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Agency termination in the UK: what explains the ‘Bonfire of the Quangos’?

Abstract

In October 2010, the UK’s Coalition Government announced a radical reduction in the number of public bodies in the UK. This research tests the impact of three factors identified in the termination literature as affecting agency survival: political turnover (Lewis, 2002), age (Downs, 1967) and agency type (Gash et al, 2010). The research found that advisory NDPBs were five times more likely to have been identified for abolition or merger than other agency types. The research also found that agency age was a factor, but that political turnover was not significant.

Introduction

On 14th October 2010, the UK’s Conservative-Liberal Democrat Coalition Government published the outcome of its review of public bodies and a set of proposals for a programme of substantive change. *Public Bodies Reform: Proposals for Change* (Cabinet Office 2010) is the culmination of a review process set out in the Coalition Agreement and encompassed almost every one of HM Government’s public bodies. It is possibly the largest ever single programme of reform of government agencies proposed anywhere in the world, and as such provides a unique opportunity to test some core assumptions about agency longevity covered by the

agency termination literature. It also provides an opportunity to examine agency termination in the UK context, a country which to date has not been the subject of any significant academic interest in this field (Adam et al 2007).

The Conservative-Liberal Democrat Coalition Government is not the first to introduce a reviews of public bodies (HC Public Administration Committee 2010, p17). Since 1979, successive governments have introduced review processes and programmes of reform for the public body landscape, much of which has resulted in little change in the extent of the ‘quango-state’ (HoC Library 2011, p13). Indeed, the current review has not been without problems, with three key issues being relevant. First, many of the bodies for which the review proposed substantive change or abolition are on a statutory footing, and the Coalition Government proposed a single piece of legislation to enable each of these changes. This legislation, the *Public Bodies Reform Act 2011*, had a difficult passage in Parliament; it was subject to a number of amendments and significant delays (HoC Library 2011).

Secondly, a number of questions have been raised about the purpose of the reform programme. The possibility of such reform was first raised by David Cameron, then Leader of the Opposition, in a speech in July 2009. In this speech, he identified three drivers of reform; accountability, efficiency and cost savings (Cameron 2009). But which of these was most important? Much of the pre-election discussion around the reform was focused on the need to increase accountability, and this is certainly how the reform was framed after the election by both the responsible minister and the Cabinet Secretary. Giving evidence to the Public Accounts Committee, Sir Gus

O'Donnell, then Cabinet secretary, stated that the "primary reason for the reforms to public bodies is to ensure accountability rests in the right place" (HC Public Administration Committee 2010, p29). Questions have been raised about the level of involvement and consultation on the proposed changes, with many public bodies reporting that they were unaware and uninvolved in the review process (HC Public Administration Committee 2010, p13). But that committee found that some of the proposed reforms were not about accountability at all, but were rather driven by the need to reduce the costs of government. The third objective identified by David Cameron, that of efficiency, seems to have played little part in the review process.

The process of the review itself has also been questioned. The Coalition Government has stated that each agency was subjected to a three part test to determine whether it should be retained, reformed or abolished. To survive the reform programme, an agency was required to satisfy one of these tests: does the agency undertake a precise technical function; is it necessary for impartial decisions to be made about the distribution of taxpayers' money; or, does it fulfil a need for facts to be transparently determined, independent of political interference? (HC Library, 2011, p4). Having considered evidence from a number of public bodies, government departments and others, the House of Commons Public Administration Committee concluded that the tests were inconsistently applied, and that in some cases the tests might not have been applied at all (HC Public Administration Committee 2010, p13-14). This raises an obvious question; if agency survival through the review was not dependent on an objective test, what other factors might have been significant? Although the Public Administration Committee did not suggest what other factors might have been

relevant, the extant agency termination literature does identify a number of possible explanations.

Conceptualising agency termination

Given the significant role that public bodies play in the policy process and the large number of attempts to reform and abolish such bodies in the UK and elsewhere, it is surprising that such little academic attention has been paid to termination.

Daniels (2001; p251) identifies a number of reasons for this lack of interest, and suggests that the significant issues faced in defining termination as a plausible explanation. He is not alone in identifying such issues; Peter deLeon (1978) was one of the first to identify such challenges, which have subsequently been raised by Park (2013; p416), Greenwood (1997; p2121) and Ferry and Bachtler (2013; p256). There are three inter-related layers of complexity that need to be addressed in terms of defining (as opposed to explaining) termination, namely; (1) what constitutes termination as distinct from other forms of change (2) what is being terminated (is it policy, programme, function, or organisation) and how might these forms be related, and (3) at what point can it be established that a policy, programme, function or organisation has ceased to exist.

