The Politics of Agency Death: Ministers and the Survival of Government Agencies in a Parliamentary System

Oliver James (University of Exeter), Nicolai Petrovsky (University of Kentucky), Alice Moseley (University of Exeter), and George A. Boyne (Cardiff University)

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Abstract: We extend the theory of government agency survival from separation of powers to parliamentary government systems. We suggest that agencies are at increased risk following a transition in government, prime minister, or departmental minister and in cases where the actors in the political executive overseeing an agency are different to those establishing it. We evaluate these expectations using survival models with a dataset of all UK executive agencies from 1989 to 2012. The findings show that ministers seek to make their mark through terminating agencies created by previous ministers, which is reinforced by high media attention to the agency. However, there is no evidence that performance against agency performance targets is associated with termination, and agencies replacing terminated agencies do not demonstrate higher performance than those they replace. Financial autonomy provides some protection for agencies with those raising their own funds being at less at risk of termination than agencies fully dependent on budgetary appropriations.

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http://socialsciences.exeter.ac.uk/politics/research/projects/executiveagencies/
http://www.petrovsky.ws/
The Politics of Agency Death: Ministers and the Survival of Government

Agencies in a Parliamentary System

The factors leading to change in the organizational structure of government are important to analyze because government agencies influence whether and how policies are turned into outcomes that matter in the political process. The survival and termination of government agencies has long been of interest to researchers, although systematic mapping of agencies, policies, and programs over time is fairly new. Work systematically assessing influences on organizational survival is scarcer still. To date, the most substantial, systematic work on agency survival is Lewis’s research on the termination of federal agencies within the U.S. separation of powers system. Lewis found strong evidence that federal agencies face a higher risk of termination when political change leads to a unified government (president and the majority in both houses of Congress are of the same party) that is distinct from the coalition of actors establishing these agencies, which fits with the literature on differences in party positions and party effects on government policies. Structures to insulate agencies from direct political control, and, more specifically, direct

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2 Lewis 2002, 102.


4 Bickers and Stein 1995; Lewis 2002; Lewis 2004; Carpenter and Lewis 2004; Rolland and Roness 2009; Pollitt and Bouckaert 2004; Baumgartner and Jones 2009; Jennings and John 2009; Laegreid and Verhoest 2010; James and Van Thiel 2010; John and Jennings 2010; Jennings, Bevan and John 2011.

5 Adam et al 2007; Rolland and Roness 2009; Boin, Kuipers and Steenbergen 2010; Burden, Berry and Howell 2010.


7 Castles 1982; Alesina, Roubini and Cohen 1997; Schmidt 1996.
presidential control, reduce this effect and consequently create a credible commitment
between the coalition of actors establishing such an agency and the supporters of that
coalition.\textsuperscript{8}

Among advanced democracies, the United States is an outlier. Most other
countries in this group have parliamentary systems. In these systems it is very
difficult for any incumbent coalition to credibly pre-commit the governmental
apparatus to a course of action that cannot be completely overturned at the next
election.\textsuperscript{9} Many organizational changes can be undertaken by the executive without
the need for legislation or other approvals. Consequently, we expect very different
forces to determine the survival of government agencies in parliamentary as opposed
to separation-of-powers systems. The main changes in the executive consist of
changes in the party in power, the prime minister, and individual departmental
ministers. Ministers have long been a subject of research but recent work has for the
first time systematically mapped out the pattern of ministerial survival and the role of
the prime minister in hiring and firing ministers.\textsuperscript{10} Changes in party control of
government and prime ministerial changes have recently been linked to periods of
relatively high change in the policy agenda defined as the list of policy issues
prioritized by the government.\textsuperscript{11} However, the effects of executive change on agency
survival have not previously been assessed.

The first section of this paper sets out the theoretical argument about how the
incentives for elected governments in parliamentary systems affect the survival of

\textsuperscript{8} McCubbins, Noll and Weingast 1989; also see North 1993; Lewis 2004.

\textsuperscript{9} Moe and Caldwell 1994; Huber and Lupia 2001; Tsebelis 2002; de Figueiredo 2002; Elgie and
McMenamin 2005.

\textsuperscript{10} Blondel 1985; Rose 1987; Warwick 1995; Strøm 2000; Berlinski, Dewan and Dowding 2012.

\textsuperscript{11} Baumgartner and Jones 2009; John and Jennings 2010.
government agencies. Our theory sits within the broader literature about party governments, prime ministers and departmental ministers who are central to our analysis because the government agencies we examine fall under their responsibility. The second section describes our new dataset of UK ‘executive agencies’ over a twenty three year period between 1989 and 2012. The start of this period marked a time when this new organizational form began to be implemented in the UK. Executive agencies are organizations under the direct supervision of ministers who set performance targets for each agency each year and who have the power to set up or abolish them without requiring legislation. Our time period allows us to examine the relationship between the survival of all the bodies of this type set up over the period and change in the political executive. The period covers changes in power from Conservative to Labour in 1997 and from Labour to the Conservatives and Liberal Democrats in 2010, changes in departmental ministers and four changes of Prime Minister. The findings are of broad relevance because close variants of this type of organization now exists not only in Britain but in several other parliamentary systems, notably in Austria, Australia, Belgium, Canada, Denmark, Estonia, Germany, Hungary, Ireland, Italy, Netherlands, Norway, and Sweden.  

The third section reports our findings that ministerial change drives agency terminations and that this form of political change trumps agency performance because poor performance against targets does not appear to raise the risk to survival. The final section sets out conclusions about the importance of these ministerial changes, contributing to a growing literature using quantitative data to analyze the key

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role of these actors in governments\textsuperscript{13} and developing implications for theories of executive politics and priorities for future research.

**Changes in the executive and the survival of government agencies**

The structure of government agencies matters because agencies institutionalize approaches to public policy by putting distinct activities under the control of managerial leadership that is specific to each agency. Agency structures affect the economy, efficiency and effectiveness of government action and embody sets of relationships between the agency and actors across the government system and beyond. The principal actors within the political executives of parliamentary systems have a strong interest in the organization of government agencies for these reasons. These actors also have a position in the government system that enables them to make changes to agency structures. Parties in government require organizations to implement their policies and deliver their programs to voters.\textsuperscript{14} Governing parties tend to have fairly stable core tenets on a range of policy issues and represent broad, enduring interests among segments of the electorate. Parties in government have a direct interest in closing down agencies they feel do not promote their agenda which breaks up those management structures and sends a signal about priorities for the government. In the U.S. context, Lewis notes that “administrative agencies never escape the politics that created them”\textsuperscript{15} and their survival is endangered by political changes that bring different priorities to the fore. Research has examined political

\textsuperscript{13} Dowding and Dumont 2009; Berlinski, Dewan and Dowding 2012.

\textsuperscript{14} Ranney 1954; Kaufman 1976.

\textsuperscript{15} Lewis 2002, 92.
changes in parliamentary systems as part of work on government duration.\textsuperscript{16} A lack of congruence between a party currently in government and the party that established a government agency implies a greater risk of these agencies to be terminated, as they were established to implement the policies of another party. Even if there is some uncertainty about the effects of change on implementation outcomes, there is clear evidence that governments of different parties seek to change the policy agenda, highlighting their own lists of subjects or problems as priorities at the expense of previous priorities, although there are also changes within the period of a party’s control.\textsuperscript{17} Therefore, we expect that agencies established by a party different to the one in government in any given year will be more likely to be terminated.

