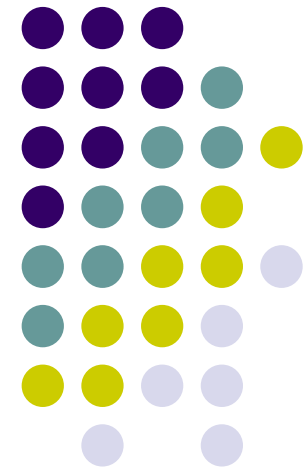


Local government reorganization and public service performance: Does the process affect the product?

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STRUCTURAL CHANGE AND PERFORMANCE

- Structural change in the public sector is a common response to perceived weaknesses in service provision
- Disruptive effects, such as poor staff morale, work overload and displacement, may emerge prior to full-scale change and can damage organizational performance in the short-medium term
- We test whether the imminence of structural change disrupted the performance of a set of English local authorities prior to their reorganization in 2009



SOURCES OF DISRUPTIVE EFFECTS

- According to Hannan and Freeman (1984) production processes and stakeholder relationships are destabilised by structural change
- Changes to ‘core’ characteristics, such as identity, mission and strategy, are especially disruptive
- LGR involves such a core change for local authorities
- Little extant research on the disruptive effects of preparing for reorganization to confirm or disconfirm population ecology arguments



LOCAL GOVERNMENT RESTRUCTURING

- The 2006 Local Government White Paper announced an invitation to English councils in shire county areas to submit proposals for structural reorganisation
- In 2007, the Government approved the establishment of nine new unitary councils, which were to be formally instituted in April 2009
- Five of the new unitaries consolidate all the districts within a county area, while two have divided counties (and amalgamated the districts within the new boundaries)



RESTRUCTURED AREAS

Restructured local authority area

New unitary authorities

Cornwall

Cornwall

Durham

Durham

Northumberland

Northumberland

Shropshire

Shropshire

Wiltshire

Wiltshire

Bedfordshire

Bedford

Central Bedfordshire

Cheshire

Cheshire East

Cheshire West & Chester



DEPENDENT VARIABLES

- Total expenditure
- Service performance
 - derived from scores on education, social care, environmental services, housing, libraries and leisure, benefits administration and use of resources
- Value for money –performance/spend



INDEPENDENT VARIABLES AND METHODS

- New unitary
 - County councils granted new unitary status coded 1 all others coded 0
- External constraints
 - deprivation, age diversity, ethnic diversity, population, population density
- Past expenditure/performance
- **Seemingly Unrelated Regressions** for 34 county councils in 2005 (pre-change process) and then with time dummies for 2006-08 (change process)



COUNTY COUNCIL PERFORMANCE 2005

	Expenditure	Service performance	Value for money
	β	β	β
New unitary	18.034	5.039*	22.388*
Age diversity	-.081	.010	-.139
Ethnic diversity	.127**	-.006+	-.027+
Social class diversity	-.644*	.038	.119
Deprivation	11.023**	-.294	-1.915
Population growth	-96.673**	.378	-1.055
Population	.0001	.0000004	.00002
Population density	-.353**	.021+	.063
Chi ² statistic	58.32**	15.74+	65.13**
R-squared	.63	.31	.67

+ $p \leq 0.10$; * $p \leq 0.05$; ** $p \leq 0.01$. Unstandardized coefficients



COUNTY COUNCIL PERFORMANCE 2006-08

	Expenditure	Service performance	Value for money
Variable	β	β	β
New unitary	13.051+	-2.010*	-13.022*
Age diversity	-.060	.038*	.213*
Ethnic diversity	.016+	-.001	-.007
Social class diversity	-.129+	.012	.094+
Deprivation	1.448+	-.195*	-1.333*
Population growth	-14.886	-2.782*	-11.091+
Population	.000003	-.000002	-.00001
Population density	-.026	-.001	-.001
Past expenditure/performance	.845**	.723**	.846**
Chi ² statistic	1603.01**	421.84**	678.50**
R-squared	.94	.50	.75

+ $p \leq 0.10$; * $p \leq 0.05$; ** $p \leq 0.01$. Unstandardized coefficients



CONCLUSIONS

- Evidence of disruptive effects of structural change
 - Rising expenditure
 - Deteriorating service performance and value for money
- Effects of structural change occur before reorganization
- Adaptive benefits must compensate for early losses as well as deliver gains