Drawing on definitions provided by Gary Brewer, Peter deLeon (1983), Mark Daniels (2001) and Herbert Kaufman (1976), termination might be considered to be the premeditated and deliberate conclusion or cessation of specific government functions, policies, programmes or organisations. Such definitions are broad enough to encompass several forms of termination yet sufficiently narrow to rule out programme mergers, policy change or organisational restructuring. It is here that the first problem arises; how do we distinguish termination from succession, (Greenwood, 1997; p2121), modification (Hogwood and Peters, 1982), dismantling (Jordan, Bauer and Green-Pedersen, 2012) or other forms of change? While a narrowly scoped definition provides intellectual clarity, it does ignore the highly complex nature of public policy; that termination may occur over time, may be partial (Peters and Hogwood, 1983), or where policy change is so fundamental as to be termination in all but name. As such, the difference between termination and change is a pragmatic, rather than theoretical, distinction (Park, 2013; p416) or a methodological problem (Howlett and Cashore, 2009; 37).

There is also some debate in the literature the forms of termination. While several writers identify termination of function, policy, programme or organisation, it is unclear whether these are simply different forms of policy termination or whether, as Kaufman has suggested, organisational or agency termination is distinct from policy termination. While the research presented in this article concerns agency termination, there are clear synergies with the policy termination literature. Many of the key theoretical and empirical questions and gaps in our knowledge and understanding of

agency termination are also present in policy termination research, and policy termination is where much renewed interest and research is currently focused. There is also connectivity in the real world between these forms of termination; policy change or termination may result in agency restructure or termination, as suggested by the ongoing dismantling of regional policy in England by the current UK Coalition Government identified by Ferry and Bachtler (2013), which has involved the termination of Regional Development Agencies, included in this article.

There is also the issue of timing. Despite frequent attempts to terminate policies, programmes and agencies (Daniels, 2001; p251), termination intentions do not necessarily mean that functions, policies, programmes or organisations will be terminated (Ferry and Bachtler, 2013; p257). There is a substantive literature, from different theoretical perspectives, that might be used to explain such failure. Indeed, much of the early agency termination literature can more accurately be described as agency survival literature, as it generally focused on explaining agency longevity rather than explaining the causes of termination (O’Leary, 2011; p6).

It is not the purpose of this paper to resolve these theoretical challenges. Rather, this paper seeks to examine whether agency survival through the *Public Bodies Reform* process was affected by factors other than the three-part test used by the Coalition Government. In doing so, it tests three factors identified in the literature as being significant in agency survival. These factors are age (Downs 1967), political turnover (Lewis 2002) and agency type (Gash et al 2010).

Method

Published information was used to acquire data on the specific proposals set out by the Coalition Government for each of the bodies covered by the review. These data include the name of the agency, the outcome proposed by the Coalition Government, the type of public body, the date established, the number of staff employed and total amount of government funding. These data were collected from five key sources: the specific proposals are set out in a Cabinet Office document published on 14th October 2010, which lists each of the bodies covered by the *Public Bodies Reform* programme by sponsoring department. This lists n=356 separate proposals covering a total of n=901 bodies, of which n=341/356 cover a single public body and n=15/356 cover more than one public body (ranging from two bodies to 161 bodies). Of the proposals, n=39/356 were subject to further review. In October 2011, the Cabinet Office published an update of the n=356 proposals, including any changes and outcome of the n=39/356 further reviews. Data from both of these publications have been used to provide a complete picture of the government's proposals. ***Public Bodies 2009*** provides a list of each Non Departmental Public Body (NDPB)(NDPBs are a type of public body and, as such, this document provides information on a subset of public bodies in the UK) as of 31st March 2009 and includes sponsoring department and type; ***Public Bodies 2006*** provides more comprehensive information, of which level of government funding and number of staff employed were included in the model. ***Public Bodies 2006*** also includes information on board arrangements and whether the agency performs regulatory functions. It also provides information

on public bodies other than NDPBs. Finally, internet searches were performed to acquire missing data. These data were used to examine whether factors other than the three-part test were significant in agency survival through the review process.

Binary logistic regression was performed to assess the impact of a number of factors on the likelihood that agencies would survive the review process. These factors: age, political turnover and agency type are all identified in the extant literature as being factors that determine the survival rate of government agencies outside the UK. The three hypotheses that the model seeks to test are:

- H₁ Younger agencies are more likely to be abolished.
- H₂ That agencies established under Labour administrations are more likely to be abolished than those established under Conservative administrations.
- H₃ That advisory NDPBs are less likely to survive than other forms of agency.