Prime ministers act as party leaders or leaders of the block controlling the legislature, and focus on areas that will help their party retain power and maintain them sufficient support within the party or coalition. The importance of the prime minister means the post has received considerable scholarly attention in its own right.\textsuperscript{18} Prime Ministers seek to maintain sufficient support within a party to continue in post and, related to this, seek to raise their party’s chances of winning the next election. Prime ministers can change both at election times and between elections, due to shifts in the balance of power within their parties, or because of pre-arranged deals between factions within their party, as in the transition from Tony Blair to Gordon Brown in the United Kingdom in 2007. These shifts, in turn, are likely to be accompanied by shifts in policy emphasis which have been found in changes in the

\textsuperscript{16} King et al. 1990.

\textsuperscript{17} Jennings, Bevan and John 2011; John and Jennings 2010.

\textsuperscript{18} For a review of the literature and analysis of prime ministerial power in Britain, see Heffernan 2003; 2005.
UK policy agenda following changes in Prime Minister. A change in Prime Minister and change in policy agenda may require different organizations to further these different goals and to show a different direction in policy. Therefore, we expect that agencies established by a prime minister different to the one in power in any given year will be more likely to be terminated.

Within a government, departmental ministers have responsibility for major portfolios of activity and are in the top echelon of government, alongside their leader, the prime minister. They seek to demonstrate their abilities to those in control of the opportunities for their advancement, notably the leader. Ministers are increasingly the subject of systematic quantitative analysis of their careers and their actions. Within this literature, our approach is, in its core tenets, consistent with Berlinksi, Dewan and Dowding’s novel principal-agent model of a prime minister’s hiring and firing of ministers, although we do not seek to model this aspect of the political system. In their model, ministers seek mainly to avoid removal and advance their ministerial careers. Within each minister’s portfolio, a range of agencies are charged with implementing the details of government policy for the policy area. Ministers can reorganize their existing portfolio of agencies by terminating agencies. Newly appointed ministers, including those following on from a previous post-holder who was removed for failing to follow the policy favoured by the prime minister, might well be expected to launch a reorganization of agencies under his or her control.

Unlike many other activities that ministers could engage in, these changes are very much under their control and so they serve a valuable function for indicating a

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19 John and Jennings 2010.

20 Blondel 1985; Dowding and Dumont 2009; Berlinski, Dewan and Dowding 2012.

21 Rose 1987; Huber and Lupia 2001; Berlinski, Dewan and Dowding 2012.
minister’s policy priorities or capacity to do his or her job. Even if ministers’
terminations of agencies turn out, in the end, not to fulfill all their goals, they see
making changes to organizations in their portfolios in part as a step in their career.
From the perspective of an individual politician, what a ministry can do for his or her
career is often as important as what he or she can do for the ministry.

Ministers often change within the term of one government and ministerial
turnover is high. In the UK the mean for the most senior ministers of cabinet rank is
28.7 months. 22 Organizational terminations of agencies are useful for ministers
because these changes occur in a time-span of several months but within this mean
length of ministerial tenure. However, an exception is that if a minister establishes an
agency and then terminates it, still under his or her watch, this would be unlikely to
promote the policy priorities that led the minister to set it up in the first place and
would likely raise questions, including from the prime minister, about that minister’s
judgment and capacity. It would be unlikely to give a positive signal about the
ministers’ potential to deal with more challenging and prestigious portfolios. Based
on these considerations, we expect agencies that were established by a different
minister than the one overseeing them in any given year to be more likely to be
terminated.

In summary, for an agency in any given year, party congruence means that the
governing party that established the agency is still in power; prime ministerial
congruence means that the prime minister that established the agency is still in power;
and ministerial congruence means that the departmental minister who established the
agency is still overseeing it. An incongruent state along any dimension implies a
more dangerous environment for an executive agency.

22 Berlinksi, Dewan and Dowding 2012, 66.
As well as periods of congruence or incongruence, our theory focuses attention on the additional influence of periods immediately following a change in the executive. Changes in party control of government, prime minister, and overseeing minister are likely to lead to heightened attention by all actors on organizations’ potential termination in the period just after the succession. In contrast, incongruence is a state that may persist well beyond the period just after a change, for example where a new governing party, Prime Minister or minister is in that office for several years. The importance of party change has been established by research on policy agenda announcements in the UK using analysis of the Queen’s Speech which sets out the government’s policy priorities each year. As found by John and Jennings\textsuperscript{23}, for the period 1940-2005, large policy changes are more likely in years following a general election where a new party is elected. While these years make up just 9% of all Queens Speech years, they account for 22% of all large policy changes.

However, these authors note that policy agenda changes also occur at other points in time. New prime ministers and departmental ministers can similarly use reorganizations to control agencies and signal new policy priorities. Prime ministers and departmental ministers are aware of the time limits on their tenure and the period immediately after a new politician taking over is a key time when changes to organizational structure are likely. This mechanism is paralleled by that operating in the U.S. where new presidents need to “hit the ground running” and are more likely to reorganize early in their period of office, leading to more risk to agencies at this time.\textsuperscript{24} Therefore, we expect that executive agencies will be more likely to be terminated in the year following a change in governing party, prime minister, or their overseeing departmental minister.

\textsuperscript{23} John and Jennings 2010.
\textsuperscript{24} Lewis 2002, 95.
A number of confounding factors relevant to these expectations have to be taken into account when explaining the survival of agencies. An often discussed factor is the age of the organization. A long line of work has identified a ‘liability of newness’, where many factors work in the same direction to place new organizations at greater risk than longer established ones. This argument is consistent with the idea that bureaucracies forge their identity. That is, by building a reputation for efficiency, expertise, and uniqueness of service, organizations can enhance their durability. There is also a counter-argument in the literature, however. Public organizations can fall out of step with changing technologies and broader environments, which increases the risk they face as they age. Empirically, there is little evidence of a clear relationship between age of an agency and the risk it faces at a particular age. Organizations do not age in a way that is found in biological processes, however tempting particular analogies with the human life course appear. Instead, age is often a proxy for a set of factors influencing survival that we incorporate directly in our survival models.

Change in an organization’s managerial leadership potentially raises risks for that organization because there is disruption caused by leadership succession, even if benefits might have come to pass further on in time. This disruption ensues regardless of the circumstances of the previous manager’s departure which could reflect voluntary departure with the leader being poached by another organization or a leader being fired or in some way encouraged to seek other opportunities. The

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27 Boin, Kuipers and Steenbergen 2010.

28 Lewis 2002; Boin, Kuipers and Steenbergen 2010.

discontinuity of leadership could make an organization more vulnerable to reorganization by the overseeing minister. We therefore include a dummy variable for whether an agency’s chief executive (agency head) changed during a financial year.

The performance of an organization as judged by its key stakeholders has long been suggested as important for its continued existence. Such a relationship is well established for firms in the private sector, where a clearer bottom line of profitability often exists. In the public sector, performance tends to have more dimensions and the benefits and costs of activities are more contested. Still, a perspective exists which suggests that government agencies failing to deliver results for their stakeholders will lose support and are in greater danger of termination. Governing parties, as the key stakeholders, are expected to be more likely to terminate poorly performing agencies than ones they perceive to be performing well. Politicians concerned about re-election are likely to have an interest in agencies that effectively deliver their policy goals. Extremes of performance have previously been found to have political consequences, especially very poor performance, which suggests that the performance of government agencies will most clearly affect their survival when it is relatively high or low. We use data about performance of agencies against targets set and monitored by the responsible departmental minister, who is the predominant stakeholder for the agency, to assess performance each year.

