Democracy and Government Performance:

Holding Incumbents Accountable in English

Local Governments*

George A. Boyne, Cardiff University
Boyne@cardiff.ac.uk

Oliver James, University of Exeter
O.James@exeter.ac.uk

Peter John, University of Manchester
Peter.John@manchester.ac.uk
(contact author)

Nicolai Petrovsky, Cardiff University
PetrovskyN@cardiff.ac.uk

* Author order is alphabetical: all make an equal contribution to the paper. We thank the ESRC Public Services Programme for support. Also we thank Susan Banducci, Tony Bertelli, Harold Clarke, John Curtice, Ed Fieldhouse, Janet Grauberg, Jeff Karp, Ken Meier, Marianne Stewart, Michael Thrasher, and Christopher Wlezien for helpful suggestions.
Abstract

We evaluate theories linking public service performance to the vote share of incumbent administrations in local government. We assess proportionate and non-proportionate response to performance models. We test them on a panel data set covering elections from 2001 to 2007 in English local governments where an incumbent party was up for re-election. We control for the previous vote, whether the incumbent is of the national governing party (which is important as these are second order elections), and local economic conditions. We find strong evidence in accordance with the performance threshold hypothesis, which implies that voters’ behavior is affected by clear gradations of performance. Yet it is only the difference between low performance on the one hand and at least mediocre performance on the other that matters. As there is no reward for high performance, our findings suggest negativity bias in the relationship between performance and support for incumbents.
Studies of economic voting find that incumbents are often held responsible for macro-economic performance and, depending on context, are rewarded or punished for it (e.g. Dorssen and Taylor 2002; Duch and Stevenson 2006; van der Brug et al. 2007). Yet performance extends far beyond managing the economy to a range of government activities that are important for the citizen, such as providing education, allocating welfare, and maintaining the environment. Just as citizens encounter economic outcomes, it is plausible they evaluate the many other activities of government that strongly affect their lives and which depend on decisions of elected politicians. With citizens behaving more as appraisers of policy, paying a high attention to valence (Clarke et al. 2004) and less attention to ideological distance, it is likely that punishment and reward for service performance is an important element to vote choice.

Performance evaluation studies currently focus on the national level (Johnston and Pattie 2001; Bartle 2003), but government services are often provided, experienced, and consumed in local environments, where local politicians and bureaucrats make decisions about their quality. There have been few studies of performance evaluation in local contests. Exceptions are school board elections in the US where some support for performance voting has been found (Berry and Howell 2007) and US ‘suburban’ administrations where those viewing performance positively are less likely to support challengers to incumbents (Oliver and Ha 2007, 401-2). Research in the UK also shows that providing voters with information not previously available to them, in the form of a national assessment of the comprehensive performance of each local government, acts as a ‘shock’ to incumbent support. Armed with such new performance information, voters exhibit negativity bias, punishing poorly performing incumbents but not giving equivalent reward for the top performers (James and John 2007). Moreover, higher levels of media

---

1 More generally, little research has been done on retrospective voting in local elections. Berry and Howell (2007, 845) find that fewer than one percent of 212 articles on elections in leading US political science journals address local elections, and none address retrospective voting.
reporting have also been found to increase performance-oriented voting in US school board elections (Berry and Howell 2007).

Recent work on economic voting suggests a range of questions about the exact form of the relationship between performance and incumbent support in different contexts. In contrast to the economy where a few headline measures, notably inflation and unemployment, dominate debate, government services often produce a profusion of measures of underlying performance. These range from crime rates and school performance tables to measures of bureaucratic efficiency. A large number of these indicators is likely to overload the citizens with information. Do citizens respond to fine-grained continuous measures of government performance or do they need broad summary scores to make their evaluations? Are there threshold effects? Is there negativity bias?

To address these questions, we test out different forms of performance relationships using a distinction between governmental perceptions of performance and citizen perceptions of performance, which have been shown to diverge markedly for government services (Stipak 1980; Van Ryzin et al. 2004; James 2007). We assess proportionate and non-proportionate models of the performance relationship. We analyze levels of support for the incumbent in percent of the vote rather than vote for an incumbent, challenger or mix of incumbent or challenger (Oliver and Ha 2007) because we use aggregate data. Given the importance of unobserved heterogeneity across government units and the possible bias this may introduce, we use panel data for multiple elections rather than modeling elections separately (Berry and Howell 2007).