To test these factors, the dependent variable was identified as the outcome of the review. *Public Bodies Reform* included a number different possible outcome for each body reviewed, including ‘retain’, ‘retain and reform’. ‘merge’, ‘no longer a public body’ and ‘under consideration’. To enable logistic regression, a dummy variable was created, with a simple ‘retain’ or ‘not retain’ outcome. Where *Public Bodies Reform* identified the proposal as ‘retain’ or ‘retain and reform’, these outcomes were recoded as ‘retain’. The other proposals types (no longer public body) were recoded

as 'not retain'. The 'under consideration' outcome was recorded as 'missing' for the purposes of regression.

The 'merge' category has presented problems for this analysis. Several writers (Howlett and Cashore, 2009; Bauer, Jordan, Green-Pedersen and Heritier, 2012) have raised the 'dependent variable problem' within the termination literature, both in terms of theoretical and (as here) in analytical application. As mentioned above, government departments were inconsistent in their application of the assessment criteria and in how the outcomes of individual reviews were conducted. The 'merge' category appears to cover a number of different potential outcomes, with merger being used where bodies were taken over by another NDPB, where the number of bodies has been reduced or where two or more bodies have been merged on a more or less equal footing. Of the n=118/901 merger proposals, n=101/901 relate to Advisory Committees on JPs, where the proposal to merge was to reduce the number of committees to forty eight. To account for this, I have coded the merge proposals as 'retain', with the exception of fifty three in relation to Advisory Committees on JPs, which have been coded as 'not retain'.

In terms of age, I have used year established data provided by agencies themselves to the Cabinet Office as part of the production of *Public Bodies 2006* and on their websites. Generally, this use is consistent with a definition of agency termination that focuses on form, as it does not take account of agencies that might be successors to previously differently name or constituted bodies, or have inherited functions from now defunct bodies. The extant literature suggests two differing ways in which age

might affect agency survival rates. Lowi (1979, p309) and Downs (1967) both suggest that longevity is a factor in agency survival; that is, older agencies are more likely to survive. In contrast, Lewis and Carpenter (2004) suggest that the relationship between age and survival is more complex than this, with risk of non-survival increasing and decreasing with age. The model tests the first of these relationships – longevity. The key hypothesis being tested is that older agencies were more likely to survive the review than younger agencies.

In terms of political turnover, Lewis (2002) used data gathered on all federal administrative agencies created in the United States between 1946 and 1997, based on data from the United States Government Manual. Of the 426 agencies created during this period, 251 (62 per cent) were terminated before 31st December 1997. He found that political turnover was a significant factor in agency survival; ‘united’ government meant higher rates of agency termination for those agencies created under governments of different political persuasions (Lewis 2002, p102).

Of course, there are significant differences between the US and the UK in terms of party political control, reflecting differences between the federal and parliamentary forms of government. It is also significant that the proposals were made within the first year of the UK’s coalition government. As David Laws, one of those responsible for negotiating the coalition agreement, has pointed out, the coalition was unique both because it was the first in the UK since the second world war and also because of the expectation, over many years, that such when such a coalition did occur, it would be an alliance of the ‘Liberal-Labour centre-left’ (Laws, 2010). While the

need to slim-down the number of quangos was high on the Conservatives' agenda, it does not appear to have been important for their Liberal Democrat partners. It is still reasonable to suggest that agency survival is affected by political turnover; the model seeks to test an hypothesis that agencies created under Conservative governments (that is, administrations of the same party as that undertaking this reform programme) are more likely to survive than agencies created under Labour administrations. To test this variable, a dummy variable was created with 0 being Conservative and 1 being Labour.

The third variable tested is that of agency type. There are a number of ways to classify agency type. Gash et al (2010) identified over ten different forms of public body in the UK, focusing on how they are legally constituted, including whether (and what type) of Non Departmental Body Public, Public Corporation and Non-Ministerial Department. It is also possible to classify public bodies in terms of the statutory status (that is, whether they arise from primary or secondary legislation or have no statutory footing), their coverage (that is, whether they are a UK-wide body, cover one or more of the 'home' countries or have regional coverage) or their function. Kaufman (1976) has suggested that the source of agency origin (in UK terms, whether the agency is established under statute) is an important factor in agency survival. It has long been recognised that there is a 'complex and confusing' public body landscape in the UK (HC Public Administration Committee 2010, p4), with different ways of understanding the nature of public bodies.