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32 Boyne et al. 2009.
We extend the analysis of performance beyond performance targets to the broader context to consider factors that might not be picked up by targets. We use media attention to agencies, defined as the number of newspaper stories about each agency each year, as a proxy for this performance context. Media coverage is a valuable proxy because previous research has established that there is substantial negativity bias in press reporting of public service performance, such that attention predominantly reflects perceived problems with the agency.\textsuperscript{33} We also interact this variable with ministerial change and performance target achievement to see if these variables are more influential in a context of heightened interest in the agency.

The political institutional context of agencies has been recognized as an influence on their survival. For the United States, Lewis found that institutions protecting an agency from political interference such as having statutory status and being excluded from executive budgetary review processes reduce the risk of termination. However, subsequent work on American New Deal agencies suggests that initial institutional protection may not always endure in the later life of agencies.\textsuperscript{34} In parliamentary systems, many government agencies share a common institutional structure. These executive agencies report directly to ministers, not the legislature, and have relatively low autonomy from executive politicians in a system where overall autonomy for any public organization is limited. Here, theories of independence for credibility or blame shifting are of less relevance. The observation about the U.S. federal government that ‘presidents increasingly are faced with an accumulation of agencies over which they have little control’\textsuperscript{35} does not hold in

\textsuperscript{33} James 2004; Dixon et al 2013.

\textsuperscript{34} Lewis 2002; 2004; Boin, Kuipers and Steenbergen 2010.

\textsuperscript{35} Lewis 2004, 401.
general for executive politicians in parliamentary systems. There, theoretical arguments of how one branch of government insulates agencies from interference by the other are much less relevant as powers are fused.\footnote{Moe and Caldwell 1994; Huber and Lupia 2001; de Figueiredo 2002.} Executive politicians have less potential to shift blame and are centrally concerned with the performance of the agencies they set up and can abolish. While agency heads are held to account for operational performance by their supervising ministries, it is ministers themselves who are ultimately responsible for the agencies delivering their policies. A partial exception from ministers’ dominance over their agencies is where an agency draws on streams of funding separate from budgetary appropriations, normally by directly charging users for their services. These agencies are able to use this autonomy as a buffer to reduce resource based pressures for termination. We include a dummy variable for agencies that have formal financial autonomy in the raising of part of their budget through their own revenues by charging users. Another factor related to agencies’ capacity to defend themselves is agency size because it has been suggested that greater size partially insulates agencies from termination thanks to the larger constituencies an agency can assemble to protect itself.\footnote{Aldrich and Auster 1986; Wollebaek 2009.} We therefore also include a control variable for staff size.

The functions agencies serve may also influence their survival, bringing with them differences in the organizational environment.\footnote{Dess and Beard 1984.} We control for types of function, noting whether an agency is primarily oriented toward regulatory, research, or service outputs. The latter category is further split into agencies predominantly serving clients outside government and those predominantly serving inside government. Agencies’ chances of survival are also likely to be affected by the overall munificence

\[\text{Moe and Caldwell 1994; Huber and Lupia 2001; de Figueiredo 2002.}\]
\[\text{Aldrich and Auster 1986; Wollebaek 2009.}\]
\[\text{Dess and Beard 1984.}\]
of the fiscal environment.\textsuperscript{39} We therefore control for central government public spending in our analysis.

**Data and methods**

We test our propositions about the survival of government agencies by looking at all UK-wide executive agencies in the United Kingdom government, beginning with the first agencies of this type created in financial year 1988/89 and covering all such agencies directed by central government up to and including financial year 2011/12. The bodies were set up following the recommendations of a report by the Prime Minister’s Efficiency Unit called the ‘Next Steps’ for improving management in government, a term by which the reform to create executive agencies became known in the UK and internationally. We focus on these bodies because they were a new organizational form created to carry out the executive functions of government, constituting a break with the earlier form of organization when the executive functions were predominantly bundled up within departments rather than being handled by distinct organizations. Whilst some individual elements of the executive agency organizational model were used prior to 1989 (for example organisational mission statements and objectives), after this date, for the first time, the full model of organisation was systematically implemented across all of UK central government.

Executive agencies all share a defining governance structure comprised of a chief executive (agency head) with a senior management team, a Framework Document overseen by their parent department setting out the agency’s mission and objectives, and a regime of performance targets linked to the objectives. The chief executive is accountable for the agency and has considerable management freedom to

\textsuperscript{39} Lewis 2002; Adam et al. 2007.
deliver the agency’s objectives within the prescribed accountability to ministers. Agency heads are held to account for operational performance by their supervising departmental minister who also approves the agency framework document and performance targets. The minister is part of the government and is ultimately democratically responsible for the agency to the legislature and broader communities. Ministers have the power both to create and to abolish executive agencies without requiring legislation to change the organisational form and as such they provide a good test of our hypotheses concerning changes in the political executive leading to higher risk of abolition. The type of bodies we examine contrast with independent regulatory agencies that have become increasingly common in many OECD countries where credibility of policy is sought by giving these organisations formal protection against termination by political executives.40

Studying terminations of public organizations requires a clear definition of when the lifespan of an organization ends. Kaufman41 developed a concept of organizational survival based on an organization’s ability to maintain a boundary between itself and its environment. This concept has proved difficult to apply systematically, however, because organizational boundaries are difficult to measure. Many studies have relied instead on official lists of organizations which are not grounded in analytical concepts of survival, as is discussed in recent reviews of this literature.42 We define termination of a government agency as occurring when its governance structure (of defined roles for managers formally leading an organization and associated accountability mechanisms) has been ended. In the context of UK

40 See Gilardi 2008, who also discusses how even formally independent regulatory organisations vary considerably in their de facto independence from political executives in practice.
41 Kaufman 1976.

42 Rolland and Roness 2009; Laegreid and Verhoest 2010
executive agencies, we take the ending of a Framework Document to mark the ending of that distinct agency. We do not count change of name only as termination and require a termination to entail an ending of the agency governance structure.

Our analysis covers executive agencies for UK-wide functions in the period 1989 to 2012. Country-specific agencies for the devolved parts of the UK which report to the administrations of Wales, Scotland, or Northern Ireland are not included. Throughout the period these bodies reported to their corresponding territorial departments or to their formally devolved administrations since 1999. The specific local accountability arrangements and separate political executives operating in each devolved area mean they are not covered in our analysis.

We assess the hypothesized relationships between political congruence, agency performance, and the termination of agencies using survival analysis. This method attempts to avoid some of the problems which have been identified with earlier studies of organizational longevity. Kaufman found that many agencies in the US were highly durable by comparing agencies at the start and end of a period, ignoring agencies that came and went in the meantime and inflating his estimate of durability. By contrast, Lewis included all the agencies created and abolished in between the two snapshots used by Kaufman, resulting in much higher estimates of agency termination.43 We follow Lewis by including all agencies existing in the period 1989 to 2012 in our dataset. Figure 1 provides an overview of the total number of UK-wide agencies in each year since this type of organization began being established (financial year 1988/89). In the figure, the total number is also broken down into agency creations, agencies that live on in a year, and agencies that are in their final year, i.e. the year in which they are terminated.