Finally, our case—English local government—presents a tough test for theories of performance voting. In contrast to the U.S., where local elections tend not to be so partisan, in
England party labels are very important in defining incumbents’ political identity. Local elections are, to an extent, opinion polls on national incumbents, which make them extreme examples of second order elections, linked to, though not dominated by, what is going on in the national contest (Reif and Schmitt 1980; Rallings and Thrasher 2005). This factor needs to be taken into account in modeling relationships between government performance and the electoral success of incumbents (Miller 1988). If performance voting is still found in this context, it is a phenomenon potentially of broad relevance to many countries.

**Theories of performance and support for elected incumbents**

There are good reasons to think that electors will be more likely to take account of service performance in local government elections than in state or national elections. In the literature on economic voting, the clarity of responsibility for policymaking is being increasingly noted as influencing responses to economic outcomes (Anderson 2000). It is often hard for citizens to observe accurately the marginal adjustments in the aggregates of employment, inflation, and economic activity that result from policy instruments rather than the international economy, and from autonomous domestic investment and consumption decisions. By contrast, local public bureaucracies delivering services might be expected to be under more direct control by politicians with citizens more justifiably holding local politicians to account for their performance. These local level bodies are often more limited in the range of services they provide than national, regional, or state governments.

We examine which form of performance has a relationship with support for the incumbent. We distinguish between governmental perceptions of performance as captured in managerial indicators and citizen perceptions of performance as measured by the satisfaction
with overall services provided. Satisfaction measures have been shown to be strongly influenced by, amongst other factors, perceived performance of government services, and expectations of service quality. These citizen-focused, subjective measures can differ greatly from managerial measures of performance (Stipak 1980; Van Ryzin et al 2004; James 2007). For all of these measures it is not clear whether they truly capture local citizens’ priorities (Cowell et al. 2006). A comprehensive empirical test like ours can shed light on what kind of performance has electoral ramifications.

Governmental perceptions of performance are examined in proportionate and non-proportionate versions. The proportionate response to performance models suggest a linear and continuous relationship between performance and support for incumbents, with electors watching carefully the actions of the governed, and voting accordingly when the opportunity comes. In the opinion-policy literature this is represented by Wlezien’s thermostatic model (Wlezien 1995; Soroka and Wlezien 2005). In performance terms, we can conceive of a linear relationship between performance and electoral reaction.

The non-proportionate response to performance models draw on recent literature on electoral politics concerned with voters’ reaction to information and the view that people are often generally not well informed about issues such as performance (Delli Carpini and Keeter 1996; Anderson 2000). The lack of knowledge may, however, be disrupted when there is a major change in performance sufficient for the electorate to notice, or a change in measurement such as the widely publicized introduction of performance information (James and John 2007). In a similar vein, it may also be that performance that departs from the usual pattern for a local government is more noticeable than other changes.
The conditional approach to modeling suggests that any relationship between performance and support for the incumbent depends on other factors. The conditional approach modifies the proportionate and non-proportionate relationships and is potentially important because it reflects similar processes to those found in economic voting, where context alters the relationships (Lewis-Beck and Paldam 2000), with the implication that context variant models are more applicable. The theoretically most important political context factor is the competitiveness of the election, which might be expected to strengthen the performance-electoral support relationship by offering an alternative to the incumbent.

In addition to service performance, we also consider the fiscal performance in the form of local taxation levied by the local government unit as a potential influence on local elections. Research on the U.S. (Niemi et al. 1995; Lowry et al. 1998) finds the voters hold governors to account for the level of state taxes although the evidence is not clear cut (Glaser and Hildreth 1996). Martinussen (2004) finds support for local economic and fiscal voting in Norway. In England, some argue that voters punish government with high taxation rates whilst others claim that the public has a redistributionalist point of view (Hall and Preston 2000). The relationship between local tax and local expenditure is further complicated because grants from central to local government are a very important source of revenue. However, Gibson has challenged the conventional wisdom that local taxes do not affect voting behavior (Gibson 1988; 1994). We examine this argument with our data.