Gash et al (2010, p11) have suggested that advisory NDPBs are likely to have a higher termination rate than other types of public body. Such agencies are typically panels of 'experts' providing highly technical and specialist advice to ministers. Such agencies rarely have their own budgets and their termination provides a relatively simple and straight-forward means of achieving a reduction in the number of public bodies. A dummy variable was created to test an hypothesis that advisory NDPBs are less likely to survive than other types of public bodies.

There are other factors that might have been important that are not included in the model. Agency size is generally recognised as being a significant factor in agency survival. Based on the findings of Kaufman (1976), the hypothesis here is that larger agencies are more difficult to abolish and therefore are more likely to have survived the review process. There are two types of data available that might be used to test this variable; total government funding and number of employees. The difficulty here is that neither dataset provides a good measure of agency size. Total government funding will in part reflect the nature of the agency, with regulatory agencies having relatively lower government funding (in the UK, such agencies are largely 'self-funded' through charges levied on the regulated profession or industry) and transfer or contract agencies having relatively higher government funding (Dunleavy, 1991). Data on staff numbers were last centrally published in 2006. Of the bodies covered by the review, data are only available for n=382/901. A further complication is that a large number of the bodies for whom data are available are listed as having no staff; this reflects the number of staff directly employed by the relevant public body, and does not give an indication of staff made available to the agency to deliver its work (for example, where the staff of a sponsoring department undertake work for

advisory NDPBs). Other factors, such as policy abandonment, agency failure and the level of clientellism, are often identified as being important determinates of agency survival but for which no published measurements are available, a problem often faced by researchers in this field (Park, 2013).

Findings

For those bodies that were covered by the review, the Coalition Government has stated that substantial reforms are proposed for 481 bodies, of which 192 will cease to be public bodies, 118 will be merged into 57 bodies and 171 will undergo reform.

Of the public bodies covered by the review, almost half were established by the 1997 to 2010 Labour Administration (n=394/901)(for n=11/901, the date of establishment is not known). This in of itself is a high number. It is even more significant when account is taken of the fact that of the n=507/901 bodies not established under the Blair/Brown administrations, some 261 consist of just two specific proposals covering 101 advisory committees on the appointment of JPs and 161 inland drainage boards.

Binary logistic regression was performed to assess the impact of the three factors identified in the extant literature as affecting agency survival, namely age, political

turnover and whether the body was an advisory NDPB. The full model containing all predictors was statistically significant, $\chi^2(3, n=618) = 100.517$ $p < .001$, indicating that the model was able to distinguish between agencies that were retained and those that were not retained. The model as a whole explained between 15% (Cox and Snell R square) and 20.5% (Nagelkerke R squared) of the variance in non-retention, and correctly classified 70.7% of cases (compared to 62.6% without the variables in the model).

INSERT TABLE 1 HERE

As shown in table 1 above, the age and agency type independent variables made a unique statistically significant contribution to the model. The strongest predictor of agency survival was whether the body was an advisory NDPB; advisory NDPBs are nearly five times less likely to have survived the review than other types of public body. This finding is consistent with the hypothesis set out previously about agency type and agency survival.

Agency age also seems to be an important factor, though not to any great extent. Interestingly, agencies established under Conservative administrations no more likely to have survived the review than those established under Labour administrations, controlling for other factors in the model. This finding is not consistent with the hypothesis set out early about agency survival and political turnover.

Discussion

Public Bodies Reform provides a snapshot of public bodies accountable to HM Government at October 2010. When he introduced these reforms to Parliament, the responsible Cabinet Office Minister, Francis Maude, stated:

“Our review covered 901 bodies and we believe, but cannot be certain, that that is the true extent of the landscape.” (quoted in HC Library 2011, p10)

However, I would suggest that 901 under-estimates the real size of the UK ‘quango-state’. There are a number of obvious public bodies that seem to have been excluded, including the General Medical Council and the other seven regulators of healthcare professions, a plethora of NHS bodies including the NHS Litigation Authority and NICE (an interesting exclusion, as this body was subject to a specific proposal in Cameron’s 2009 speech). The review also excluded the Electoral Commission, the Food Standards Agency and six of its seven Advisory NDPBs, the Financial Services Authority, the BBC Trust and the Bank of England. It excludes conservation boards for areas of outstanding natural beauty, established under the Countryside and Rights of Way Act 2000 by the Secretary of State for Environment, Fisheries and Rural Affairs, generally on the request of the relevant local authorities. There are over eighty areas of outstanding beauty in England, although not all have conservative boards. It is also worth noting that the Coalition Government has established a number of new public bodies, such as the Office of Budget Responsibility, the

Independent Commission for Aid Impact and the Office for Tax Simplification; none of these new bodies was covered by the review. Taken together, I would estimate that at the time of the reviews, the true extent of public bodies under HM Government to be nearer 1000.