We analyze agency survival using discrete time models with financial years as the unit of time. This approach matches performance information, collected annually (for each financial year\(^{44}\)), to survival periods. In our analysis, the dependent variable is whether agencies are terminated or not in a financial year (termination is coded 1; agencies that continue are coded 0). Eighty percent of all agencies terminated were formally shut down in the last two months of the financial year. We use logit to estimate our models. Under the following conditions, logit is a useful estimator for discrete time survival models such as ours (Allison 1984; Beck et al. 1998; Jenkins 2005): (i) the data are properly structured such that each row in the data set contains either one year at risk for an agency or the year in which the agency is terminated; (ii)

\(^{44}\)Financial year from 1\(^{st}\) April 1 to 31\(^{st}\) March; agencies reported closing 1\(^{st}\) April are included as ending in the financial year ending 31\(^{st}\) March.
there are no observations that do not either cover an agency-year at risk or an agency in the year of its termination; and (iii) the baseline hazard is modeled in some form. We fulfill all of these conditions. In particular, we model the baseline hazard fully non-parametrically by including one dummy for each agency age in our data set.

Our key explanatory variables include congruence at three levels: the party, the Prime Minister leading the party, and the departmental minister overseeing an agency. Party congruence is measured as congruence of the party administration setting up the agency with the party in control of government at a particular point in time, following the approach used by Lewis in the U.S. to examine political influence. We code party congruence as 1 for a given agency and financial year if the same party that established the agency is in control of government in that financial year, and 0 if it is not. For the current coalition, we code this variable as 1 if the agency was established by a Conservative government and the minister in control of the department supervising the agency is also Conservative, or if the agency was established by the current coalition. In any other case, this variable takes on the value of 0 for the present coalition government. Second, Prime Ministerial congruence is measured by whether or not the Prime Minister under whose rule an executive agency was established is still in power in a given financial year or not. Finally, ministerial congruence is measured by whether or not the minister who established an executive agency is still in office in a given financial year or not. In these data, no minister returned to an executive agency they established. Consequently, any ministerial succession implies ministerial incongruence, so, for all agencies, ministerial incongruence begins at the first ministerial succession in an agency’s lifespan, and

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45 Lewis 2002.

46 The coalition between the Conservatives and the Liberal Democrats began in May 2010.
continues to its termination or the end of the data set. Prime Ministerial and ministerial congruence imply party congruence\textsuperscript{47}, but ministerial congruence does not imply Prime Ministerial congruence. A number of ministers stayed on during the transitions from Margaret Thatcher’s government to John Major’s, and Tony Blair’s government to Gordon Brown’s.\textsuperscript{48}

In addition to these three different types of congruence, we separately assess the effects of party, prime ministerial and ministerial successions by including separate indicators for these events. For Prime Ministers, successions occur in the period covered in our dataset in the financial years ending in 1991 (John Major), 1998 (Tony Blair), 2008 (Gordon Brown), and 2011 (David Cameron). In each of these financial years, the new party, prime minister and minister variables are coded 1 when new and in any other financial year 0.

A further dummy variable captures the presence of a succession in the agency’s head (chief executive) to assess increased risk during the disruption following this discontinuity of leadership. We operationalize media attention for each agency by first counting the number of stories included in the Nexis UK newspapers data base referring to the agency within a financial year. We then obtain the over-time mean and standard deviation of the number of media stories for each agency over its life-span within our data set. Finally, for each observation (agency-financial year), we calculate a z-score of the number of media stories. The z-scores indicates the number of media stories away from the mean measured in units of the standard

\textsuperscript{47} There are no examples in our dataset where a minister overseeing an agency or a prime minister has switched party.

\textsuperscript{48} There is no case like Robert Gates, however, who was Secretary of Defense during both the George W. Bush and Obama administrations.
deviation of media stories for the agency. This measure shows whether media attention in the year is atypical and we include this variable separately as well as interacted with ministerial change and proportion of performance target met.

Agency performance is measured as the achievement of key targets set by ministers. The targets are discussed annually by the agency and the supervising ministerial department and are formally signed off by ministers, with each agency required to report publicly on them each year. Whilst the targets have changed from time to time, the percentage of targets met provides a useful measure of performance against dimensions agreed as important with the supervising minister, each year.\(^\text{49}\)

We incorporate performance in two different ways. First, we directly include the percentage of targets met. Second, we generate dummy variables for high and low performance on this metric relative to all agencies within the same financial year. High performance here is defined as a target achievement percentage more than one standard deviation above the within-financial year mean of all agencies, while low performance is defined as a target achievement percentage more than one standard deviation below the within-financial year mean of all agencies. For either operationalization, we additionally include interaction terms between target achievement and media attention using the media stories z-score introduced above.

Considering the proportion of targets met provides a way of comparing performance across a set of agencies handling different activities. This is similar to using the U.S. federal government’s (now discontinued) Program Assessment Rating Tool (PART) scores as indicators of performance.\(^\text{50}\) There is no evidence in the UK

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\(^{49}\) The performance information is available in agencies’ annual reports and in the Next Steps Annual Reviews produced by the UK Cabinet Office.

\(^{50}\) Lewis 2007; Gilmour and Lewis 2006a; Gilmour and Lewis 2006b.
that the agencies’ performance targets suffer from the apparent partisan bias that has been noted about the PART scores and they are less vulnerable because they serve a different purpose by being mainly a tool for ministers’ direct control over their agencies. At the same time, the targets do share some aspects of PART, such as extensive reliance on documented evidence.\textsuperscript{51}

We characterize agencies by function and institutional features. All executive agencies we examine were newly established as separate management structures at a point in time from 1988 onwards. However, most of the functions of these agencies were already being carried out by UK central government prior to the creation of these agencies. While most functions were carried out directly by central government departments, some were instead being produced by organizations with their own distinct governance structures. We include a dummy variable for executive agencies that are successors to such distinct organizations. In the base category are organizations that were units or sections within government departments; that were created from a split, a merger, or a replacement of an existing executive agency; and agencies that did not exist in any form prior to being set up as an executive agency.

We group agencies by their primary function, using three dummy variables, into those primarily producing for external customers (e.g. the public or private sector organizations), engaging in regulation, or conducting research. Agencies primarily producing for internal customers (i.e. government departments) form the base category. As noted above, function has been highlighted by previous work as potentially associated with survival.

As further controls, we operationalize agency size by the number of full-time equivalent permanent staff members. We include the overall amount of central

\textsuperscript{51} Gilmour and Lewis 2006a; Gilmour and Lewis 2006b; Heinrich 2012.
government spending\textsuperscript{52} to assess the importance of the fiscal context. We capture financial autonomy using an indicator for Trading Fund status. Agencies with this status have standing authority to use their receipts to fund expenditure, with receipts coming from charging users of the services directly, rather than relying solely on government appropriations. They can also establish reserves from their surpluses. This degree of financial independence is likely to make these agencies more immune to termination in challenging circumstances, for instance by permitting them the opportunity to dip into reserves, alter their pricing structures, or identify new sources of income.