The English local elections are not fully distinct from broader national politics, and local incumbent parties’ electoral support is sometimes argued to be strongly influenced by national factors (Miller 1988). In this sense local elections are second order elections. Whilst the local parties are largely locally organized, for example in terms of selection of candidates, they run
under the banner and regulation of the national party organization. In particular, voters’ opinions about national government have strong effects on local incumbents, with unpopularity conventionally seen as having a negative impact on the local party if it is the same as the national incumbent party, and a positive impact if the local incumbent is not of the national party. However, at the same time as there is evidence of local elections as opinion polls about national government, there is evidence that local voters are capable of making judgments about the local incumbents (Rallings and Thrasher 1997). Similarly to the controversy about local economic voting, this dispute is also addressed by our data.

Data and methods

The best possible way to test out the relationship between public service performance and electoral choice is when there are data observed over a number of time periods. With government agencies it is often the case that performance management systems are temporary and succeed each other with bewildering regularity. But with local government in England it is possible to observe the use of the same performance data for the same units over a reasonably long time period and this is the focus of our study. The English system of local government consists of units that are near exclusively responsible for providing a set of nationally prescribed local services and little else. The overwhelming majority of expenditure is on mandated services and there are statutory limitations and financial disincentives to providing other services. The English local electoral system can promote a strong link between voting and rewarding or punishing incumbents because there is usually one party in control of the administration. It is a first-past-the-post election system and the election mechanism within each electoral district or ward is reasonably clear. There is publicly available ‘objective’ performance information in the
English context with a Comprehensive Performance Assessment (CPA) of each English local
government issued by the Audit Commission, an independent monitoring body, since 2002. The
CPA summarizes a vast array of performance measures into five broad-based scores ranging
from ‘poor’ with a ‘zero star’ rating to ‘excellent’ with a ‘four star’ rating (Audit Commission
2002; Broadbent 2003).

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

Our dependent variable is the electoral support for the incumbent expressed as a
percentage of the total vote. In the case of councils that were controlled by a single party in the
year before the election under consideration, this variable contains the vote share of that party.
In the case of councils that were controlled by a coalition of two or more parties in the year
before the election under consideration, this variable contains the sum of the vote shares of those
major parties (Labour, Conservatives, Liberal Democrats) involved in the coalition in the year
before the election under consideration. We chose to look at electoral support for the incumbent
rather than whether or not the incumbent was reelected because the latter would only be an
indirect indicator of electoral judgment on the incumbent. This is due to the nature of the first-
past-the-post system used in English local elections, which frequently produces a substantial
divergence between the vote share of a party and the seat share it wins on the council (Rallings
We use two indicators of ‘objective’ perceptions of performance. Both are available for all local governments in England because legislation requires them to provide relevant performance data annually to the Audit Commission, an independent agency. England is unusual amongst nations in having such a fully developed system of standardized measures of performance for all local governments. The first indicator is the service performance score, a summary measure of performance theoretically ranging from 0 (worst) to 100 (best). It is based on a range of managerial performance information, including so-called Best Value performance indicators. The Audit Commission carries out checks of the accuracy of the indicators collected by the local governments. Our second indicator of central government perceptions is based on the Comprehensive Performance Assessment (CPA). The CPA is derived from the service performance score and judgments by Audit Commission inspectors on a local government’s ability to improve, forming a summary rating of a local government’s performance. The five levels of the rating are: Poor/0 stars, Weak/1 star, Fair/2 stars, Good/3 stars, and Excellent/4 stars. Our performance indicator that uses the CPA is made up of two dummy variables, the first representing a CPA rating of Fair/2 stars and the second representing a CPA rating of Good/3 stars or Excellent/4 stars. The two lowest CPA ratings, Poor/0 stars and Weak/1 star, form the base (left out) category. Finally, for citizen perceptions of performance, we use a measure of performance based on the percentage of citizens stating that they are satisfied or very satisfied with the overall services provided by their local government. These data are also nationally mandated and are gathered from large random sample surveys carried out every three years. The Audit Commission then independently verifies the reliability of these data. Our indicator is based on the three waves of the survey carried out in 2000/2001, 2003/4, and 2006/07. All
performance and satisfaction indicators are lagged one year as they are generally collected later in the year than elections take place.