The current Coalition Government's *Public Bodies Reform* programme is perhaps the largest single programme of agency termination and reform ever proposed. It is by means not the first such programme in the UK. It is therefore surprising that, despite a significant extant literature on the UK civil service and despite several such programmes, that agency termination is a relatively unexamined area of the policy process in the UK. Adam et al, for example, did not include a single UK work in the overview of research in the field (Adam et al 2007, p233-235), although this neglected to identify work by Brian Hogwood (1993)¹, a paper presented to the Political Studies Association conference in 1993 which reviewed changes in public bodies during the 1979-1990 period, and by Justin Greenwood (1997), which provided three cases studies of agency terminations during the same period as that examined by Hogwood. Subsequent work by Jordan and Turnpenny (2012) and Ferry and Batchtler (2013) has also provide case studies of specific policy and agency terminations in the UK. These limited examples illustrate that agency termination is generally a much neglected area of political science, with much of the work focusing on single cases studies and/or on the US federal system (Lewis, 2002). This is a major deficit, as agencies are routinely abolished, merged, reformed and reviewed, with significant consequences for public policy at all levels.

¹ I am extremely grateful to Brian Hogwood for providing a copy of this paper for my research.

At this stage, the reform programme is policy **intent** and has yet to be implemented in full. Indeed, many previous UK governments, both Labour and Conservative, have intended to make substantial reductions in the number of public bodies but have failed achieve any real reduction. Indeed, Flinders, Dommett and Tonkiss (2014) suggest that pre-election ‘quangocide’ rhetoric is never matched with post-election abolition or reform. There is growing literature around organisational resistance to termination or dismantling attempts; which provides a number of institutional, political and actor-centred explanations for such resistance. While the focus of this research is to identify the factors that caused agencies to be identified for termination by the Coalition Government, there is some evidence to suggest that the reform programme is being implemented much more successfully than previous quangocide attempts.

The Coalition Government has stated that it is making good progress towards implementing this reform. Some 56 of the 192 bodies identified for abolition have already closed their doors (Cabinet Office, Jan 2012), a figure accepted by the National Audit Office (NAO 2012, p 4), and further work has been completed since these assessments. Ten bodies were abolished prior to the publication of proposals by the UK Government in October 2010. These include the Hearing Aid Council, a body identified by the Blair Government in 2005 for abolition, which finally closed its doors in July 2010. It also includes a number of bodies whose functions have transferred to Executive Agencies, committees of experts or to their sponsoring departments. Following the proposals set out in *Public Bodies Reform*, several further abolition proposals have been made. Thirty five probation trusts were

originally going to be retained, but are now due to be abolished as part of a major reform of probation services.

The legislation necessary to implement many of the changes, the *Public Bodies Reform Act 2011*, is now on the statute books. However, past experience both in the UK and elsewhere suggests that many agencies identified for abolition still manage to survive. deLeon, for example, suggests that agency termination is rarely planned and even less often implemented, and identifies factors such as anti-termination coalitions and high implementation costs as possible explanatory factors (de Leon 1978 quoted in Bauer 2009, p 6) and Gash et al (2010) have suggested that reform programmes initiated by the UK Government have failed to deliver in terms of scale and cost savings proposed (Gash 2010, p 10).

As such, the reform programme provides an unique opportunity for measuring progress towards the implementation of such programmes and identifying reasons for implementation failure. Indeed,. However, the purpose of the research outlined in this paper is to identify which factors are important in determining which agencies are identified for termination. Although the extant literature identifies a number of factors that affect agency longevity, there is little explanation as to why these factors might be important.

Indeed, the literature fails to root explanations of agency termination or survival within any identifiable theoretical framework of the policy process, and there is a complete lack of engagement with the neo-institutionalism discourse (Bauer 2009,

p10). In discussing how each of the factors examined in this research are important, I will also try and explain why within a rational choice institutionalism framework. Indeed, much of the language used by the Coalition Government in explaining the review is framed very much in principal-agent terms (the need to increase ministerial accountability), particularly compared to previous reform programmes.

Of course, focusing on this single programme also poses some problems in terms of analysis. This research provides a snapshot, an assessment at a unique time around a specific set of proposals. It does not provide information on policy implementation, but rather policy intent. It does not account for the large level of change that has occurred in the public bodies' landscape over the last thirty years. This is particularly significant in terms one of the independent variables tested in the model; age.