For all time-varying explanatory variables we use a one-year lag to allow sufficient time for them to affect the risk of termination. The timing of our modelling strategy is shown for a two year example period in an appendix online at the sites given earlier for the data used in this article. Our one year time lag for the variables we evaluate hypotheses about and all other independent variables reflects the process of organizational closure because it takes several months to arrange from the initial decision. New ministers, prime ministers, or parties in control of government operate in this timeframe -but it does not take as long to close executive agencies as might be the case if legislation to abolish them was required.

It is very difficult to terminate an agency mid-way through a financial year because budgets have been set and 8 out of 10 terminations occur in the last two months of the financial year. Furthermore, if we did not lag our independent variables

\textsuperscript{52} This includes spending on the devolved administrations, executive agencies, Non-departmental Public Bodies and health trusts. This variable is adjusted for inflation, using the “Gross national expenditure deflator” drawn from the World Bank data online (accessed on March 13, 2012). The base year for the UK is 2005.
by a year, we would be at risk of our dependent variable, terminations, occurring before some of the other events that are our predictor variables occurring (for example an agency closing in October 1997 and a ministerial change occurring in November 1997!).

The data used for the analysis stem from a dataset covering all agencies created since the inception of the ‘Next Steps’ program—which saw the first executive agencies established in 1988/89—until 2011/12. Sources are official reports for the performance data, and official statistics for government expenditure and staffing numbers. Data on agency function and trading fund status are taken from agency reviews, Cabinet Office sources and agencies’ own annual reports. Start and end dates of agencies and details of terminations are taken from official sources including agencies’ annual reports. The ministerial change data incorporate information from online sources and an existing dataset of post-war ministerial turnover. Chief executive succession dates were gathered from agency annual

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54 Agency launch and termination dates and details of terminations are published in the Annexes to Civil Service Statistics, published annually by the Government Statistical Service (covering the period 1992-2002) and the Office for National Statistics Public Sector Employment which describes machinery of government changes affecting the Civil Service in its quarterly bulletins (2006-2012). Data for the periods in between are taken from agencies’ annual reports which are published as House of Commons Papers and are crossed checked with other official sources (NAO 2010).

55 Post War Administrations Dataset 1945-1997 (Berlinski, Dewan and Dowding 2012)
reports. Data on the number of media stories for each agency each year were collected by searching the online media stories database Nexis.\textsuperscript{56}

Findings

When reporting our models (in Tables 2 and 3), we compare the odds of \textit{continuation} \textit{versus discontinuation} of an agency, with continuation as the base category. All the models contain 1,291 observations on 153 executive agencies which existed during the period of our analysis. Each observation denotes a financial year or ‘spell’ of each agency in the dataset (see Table 1 for summary statistics of all variables in these models).

The pattern of terminations shows that government agencies are very far from immortal, extending findings from the US separation of powers system to this parliamentary context.\textsuperscript{57} In the period 1989-2012, the first agency termination occurred in financial year 1993/94. In our estimation sample, for the whole period, 109 agencies were terminated. The mean life span of an agency was 8.8 years and the median was seven, with the longest living for twenty-four years (and still going) and the shortest three years. While agencies themselves are not immortal, their functions come close, however. Of the agency terminations in our data, there are only two cases where an agency’s functions were terminated completely.

\textsuperscript{56}Searching twenty UK national newspapers including broadsheets and tabloids for the agency’s name for each financial year.

\textsuperscript{57}Lewis 2002; Lewis 2004.
Table 1: Summary Statistics

<table>
<thead>
<tr>
<th>Category</th>
<th>Mean</th>
<th>SD</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency terminated (dummy)</td>
<td>0.08</td>
<td>0.28</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Change in overseeing party (dummy)</td>
<td>0.10</td>
<td>0.30</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Party congruent (dummy)</td>
<td>0.44</td>
<td>0.50</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Change in Prime Minister (dummy)</td>
<td>0.15</td>
<td>0.35</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Prime Minister congruent (dummy)</td>
<td>0.26</td>
<td>0.44</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Change in overseeing minister (dummy)</td>
<td>0.43</td>
<td>0.50</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Founding minister oversees agency (dummy)</td>
<td>0.12</td>
<td>0.32</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Change in agency chief executive (dummy)</td>
<td>0.21</td>
<td>0.41</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>z-score of media stories relative to this agency’s history</td>
<td>0.03</td>
<td>0.93</td>
<td>-1.90</td>
<td>4.32</td>
</tr>
<tr>
<td>% of performance targets met</td>
<td>77.5</td>
<td>20.4</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>High performing relative to all agencies in the same financial year (dummy)</td>
<td>0.25</td>
<td>0.43</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Low performing relative to all agencies in the same financial year (dummy)</td>
<td>0.17</td>
<td>0.37</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Formerly a distinct organization prior to being an executive agency (dummy)</td>
<td>0.11</td>
<td>0.32</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>External function (dummy)</td>
<td>0.36</td>
<td>0.48</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Regulatory function (dummy)</td>
<td>0.20</td>
<td>0.40</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Research function (dummy)</td>
<td>0.08</td>
<td>0.27</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Number of employees (100s of FTE)</td>
<td>32.6</td>
<td>97.0</td>
<td>0.2</td>
<td>826.5</td>
</tr>
<tr>
<td>Central govt. spending (constant £ bn.)</td>
<td>325.8</td>
<td>53.9</td>
<td>243.1</td>
<td>442.5</td>
</tr>
<tr>
<td>Trading fund status (dummy)</td>
<td>0.23</td>
<td>0.42</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Summary statistics are provided for the estimation sample of 1,291 observations on 153 agencies. All time varying right hand side variables are lagged by one year. For the dummy variables, the mean is the proportion of the included category in the data.

To test our hypotheses, we estimate two sets of discrete-time survival models, with a logit link function. We make no assumptions about the baseline hazard –it is modeled non-parametrically by including a dummy variable for each of the ages of executive agencies included in our analysis. Table 2 shows two models with performance operationalized linearly, as a percentage of targets achieved. Table 3 shows an alternative specification with performance operationalized discretely, with dummies for high and low performance relative to all agencies within a financial year. All other variables are the same as in Table 2.

We examined whether hazards are proportional. This assumption is violated for ministerial change and we addressed this non-proportionality in two ways. The
first is to multiply ministerial change by the survival time of agencies, in other words, by agency age. Models incorporating this approach are in the first numerical columns of Tables 2 and 3. The second approach is to break up the ministerial succession indicator into two dummy variables: change from the minister who established the agency to another overseeing minister, and any subsequent changes in overseeing ministers. This distinction is of theoretical interest, as the first minister to take over responsibility for a new agency is, in most cases, overseeing a fledgling organization. The mean ministerial tenure of 28.7 months of ministers, including those creating agencies, results in new ministers taking on new agencies that are only a year or two old at that time of this first ministerial succession. This time-span is too short to show sufficient outputs for a decision about its merits to be made, and abolishing an agency that had just been set up would likely to raise questions about ministerial competence rather than demonstrating competence.