We use the vote share of the current incumbent in the last election to control for persistence of political support because there is likely to be a fraction of voters with strong partisanship in every council. In the case of councils that were controlled by a single party in the year before the election under consideration, this variable contains the vote share of that party in the election preceding the election under consideration. In the case of councils that were controlled by a coalition of two or more parties in the year before the election under consideration, this variable contains the sum of the vote shares of those major parties (Labour, Conservatives, Liberal Democrats) involved in the coalition. This approach does not amount to including a lagged dependent variable on the right-hand side because the party that is the current incumbent in many cases (28 council-years in the proportionate and threshold models reported in Tables 1 and 2) was not the incumbent previously but was in the opposition, so the variable does not suffer from the modeling complexities entailing bias associated with using lagged dependent variables.

As the local elections in England are second order to the national system, we control for the effect of a local incumbent party also governing nationally by including a dummy variable to indicate Labour councils in the data set. Further, we also create a dummy variable to indicate Liberal Democratic councils in the data set, as this party is the perennial opposition party of British national politics and sometimes benefits locally when the national government is held in low esteem while at other times Liberal Democratic councils may be punished for the unpopularity of this national party.
We model contingencies affecting the performance/incumbent support relationship using several variables. We include a dummy variable for whole council elections (as opposed to elections by thirds) to take into account the difference in the perceived importance of these elections to voters—especially since voters will feel it is more likely to achieve a change in control in whole-council elections. Some elections are more competitive than others, as a party may enjoy a comfortable majority in one council but barely maintain control in another. We therefore include the closeness of the last election as an explanatory variable. Closeness is defined as the percentage point difference between the vote share of the party gaining the largest number of votes and the vote share of the party gaining the second largest number of votes.

We use a number of control variables to exclude some alternative explanations for how well the incumbent party does at the polls. Following the economic voting literature and to capture economic conditions, we use the percentage of the working-age population claiming job seekers’ allowance (the claimant rate) in the first quarter of an election year. This variable stems from the UK Office of National Statistics, from whom we obtained the claimant rates for January, February, and March of each year and then took their mean. We use data on the first quarter because it precedes the election and voters should be most attentive to the economic situation they recently encountered. This variable is a proxy for the unemployment rate, which cannot be obtained at local government level for every year. It is a very good proxy: the correlation between the unemployment rate at local government level from the 2001 census with the claimant rate for the first quarter of that year (our indicator) is .96 (92% of the variance in the claimant rate is explained by the unemployment rate).

We control for the level of tax levied by the local government. We include the average council tax per dwelling (in £) from the election year as an explanatory variable. Council tax
rates for the election year are known well in advance before the election takes place. The hypothesis is that electors will punish relatively high levels of council tax (Brender 2003).

We estimate a number of models to evaluate the different conceptualizations of the relationship between performance and support for the incumbent. Our interest in incumbent support means that councils that are not under any party’s control (as is the case in 9 out of 148 local governments) are not included in our models. All our specifications are variations of the following generic model:

\[ \text{Electoral support}_{it} = \beta \cdot f(\text{perform.})_{i,t-1} + \text{other factors} + \text{random shocks} \]

In other words, we explain the incumbent’s electoral support as a function of public service performance as well as other observed and unobserved factors and random shocks. The subscript \( i \) stands for the local government and the subscript \( t \) stands for the year, where \( t-1 \) indicates a one-year lag. Finally and most importantly, performance enters the equation inside an unspecified function \( f() \), which means that it can do so in any way, linearly or not and with or without thresholds. The core hypothesis of the paper is that \( \beta \) is not zero—in other words, that public service performance matters in some way for how the incumbent fares at the polls.  

**Proportionate response to performance model**

For the proportionate response to performance model, the sets of performance variables discussed thus far are simply entered linearly into the specification:

\[ \text{Electoral support}_{it} = \beta \cdot \text{perform.}_{i,t-1} + \text{other factors} + \text{random shocks} \]

---

2 We also tried estimating all models as conditional models; i.e. we augmented them with multiplicative terms testing whether the performance variables are moderated by the closeness of the previous election result (the percentage point difference in votes between the two largest parties). In no case could the null hypothesis of no interactions be rejected.
For the non-proportionate response to performance models, we create variations of the sets of performance variables discussed thus far. We now explain how exactly these variations define $f()$ in each case.

**Non-proportionate response to performance models**

Performance could affect support for the incumbent in a non-proportionate way if only relatively large increases or declines in performance matter, or if performance matters only when a threshold is crossed. We now discuss both of these possibilities.