A consistent theme in much public policy literature is the enduring nature of government organisations. Once created, agencies are said to be enduring (Downs, 1967). Much is said to explain this assumed organisational longevity, including institutional design, longevity as an equilibrium state, the desire of relevant actors to avoid uncertainty and the relative power of anti-abolition coalitions of those who benefit from the work of the agency and agency staff compared to the likely proponents of abolition.

The difficulty is that this immortality assumption has rarely been tested (Lewis, 2002; 90). Where it has been examined, research has tended to focus on the US federal government (Glor, 2011; 552) and there is little empirical evidence around agency termination in the UK context. This is surprising; there have been a significant number of reviews of public bodies in the UK over the last thirty years, with Conservative and Labour governments each proposing radical programmes of agency reduction (House of Commons Library 2011). These programmes have had varying levels of success, with many agencies surviving proposals for their termination or reform.

This finding from this research supports the hypothesis that older agencies were more likely to survive the review process. However, several factors need to be taken into account when considering this finding. The first relates to the definition of agency age used in this research. This is about **form**; it is the date at which the agency identifies itself as coming into existence, either through the information it provided to the Cabinet Office for *Public Bodies 2006* or information provided on each agency's website. One of the difficulties in much of the agency termination literature, and one that limits cross country comparisons, is the lack of common definition is what amounts to termination (Adam et al, 2007; 226). Using a form-based definition is consistent with both with the Government's policy intent and with the definition used by Lewis (2002). By definition, this means that agencies that have been subject to substantive reform will appear to be younger.

This is related to the second possible explanation, namely the ‘snapshot’ nature of this research. The c400 agencies established under the Blair/Brown administrations include a number of bodies whose form and functions were inherited from previous agencies. For example, the Child Maintenance and Enforcement Commission, established by Labour in 2008, assumed many of its functions and staff from the Child Support Agency, which had been created in the 1980s under Margaret Thatcher’s Conservative administration. By taking a snapshot and by using a form definition, it is possible that the research under-estimates agency age, which might help explain this surprising finding. Indeed, this may explain why such a large number of the 901 public bodies in the UK were established under the Blair/Brown administrations. *Public Bodies 1997* puts the number of NDPBs at 1128, down from 2167 in 1979. Of these, 305 were executive NDPBs (492 in 1979 and 199 in 2011), 610 were advisory NDPBs (1485 in 1979 and 279 in 2011), 75 were tribunal NDPBs (70 and 26 respectively) and 138 were independent monitoring boards (120 and 148 respectively). Even accounting for the changes resulting from devolution and inconsistency in the use of the term NDPB (often used interchangeably with ‘public body’, although technically an NDPB is a specific type rather than another name for public body), these numbers suggest both a large churn in the form of public bodies and a number of new creations during the Blair/Brown administrations, rather than a simple expansion in the quango state. Further research and analysis is needed in this area. HM Government has since 1980 published a compendium on public bodies in the UK, known as *Public Bodies*. Like the United States Government Manual, *Public Bodies* provides a rich source of data on the government agency landscape, and one that has not previously been used to test agency survival.

Over and above the methodological issues outlined above, there are other factors that might explain the role of age in agency survival. As previously mentioned, the hypothesis that older agencies are more likely to survive is not the only theory that can be drawn from the extant literature; Lewis and Carpenter (2004) suggest that termination risk rates are low during the early and later years of an agency's life, but increase in a period between five and fifteen years of the agency being created. The diagram below illustrates that creation and survival rate of agencies by their founding administrations. This does seem to suggest a more complex relationship between age and survival than suggested by Lowi or Downs.

INSERT FIGURE 1 HERE

The increased survival rate of older agencies can quite easily be accounted for; older agencies have spent many years building potential anti-termination coalitions, creating powerful incentives for politicians to leave them in place. But what might explain the higher chances of survival in the early years of an agency's life? Younger agencies are less likely to have 'bedded in', to have developed active client groups dependent on the largess of those agencies. Such agencies have, however, experienced considerable upfront investment in their birth, and it is plausible that such investment costs deter politicians from identifying younger agencies for abolition.

The second finding of this research suggests that political turnover is not a significant factor in agency survival. The agency termination literature makes much of the role of political turnover as a key factor in the risk or hazard to agency longevity. Carpenter and Lewis have stated that ‘agencies are targeted for political or ideological reasons.’ (2004, p204) and Bardach (1976) and deLeon (1983) and Kaufman (1976) each identify political opposition as a factor in agency termination. There are three significant differences between the US (where much agency termination research focuses) and the UK that might impact here. The first is the effect of the parliamentary/presidential divide between the two countries. Carpenter and Lewis suggest that the risk of agency termination increases during periods of ‘united’ government, where such united government is of a different political persuasion to that of the government under which the relevant agency was established. Indeed, they estimate that agencies’ termination hazard rate increases by sixty per cent during such periods (Carpenter and Lewis 2004, p222). Given the nature of the political system in the US federal system, there are relatively short periods of such risk to agencies, with united government accounting for only twenty years since 1945. This is in stark contrast to the UK, where the parliamentary system means that all governments since 1945 have been ‘united’ by the Carpenter and Lewis definition. Differences in methodology between Lewis’ work and this research mean that a direct comparison cannot be made, and further work is needed in this area.