We address issues of potential left or right-censoring in our analysis. Left-censored spells would be cases where an agency was already in existence before it entered our data set and experienced a termination. In a strict sense, there is no case like this since there were no executive agencies prior to the start of our data (financial year 1988/89). In a broader sense, however, there is a concern in that some executive agencies, while their formal creation marks their entry into our data set, have had predecessor organizations within central governments. Our analysis therefore includes a dummy variable for agencies that previously were organised as separate bodies outside of a department but within central government and as such had some
management freedoms before being restructured as an agency, although they did not have the full package of governance arrangements that define executive agencies.⁵⁸

As is common in large parts of the literature using survival analysis, and all analyses of the survival of government agencies, we assume that the process leading to the right-censoring point (in our case, the end of our data collection) is independent of the processes determining the length of time an agency survives. If this assumption is correct, right-censoring, that is, an end to data collection at a particular point in time, does not make our estimator inconsistent. This approach is reasonable because the data period encompasses the important types of event that theory suggests might potentially affect the survival of agencies. We have no reason to believe that there are types of events or changes to the agency landscape that occur after 2012 that are likely to affect agency survival in ways which are different to those which occur within our time period. Two factors that arguably affect context, the current period of spending austerity and the Conservative/Liberal Democrat coalition, date from 2010 and are included in our analysis. There are also other periods of tight spending associated with fiscal squeeze in our dataset as well as the current one, for example in the early 1990s. We address dependence of some of the terminations in our estimation sample. There are 16 instances where two or more agencies have linked deaths because they become merged into a new or different entity. We address this non-independence by clustering our standard errors on the sets of linked agencies. All of our models incorporate this adjustment.

⁵⁸ We checked for endogeneity of the dummy variable with possible selection effects such that formerly freestanding organizations differed in their survival in ways not fully modelled, inducing inconsistency. Our sensitivity analysis tested whether the sign and statistical significance of our explanatory variables changed when previously freestanding organizations are excluded. In three out of four specifications all findings remained the same. In the right-hand specification in Table 3, the only change is that the media stories z-score base term drops just below statistical significance but retains its positive sign. Overall this analysis reveals no substantial selection effect.
We report the results of our statistical models in Tables 2 and 3. The odds of the event of termination are instances of the agency being terminated divided by instances of the agency continuing its existence for another financial year. We report odds ratios in Tables 2 and 3. Odds ratios are the odds for the event of termination for a level of an independent variable divided by the odds for the event of termination at a one unit lower level of the same independent variable. The odds ratios are obtained by taking the exponential of the estimated logit model coefficients. An odds ratio smaller than one indicates that a one unit increase in a variable is associated with reducing the odds of termination by that multiple whereas an odds ratio greater than one indicates that a variable is associated with increased odds of termination by that multiple. For our dummy variables of change in the political executive the odds ratio shows the factor of increase or decrease in the odds for the change compared to the reference category of no change in that variable.
Table 2: Discrete-time analysis of executive agency survival with performance against targets as a percentage

<table>
<thead>
<tr>
<th>Model Description</th>
<th>Linear Performance Model (i)</th>
<th>Linear Performance Model (ii)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in governing party (dummy)</td>
<td>1.281</td>
<td>1.392</td>
</tr>
<tr>
<td></td>
<td>(0.327)</td>
<td>(0.471)</td>
</tr>
<tr>
<td>Party congruent (dummy)</td>
<td>1.153</td>
<td>1.181</td>
</tr>
<tr>
<td></td>
<td>(0.939)</td>
<td>(1.036)</td>
</tr>
<tr>
<td>Change in Prime Minister (dummy)</td>
<td>0.895</td>
<td>0.841</td>
</tr>
<tr>
<td></td>
<td>(-0.166)</td>
<td>(-0.262)</td>
</tr>
<tr>
<td>Prime Minister congruent (dummy)</td>
<td>1.381</td>
<td>1.465</td>
</tr>
<tr>
<td></td>
<td>(1.040)</td>
<td>(1.119)</td>
</tr>
<tr>
<td>Change in overseeing minister (dummy)</td>
<td>1.026</td>
<td>0.963</td>
</tr>
<tr>
<td>Change in overseeing minister × agency age</td>
<td>1.012</td>
<td>(1.180)</td>
</tr>
<tr>
<td>Change in overseeing minister × agency age × z-score of media stories relative to this agency’s history</td>
<td>0.543*</td>
<td>0.440**</td>
</tr>
<tr>
<td>Founding minister oversees agency (dummy)</td>
<td>(1.942)</td>
<td>(-2.120)</td>
</tr>
<tr>
<td>Change from founding minister (dummy)</td>
<td>1.109</td>
<td>1.065</td>
</tr>
<tr>
<td></td>
<td>(0.584)</td>
<td>(0.381)</td>
</tr>
<tr>
<td>% of performance targets met</td>
<td>0.995</td>
<td>0.996</td>
</tr>
<tr>
<td></td>
<td>(-1.334)</td>
<td>(-1.240)</td>
</tr>
<tr>
<td>% of performance targets met × z-score of media stories relative to this agency’s history</td>
<td>1.000</td>
<td>0.999</td>
</tr>
<tr>
<td></td>
<td>(-0.082)</td>
<td>(-0.255)</td>
</tr>
<tr>
<td>Formerly a distinct organization prior to being an executive agency (dummy)</td>
<td>0.906</td>
<td>0.956</td>
</tr>
<tr>
<td></td>
<td>(-0.556)</td>
<td>(-0.248)</td>
</tr>
<tr>
<td>External function (dummy)</td>
<td>0.479***</td>
<td>0.475***</td>
</tr>
<tr>
<td></td>
<td>(-3.102)</td>
<td>(-3.269)</td>
</tr>
<tr>
<td>Regulatory function (dummy)</td>
<td>0.266***</td>
<td>0.259***</td>
</tr>
<tr>
<td></td>
<td>(-4.459)</td>
<td>(-4.736)</td>
</tr>
<tr>
<td>Research function (dummy)</td>
<td>0.757</td>
<td>0.763</td>
</tr>
<tr>
<td></td>
<td>(-0.562)</td>
<td>(-0.528)</td>
</tr>
<tr>
<td>Number of employees (100s of FTE)</td>
<td>1.001</td>
<td>1.001</td>
</tr>
<tr>
<td></td>
<td>(0.812)</td>
<td>(0.835)</td>
</tr>
<tr>
<td>Central govt. spending (constant £ bn.)</td>
<td>0.996**</td>
<td>0.996**</td>
</tr>
<tr>
<td></td>
<td>(-2.097)</td>
<td>(-2.363)</td>
</tr>
<tr>
<td>Trading fund status (dummy)</td>
<td>0.352***</td>
<td>0.338***</td>
</tr>
<tr>
<td></td>
<td>(-7.218)</td>
<td>(-7.155)</td>
</tr>
<tr>
<td>Observations</td>
<td>1,291</td>
<td>1,291</td>
</tr>
<tr>
<td>Executive agencies</td>
<td>153</td>
<td>153</td>
</tr>
<tr>
<td>Log-likelihood</td>
<td>-335.8</td>
<td>-329.6</td>
</tr>
</tbody>
</table>

These discrete-time survival models are estimated by logistic regression. All time varying right hand side variables are lagged by one year. The figures provided are odds ratios; odds ratios greater than one indicate an increased risk of agency termination, and odds ratios less than one a reduced risk. The figures in parentheses are z-statistics, adjusted for clustering for each set of that are dependent on each other in terms of their termination. That is, there are 16 clusters. The baseline hazard is fully non-parametric, i.e. we include a dummy variable for each agency age existing in these data with variation in terms of agency survival (we include dummies for 18 ages). These dummy variables are not listed here. * significant at 10%; ** significant at 5%; *** significant at 1%.
Table 3: Discrete-time analysis of executive agency survival with performance against targets relative to all other agencies in the same financial year

