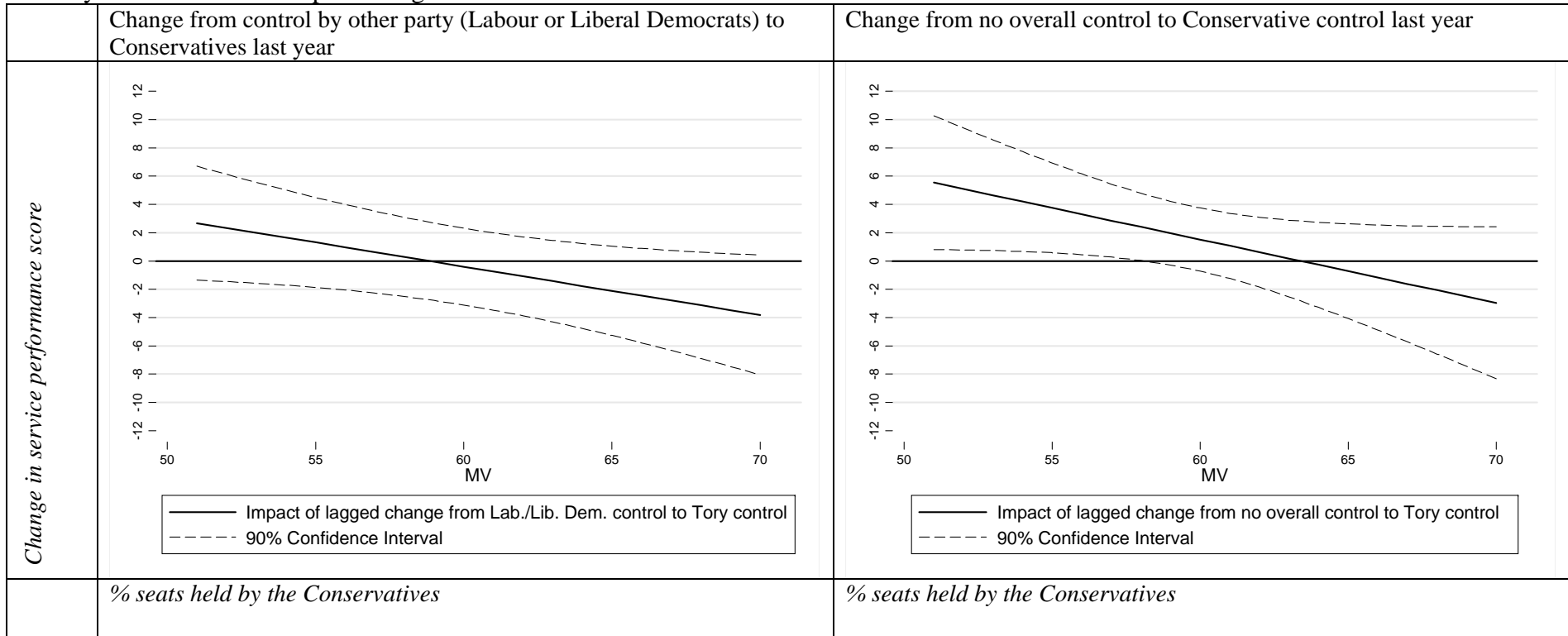


Figure 5: The impact of a change to Conservative Party control (lagged 1 year) on the Comprehensive Performance Assessment depending on the % of seats held by the Conservatives upon taking control

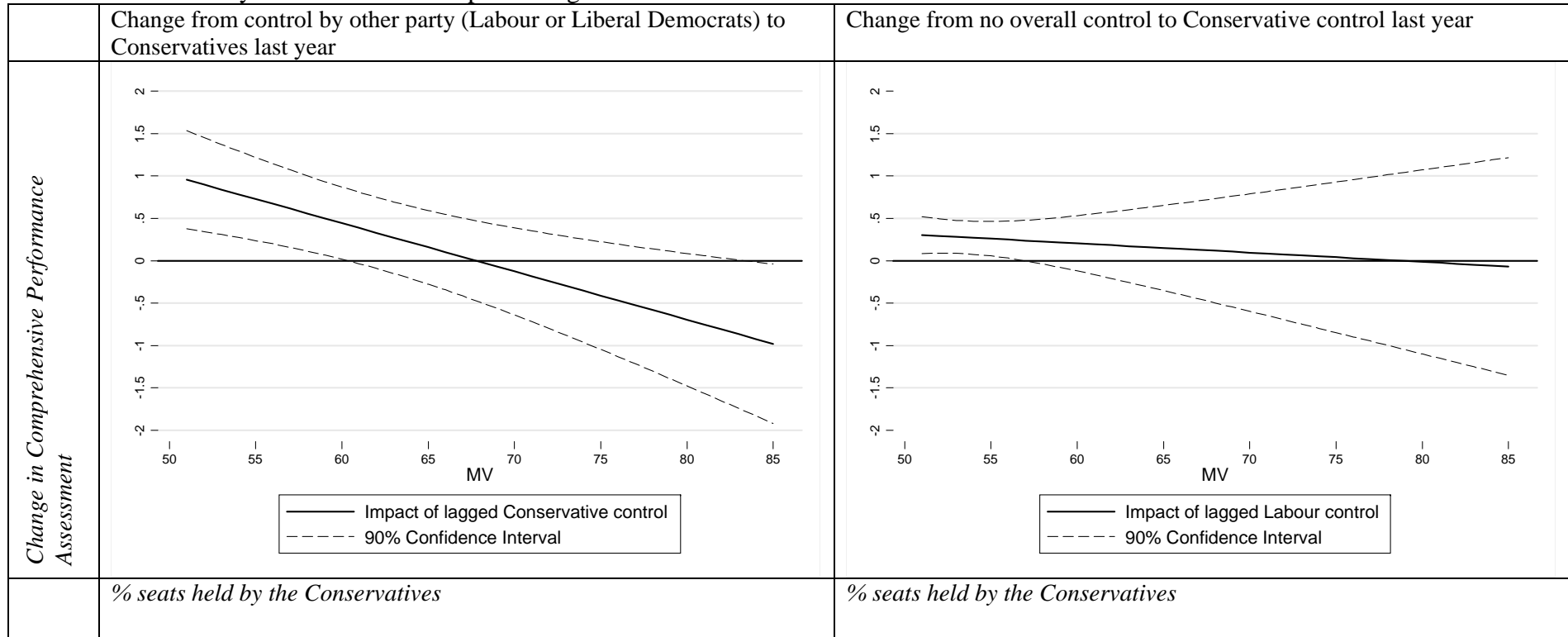


Figure 6: The impact of a change to Conservative Party control (lagged 1 year) on % citizens satisfied with overall services depending on the % of seats held by the Conservatives upon taking control