A second important factor is the nature of the government making the proposals. These proposals were made by a coalition government, and a coalition between the Conservatives and Liberal Democrats.

The second key difference is between the civil service in the UK and the US. While there has been much debate in recent years about the level of politicisation of the UK's civil service, at least formally it lacks a system of political appointments that is inherent in the US federal system. While the public body reform policy may have been driven by ministers in the Coalition Government, and some of the termination outcomes covered in *Public Bodies Reform: Proposals for Change* were previously publicised ahead of the 2010 General Election (for instance, the abolition of the eight Regional Development Agencies, the Standards Board for England and of the Qualifications and Curriculum Development Agency), much of the work to assess each agency against the government's three part test was undertaken by politically 'neutral' civil servants. It is conceivable that this key difference would mitigate against the impact of 'united' government under the UK's parliamentary system. This research suggests that agencies established under Conservative administrations were no more likely to be identified for abolition than their Labour-established colleagues. This raises a number of questions and areas for further research and debate. Do the three objective tests represent some ideational and fundamental synergy between the two parties? Are there other factors affecting the policy advice of civil servants? What benefit do civil servants derive from culling public bodies created under their current political masters?

The third finding arising from this research is that advisory NDPBs are nearly five times less likely to have survived the review process than other types of public body. Advisory NDPBs are generally panels of experts, appointed to provide impartial,

often highly technical or specialist or scientific advice to ministers. There are two possible factors identified in the extant literature that might help explain this finding. The first is that of institutional design. Kaufman (1976) suggest that agencies without a statutory origin less likely to survive, suggesting that *birth characteristics* (Boin et al, 2010, p388) that increase the difficulty of abolishing a body play a role in its survival. Lewis (2002) also suggests that the structural features of agencies might make them more or less likely to survive. While advisory NDPBs are different in function to other types of public body, their design is unlikely to be the reason for the higher mortality rate. These bodies have a mixture of statutory and non-statutory origins, with some bodies having specific, time limited tasks and others having functions of a more enduring nature.

Rather, I would suggest that the costs of abolition for advisory NDPBs are significantly lower than for other types of public bodies, making such bodies more attractive targets. Here, advisory NDPBs have been caught in a ‘perfect storm’, as the costs of their abolition are lower than for other types of public body both for politicians and for civil servants. It is important to bear in mind that agency termination is a costly business, both politically and in terms of implementation costs (Carpenter and Lewis 2004, p205). Just in terms of implementation costs, the National Audit Office has recently estimated that the costs of implementing the *Public Bodies Reform* programme at over £830m (NAO 2012, p8), double the government’s original estimate. Implementing the abolition of advisory NDPBs is relatively low cost; most do not have directly employed staff, their own offices, have discrete operational costs or publish separate accounts before Parliament. Advisory

NDPBs have simpler institutional arrangements compared to other forms of agency, and are therefore less likely to survive (Tullock, 1981).

The political costs of abolishing advisory NDPBs, I would suggest, are also lower. There are two aspects to political costs here – the costs associated with dealing with anti-termination coalitions and the costs of going without the work undertaken by the agency. By their nature, I would contend that advisory NDPBs are less likely to be able to build anti-termination coalitions than other forms of public bodies. These are usually panels of ‘experts’, providing advice to ministers on a range of highly technical, specialist or scientific matters. It is difficult to see how an anti-termination coalition might be built around the Coalition Government’s proposals to abolish, for example, the Advisory Committee on Borderline Products, the Government Hospitality Committee on the Purchase of Wines, the Advisory Committee on Packaging or Cycling England. Such agencies lack an obvious clientele or beneficiary groups that are dependent on the work of the agency (Bardach 1976, p128), and who would therefore act self-interestedly to resist abolition proposals. The political costs of dealing with anti-termination coalitions are likely to be much higher for agencies whose impact is more direct, tangible and immediate and whose demise would likely effect obvious beneficiary groups. The advisory and specialist nature of such agencies also means it is difficult to imagine a public outcry at their proposed demise.