<table>
<thead>
<tr>
<th>Relative performance model</th>
<th>(i)</th>
<th>(ii)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in governing party (dummy)</td>
<td>1.300</td>
<td>1.408</td>
</tr>
<tr>
<td>Party congruent (dummy)</td>
<td>1.116</td>
<td>1.143</td>
</tr>
<tr>
<td>Change in Prime Minister (dummy)</td>
<td>0.915</td>
<td>0.858</td>
</tr>
<tr>
<td>Prime Minister congruent (dummy)</td>
<td>1.405</td>
<td>1.499</td>
</tr>
<tr>
<td>Change in overseeing minister (dummy)</td>
<td>1.012</td>
<td>0.805</td>
</tr>
<tr>
<td>Change in overseeing minister × agency age</td>
<td>1.010</td>
<td>(1.187)</td>
</tr>
<tr>
<td>Change from founding minister (dummy)</td>
<td>0.527**</td>
<td>0.427**</td>
</tr>
<tr>
<td>Founding minister oversees agency (dummy)</td>
<td>(-2.036)</td>
<td>(-2.231)</td>
</tr>
<tr>
<td>Change in agency chief executive (dummy)</td>
<td>1.148</td>
<td>1.103</td>
</tr>
<tr>
<td>z-score of media stories relative to this agency’s history</td>
<td>1.359***</td>
<td>1.271***</td>
</tr>
<tr>
<td>High performing relative to all agencies in the same financial year (dummy)</td>
<td>1.089</td>
<td>1.129</td>
</tr>
<tr>
<td>High performing relative to all agencies in the same financial year (dummy) × z-score of media stories</td>
<td>1.011</td>
<td>0.986</td>
</tr>
<tr>
<td>Low performing relative to all agencies in the same financial year (dummy)</td>
<td>0.870</td>
<td>0.907</td>
</tr>
<tr>
<td>Low performing relative to all agencies in the same financial year (dummy) × z-score of media stories</td>
<td>(-0.832)</td>
<td>(-0.560)</td>
</tr>
<tr>
<td>Formerly a distinct organization prior to being an executive agency (dummy)</td>
<td>0.925</td>
<td>0.980</td>
</tr>
<tr>
<td>External function (dummy)</td>
<td>0.474***</td>
<td>0.468***</td>
</tr>
<tr>
<td>Regulatory function (dummy)</td>
<td>0.258***</td>
<td>0.251***</td>
</tr>
<tr>
<td>Research function (dummy)</td>
<td>0.716</td>
<td>0.713</td>
</tr>
<tr>
<td>Number of employees (100s of FTE)</td>
<td>1.001</td>
<td>1.001</td>
</tr>
<tr>
<td>Central govt. spending (constant £ bn.)</td>
<td>0.995***</td>
<td>0.995***</td>
</tr>
<tr>
<td>Trading fund status (dummy)</td>
<td>0.346***</td>
<td>0.332***</td>
</tr>
<tr>
<td>Observations</td>
<td>1,291</td>
<td>1,291</td>
</tr>
<tr>
<td>Executive agencies</td>
<td>153</td>
<td>153</td>
</tr>
<tr>
<td>Log-likelihood</td>
<td>-335.9</td>
<td>-329.8</td>
</tr>
</tbody>
</table>

These discrete-time survival models are estimated by logistic regression. All time varying right hand side variables are lagged by one year. The figures provided are odds ratios; odds ratios greater than one indicate an increased risk of agency termination, and odds ratios less than one a reduced risk. The figures in parentheses are z-statistics, adjusted for clustering for each set of that are dependent on each other in terms of their termination. That is, there are 16 clusters. The baseline hazard is fully non-parametric, i.e. we include a dummy variable for each agency age existing in these data with variation in terms of agency survival (we include dummies for 18 ages). These dummy variables are not listed here. * significant at 10%; ** significant at 5%; *** significant at 1%. 

These discrete-time survival models are estimated by logistic regression. All time varying right hand side variables are lagged by one year. The figures provided are odds ratios; odds ratios greater than one indicate an increased risk of agency termination, and odds ratios less than one a reduced risk. The figures in parentheses are z-statistics, adjusted for clustering for each set of that are dependent on each other in terms of their termination. That is, there are 16 clusters. The baseline hazard is fully non-parametric, i.e. we include a dummy variable for each agency age existing in these data with variation in terms of agency survival (we include dummies for 18 ages). These dummy variables are not listed here. * significant at 10%; ** significant at 5%; *** significant at 1%.
Our hypotheses concern political executive congruence and transitions. There is no evidence that party congruence or changes in political party control are associated with agency termination, nor do we find a systematic relationship between Prime Ministerial congruence or succession and agency termination. Looking at ministers, however, we find a pattern in accordance with the expectations of our theory. Being overseen by the minister who established an agency is associated with substantially lower odds of termination in all our models with a minimum estimate of 46% lower and a maximum of 57% lower odds.

We also report the relationships using predicted probabilities of termination. Whilst the predicted probability of termination remains low in all cases, ministerial variables are associated with sizeable and statistically significant percentage changes in the probabilities. The presence of the founding minister for the agency lowers the probability of termination. Using the example of model 2 (ii) calculated at mean values, being overseen by the founding minister is associated with a four percentage point lower predicted probability of termination of 0.05 (plus or minus just under 0.02 in a 95 percent confidence interval) rather than 0.09 (plus or minus 0.02 in a 95 percent confidence interval). These findings suggest that ministers do not change their priorities within their period of tenure so drastically that they abolish agencies they themselves had set up. This is consistent with wanting to appear competent, especially in the context of the short length of most ministers’ tenure as discussed previously, where such an immediate volte-face might suggest lack of command of the ministerial brief.

We analyze the relationship between termination of agencies and ministerial succession for different forms of succession. We find that it is not the change from the founding minister that increases risk but rather the changes from the second
Tables 2 and 3 report that the first ministerial change in an agency’s lifespan is associated with a reduced risk of termination whereas subsequent ministerial changes are associated with an increased risk of termination. This finding is in accordance with ministers terminating agencies to reflect new policy goals or to provide a signal about their competence, their high standards for government activity and their motivation. The initial phase of an agency’s existence, before the agency has had time to be fully established, is too short a time span for ministers to decide to terminate the agency. No agencies were abolished within two years of being set up and only one within three years, the rest surviving to four years or longer. In terms of changes of minister, 77 percent of first ministerial changes (110 out of 142) occurred in this initial phase within three years of an agency being set up. In contrast, new ministers that were subsequent to the first replacement minister occurred just 5 percent of the time (21 out of 414 replacements of subsequent ministers) in the first three years of an agency being established.