**Positivity bias vs. negativity bias**

In this version of the non-proportionate model electors do not react to small changes of performance but to relatively large jumps. This model allows us to test for evidence of negativity bias, i.e. the electorate placing a larger weight on negative information rather than positive information (Lau 1982; 1985; Soroka 2006). We translate this as follows. The equation looks rather similar to the proportionate response model, namely

$$\text{Electoral support } \mu_t = \beta_1 \text{large perform. increase }_{i,t-1} + \beta_2 \text{large perform. decrease }_{i,t-1} + \text{other factors} + \text{random shocks}$$

but the twist lies in the new terms *large performance increase* and *decrease*, which we define as dummy variables:

$$\text{Large perform. increase }_{i,t-1} \equiv \begin{cases} 1 & \text{if } \Delta \text{perform.}_{i,t-1} > \delta \cdot sd(\text{perform.}_i), \\ 0 & \text{otherwise} \end{cases}$$

and

$$\text{Large perform. decrease }_{i,t-1} \equiv \begin{cases} 1 & \text{if } \Delta \text{perform.}_{i,t-1} < -\delta \cdot sd(\text{perform.}_i), \\ 0 & \text{otherwise} \end{cases}$$

where $\Delta \text{perform.}_{i,t-1}$ denotes the first difference ($\text{performance}_{i,t-1} - \text{performance}_{i,t-2}$), $sd(\text{performance}_i)$ denotes the within local government standard deviation of performance, and $\delta > 0$ denotes a multiplier that indicates the fraction or multiple of a standard deviation that
defines ‘large’. We set \( \delta = 1/3 \) because a change of more than one third of a standard deviation in the service performance score is of approximately similar magnitude to a change of one star in the Comprehensive Performance Assessment (which differs in having clear categories and being based on auditor judgment, not just indicator scores).

**Performance thresholds**

Rather than reacting to change along a continuum of performance, voters may only react if performance exceeds or falls below a certain clearly labeled standard because there needs to be a significant external stimulus to draw attention to the voter of a change in performance whereas they are less likely to notice the small increments that are typical of the proportional model. The performance thresholds hypothesis can be modeled using indicators for different discrete levels of performance.

We test all specifications against data on governmental perceptions of performance. Table 1 contains a test of the proportionate and the positivity vs. negativity bias model using the service performance score. Table 2 contains tests of the threshold model and the positivity vs. negativity model using the Comprehensive Performance Assessment. Citizen perceptions of performance as measured by the satisfaction survey can only be meaningfully be used in the proportionate model. Those results are presented in Table 3. All models are estimated using two-way fixed effects. Hausman tests suggest that there is unobserved heterogeneity, which would induce bias if it were not removed. By additionally controlling for idiosyncratic shocks in individual years, as for instance the possible effects of the 2005 terrorist attacks on London, the two-way fixed effects model removes an additional source of bias. We now present our findings from all four models.
Findings

We find support in accordance with theoretical arguments about negativity bias in a variety of specifications. On the other hand, the simple traditional proportionate response model does not find support in our data, either for ‘objective’ perceptions of performance as measured by the service performance score (Table 1, proportionate model) or for citizen satisfaction as measured by the percentage of citizen stating that they are satisfied with their local government’s service performance (Table 3).

Performance voting as represented in the positivity vs. negativity bias model finds empirical support for the Comprehensive Performance Assessment but not for the service performance score. Recall that the service performance score is one of the components going into a Comprehensive Performance Assessment rating, the other ones being based on inspections of the local governments by the Audit Commission. For the Comprehensive Performance Assessment (CPA), the positivity vs. negativity model in Table 2 shows that a decline by one or more stars is associated with a three percentage point reduction in electoral support for the incumbent. As there is no relationship between an increase in the CPA and electoral support for the incumbent at the next election, the positivity vs. negativity model shows evidence in accordance with negativity bias.

We also find evidence in accordance with negativity bias in the threshold model (Table 2). For illustrative purposes, we evaluate it in two different formulations. The ‘reward formulation’ includes dummies for mediocre performance (measured by a Comprehensive Performance Assessment rating of Fair/2 stars) and high performance (Good/3 stars or Excellent/4 stars). We use it to compare the threshold of mediocre and high performance to the baseline of low performance. In the ‘extremes formulation’, on the other hand, we change the
baseline to mediocre performance and compare it to dummies for both low (Poor/0 stars or Weak/1 star) and high (Good/3 stars or Excellent/4 stars) performance.