The second type of political cost that is relevant here is that to politicians. I have already touched on the costs to politicians of dealing with anti-termination coalitions

or the likely public backlash to abolition proposals, both of which are likely to be considerably lower for advisory NDPBs compared to other public bodies. But politicians also face costs in terms of foregoing the work undertaken by the agencies they propose to abolish. These costs can arise either because politicians become directly accountable for the functions of such agencies (for example, when such functions are assumed by government departments) and thereby cease to be able to 'de-politicise' service delivery (Pliatsky, 1980, quoted in House of Commons Library 2011, p13) or where such functions cease to exist. Here, too, abolishing advisory NDPBs is relatively low cost. The government's proposals in relation to many of the advisory NDPBs identified for abolition mean that, in effect, these bodies are merely reconstituted as departmental panels of experts, retained in function albeit not in form.

Given the low implementation and political costs associated with abolishing advisory NDPBs compared to other types of public bodies, it is not surprising that this type of reform figures predominately in the Coalition Government's plans. However, it does impact on one of the outcomes hoped of the reform, namely cost savings. One of the frequent claims about agency termination is that it reduces government costs (Lowri, 1979). The House of Commons Public Administration Committee has questioned the role of cost-cutting in the review policy process and also whether the proposed savings are likely to be achieved. Indeed, while the focus on abolishing advisory NDPBs may be good in terms of numbers of agencies terminated, it does not result in significant cost savings. Sixty five per cent of public bodies identified for abolition had no separate budgets in 2009-10 (NAO 2012, p4), and a third of the net savings of £2.6 billion over the period 2011-12 to 2014-15 come from the implementation of

just two of the government's 351 proposals (NAO 2012, p7). Furthermore, the programme of reform includes a number of 'unfunded mandates' as responsibilities (minus budgets) are transferred to local authorities or central government departments. I have already noted that the costs of implementing the programme of reform have doubled since the original government estimates were published. Closer examination of the implementation costs, transfer costs and actual savings delivered will be key to understanding the success or otherwise of the programme.

Conclusions

The UK Coalition Government has pledged to radically reform and reduce the public body landscape in the UK. It is not the first government to make such a bold statement of policy intent, and previous experience suggests that such programmes fail to deliver both in terms of reduction in the numbers and costs of public bodies. But the *Public Bodies Reform* programme is probably the largest single attempt by a government to alter the agency landscape, and as such it provides a unique opportunity to examine the factors that affect agency survival, both in policy intent and implementation.

This research has used published data, from a number of different sources, on the 901 bodies covered by the government's proposals. Despite statements from the government that this represents all public bodies accountable to HM Government, this research suggests that it underestimates the number of public bodies by almost

twelve per cent. Excluded from the review were a substantial number of bodies sponsored by the Department of Health, delivering high impact and high visibility services in the NHS, including NICE.

The government has claimed that each agency was assessed against an objective three-part test: does the agency undertake a precise technical operation, is it necessary for impartial decisions to be made about the distribution of taxpayers' money and does it fulfil a need for facts to be transparently determined, independent of political interference? Doubts have been raised about the effectiveness of these tests in assessing the effectiveness, usefulness and necessity of government agencies, and around whether the tests were consistently and appropriately applied in each case. Over and above these doubts, using data collected from a number of published sources, this research has tested whether political turnover, age and agency type have impacted on agencies' ability to survive the review process. These three factors are identified as being significant determinants of agency survival in the extant literature.

Testing these factors, this research has found that agencies older agencies were more likely to survive than younger agencies. It also found that advisory NDPBs were five times more likely to have been identified for abolition or merger than other agency types, which I argue reflects the low political and implementation costs associated with terminating this form of public body. In doing so, I have assumed that civil servants and their political masters acted rationally, seeking to deliver the highest number of agency terminations at the lowest cost. This research did not find that

agencies established under Conservative governments were more likely to survive than those established under Labour.

Finally, this research raises a number of questions and areas for further investigation. It is also rather limited because it provides snapshot of a single programme of change, and one that has yet to be fully implemented. More work is needed to ensure the results of such research are comparable across countries, and that requires agreement on definitions on what really constitutes agency termination as well as on methodology. Given the reality of policy termination and its importance as part of the policy process, further research is urgently needed in this area.

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TABLE 1

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Age	.013	.006	5.237	1	.022	1.013	1.002	1.024
Type	1.560	.189	67.798	1	.000	4.760	3.283	6.900
Party	.177	.255	.485	1	.486	1.194	.725	1.966
Constant	-1.674	.286	34.286	1	.000	.188		

FIGURE 1