The increased odds of termination following a subsequent ministerial change are evident where an agency is featured in a large number of media stories relative to its historical level of media attention. The predicted probabilities of termination following a subsequent ministerial change for different levels of the variable media stories z score are shown in Figure 2. A plausible interpretation of this finding is that, given the negativity bias of the British media, agencies that become the focus of the media (with z scores above zero) are not performing well in the eyes of ministers, even though they may achieve a high percentage of their performance targets. In such a case, incoming ministers can be expected to weigh an agency’s perceptions in the media when deciding the agency’s fate.
Agency performance against targets does not affect the odds of termination. This finding contrasts with other contexts where effects of formally assessed performance measures on public management have been found, notably in U.S. school districts\(^{59}\) and English local government\(^{60}\) where poor performance is associated with shortened tenure for those responsible for these bodies. However, our findings relate to organizational survival rather than the tenure of individual chief executives or management teams and suggests that underperforming agencies can

\(^{59}\) Berry and Howell 2007.

\(^{60}\) Boyne et al. 2009.
survive whilst failing to hit their performance targets. In contrast to executive agencies, local government performance measures were more widely reported in the press and known among important segments of the electorate. Executive agency performance targets may not capture scandals and other unexpected negative outcomes from agencies that might lead ministers to act against them, and is better reflected in our media attention variable. Ministers tolerate the continuation of agencies that meet a relatively low proportion of their performance targets compared to other agencies, although it is an open question whether performance against targets influences agency chief executives’ tenure.

Some examples illustrate the phenomenon of ministers coming into control of departments and terminating agencies that had passed through their initial phase of being set up. In all these examples, the agencies were performing well against their targets. The Central Science Laboratory was terminated after 16 years of operation in financial year 2008-09, following the appointment of Hilary Benn as Secretary of State for the Environment in 2007-08. The Laboratory met 90% of its targets in its final year of operation but the termination reflected the new minister’s priorities, with Benn announcing that the change would ‘strengthen Defra’s ground-breaking food, farming and environmental research programme.’ Similarly, Liam Fox was appointed as Secretary of State for Defence in the financial year 2010-11. Several Ministry of Defence executive agencies under his oversight were terminated in the following financial year. These were the People, Pay and Pensions Agency (5 years old at termination), the Defence Vetting Agency (14 years old at termination) and the Service Personnel and Veterans Agency (4 years old at termination). These three

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61 Agencies that were terminated did not operate under a different number of targets during their final years, which might have affected the proportion of targets they could hit, but found no evidence in support of this possibility. A Wilcoxon signed-rank test of the difference in the average number of targets from those in the final two years failed to reject the null hypothesis of no difference (p = .41).

agencies had each met over 90% of their targets in the two years prior to their abolition, with the exception of one agency for one year. However, the new minister had a new assessment of the potential for better performance with the terminations justified to ‘provide high quality professional services more efficiently and with fewer civil servants.’

Agencies primarily serving external customers and agencies with regulatory functions have lower odds of termination than those providing internal services to government departments, our base category. It is possible that having external constituencies makes it harder for agencies to be abolished. Constituencies outside of government may have their own reasons for maintaining agencies and blocking their reorganization. For example, the Vehicle Certification Agency works closely with the car industry on vehicle standards. In the case of regulatory agencies, regulatory functions are usually specified in legislation. These functions may be more difficult to transfer to replacement organisations than the function of provision of services within government, reducing the risk of regulatory agency terminations even if those agencies do not have formal protection from termination by ministers as would be the case for independent regulatory bodies.

Central government spending in real terms is negatively associated with the risk of executive agency termination, though the substantive magnitude of this relationship is small. Agencies that are trading funds, raising part or all of their finance through user fees and other charges instead of depending on appropriations, are at reduced risk of termination through reorganization compared to other agencies. Substantively, having trading fund status reduces the predicted probability of termination, calculated at the mean, by four percentage points from 0.09 (plus or

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minus 2 percent in a 95 percent confidence interval) to 0.05 (plus or minus just under 2 percent in a 95 percent confidence interval).

**Conclusion**

Departmental ministers are key actors in determining the survival of government agencies in the UK parliamentary system. In the absence of electorally visible performance criteria for ministers and the agencies they oversee, and given the short tenure in particular posts, ministers find the abolition of agencies a way to signal their policy intent and control of the organizational structure of government. These findings lend support to research on policy agendas in the UK and other countries which has found changes in attention to policy programs following changes in party government and prime ministers.\(^{64}\) It extends the insight about the consequences of changes in executive politicians to changes in the organization of government agencies and points to the importance of changes in individual departmental ministers in this process. In so doing, it also provides support for research that emphasizes the importance of these ministers as key actors in parliamentary systems.\(^{65}\)

We find that politics, here in the form of ministerial succession, trumps performance in determining agency survival. This finding extends the generality of the primacy of politics over programme performance that has been found in other contexts, notably in the determination of appropriations to federal programs in the U.S.\(^{66}\) Agency performance does not seem important for agency survival in the eyes of UK ministers, which is a potentially surprising result given ministers’ interest in

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\(^{64}\) Baumgartner and Jones 2009; Jennings and John 2009; John and Jennings 2010.

\(^{65}\) Blondel 1985; Dowding and Dumont 2009; Berlinski, Dewan and Dowding. 2012

\(^{66}\) Gilmour and Lewis 2006a; Gilmour and Lewis 2006b.
targets being met in order to avoid being blamed for low performing agencies. We suggest that their incentives are to announce new initiatives and avoid negative media attention, reflected in terminating agencies, rather than planning to raise long term performance. The idea of ministerial hyper-activism is a common view of UK central government but is relatively little studied with systematic empirical evidence, and our findings provide support for this thesis.

The high level of organizational instability in the system creates disruption costs as agencies are terminated\textsuperscript{67} that are not demonstrably balanced by improved performance. Using central government’s own measures we assessed if new agencies performed better than those they replaced either as a consequence of a merger or an outright replacement. We compared all pairs of predecessor and successor agencies in our data on the proportion of targets met, subtracting the former from the latter to create a measure of difference in target achievement. The mean was -1.8 (median -1.6) indicating slightly higher performance by the predecessor agencies (although not statistically significantly different, a Wilcoxon signed-rank test failed to reject the null hypothesis of no difference (p = .42)). These findings raise serious policy questions about the operation of this form of reorganization of government, which appears to have neither performance causes nor performance consequences on the measures presented by government as a key mechanism for their accountability.

The agency characteristics that we find are associated with survival – function of the organisation and financial autonomy – indicate that ministerial politics does not explain the whole picture. Institutional design has previously been noted as an important influence on survival in other contexts.\textsuperscript{68} Executive agencies in the UK share a lack of legal protection from termination but our research design allows us to

\textsuperscript{67} James 2003; White and Dunleavy 2010.
\textsuperscript{68} Lewis 2002; Boin, Kuipers and Steenbergen 2010.
address an important aspect of institutional design by examining funding as a variable influencing de facto protection from political stakeholders. We find that autonomy to raise revenues provides an agency with some protection against termination. Other jurisdictions vary from the UK in legal and broader constitutional structures that introduce more actors who could act as veto players and potentially block agency terminations. For example, Sweden is a parliamentary system in which many agencies have legal protection which insulates them from ministers. This cross-national variability could be used in comparative research to further analyze the effect of institutional factors that our findings suggest are likely to be important influences on agency survival. Future research could also further develop the analysis of agency leadership effects on survival. We include change in agency leadership in our analysis and do not find an effect. However, avenues for future research include the effects of the personal characteristics and management strategies of agency chief executives on overseeing ministers’ desires to terminate the bodies they lead.

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69 Tsebelis 2002.

70 Olsen 2009.
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