In the ‘reward formulation’, the incumbent in a council that achieves a rating of Fair/2 stars in the year before the election tends to receive almost four percentage points more electoral support. In a similar way, councils that are graded Good/3 stars or Excellent/4 stars receive almost five percentage points more electoral support. However, it is important to note that there is no statistical difference between the two included categories: the null hypothesis that the coefficients on Fair (2 stars) and Good or Excellent (3 or 4 stars) are equal is not rejected in a joint F-test (p-value = .41). This suggests that there is no increased reward for councils that have higher Comprehensive Performance Assessment ratings than others, but that all are similar in not being in the low performance group, implying a form of negativity bias. As a robustness check, we also estimated a modified version of the ‘reward formulation’, where the base group is made up exclusively of council-years with Poor performance (zero stars) before the election. Since there are very few of those, we use both Poor/0 stars and Weak/1 star together as the base group.

Similar to the ‘reward formulation’, the ‘extremes formulation’ also provides support for the presence of negativity bias. Whilst being in the low performance group (Poor/0 stars or Weak/1 star) tends to hit incumbent support by almost four percentage points relative to the base group of mediocre performance (Fair/2 stars), there is no positive electoral pay-off for those incumbents achieving high performance (Good/3 stars or Excellent/4 stars). This finding extends the analysis of James and John (2007) who found negativity bias for the 2003 local elections, the very first elections after the first publication of Comprehensive Performance Assessment ratings in 2002.

3 In our estimation sample, only thirteen council-years received a Comprehensive Performance Assessment rating of Poor/0 stars, and seven of them occurred in 2002.
The implication of the results from the threshold models is that an incumbent only receives a bonus when their local government receives a rating of at least mediocre performance compared to when it receives a rating of low performance. Looked at alternatively, incumbents face a reduction in electoral support if local government performance falls to low but do not receive any increase in support if performance increases above mediocrity. Overall our findings suggest that voters react to more crude measures of performance, perhaps that receive wide publicity, rather than the more fine-grained measures.

Electoral competitiveness, as measured by the difference in the vote share of the two largest parties at the last election is associated with slightly lower support for the incumbent in the positivity vs. negativity model (Tables 1 and 2) and the citizen perceptions model (Table 3). As might be expected, there is quite a bit of persistence of electoral support for the current incumbent: every one percent of the vote share that the incumbent gained in the last election translates into between six and eight tenth of a percent of the vote share in this election. This is consistent with the presence of a substantial number of party loyalists, a well-known feature not only of English democracy, even if it has been in decline in recent years. As this study covers a number of elections (from 2001 in Table 3, and 2002 in Tables 1 and 2, all up to 2007), the electoral fortunes of the national incumbent, Labour, have varied. Therefore we do not see evidence of any punishment for Labour incumbents. Indeed, in the citizen perceptions model in Table 3 Labour incumbents even receive a small bonus of two percentage points. Liberal Democrats, so far the perennial opposition party of British politics, get neither a bonus nor a punishment in our comprehensive models covering all elections from 2003 to 2007 (Tables 1 and 2), yet Liberal Democrats tend to receive five percentage points less support in the citizen perceptions model (Table 3), which reflects their electoral decline in the general election period.
Recall that Table 3 covers elections from 2001 on but since there are only three waves of the citizen satisfaction indicator (2000, 2003, and 2006), for each council only the next election following each wave of the citizen satisfaction indicator can be used.

Whole council-elections tend to be associated with five to eight percentage points less support for the incumbent in all but the positivity vs. negativity models. This might reflect voters’ perceptions of a greater chance of changing the political party control of the local government. There is no evidence of economic voting in any model—the claimant rate (our proxy for economic conditions in the local government) is statistically unrelated to electoral support for the incumbent. Perhaps voters reason economic conditions are the responsibility of other actors, such as national government, rather than elected local governments. Also, we find little evidence of the incumbent being punished for the local tax rate. Only in the citizen perceptions model (Table 3) is it statistically related to slightly lower electoral support for the incumbent. The null finding in Tables 1 and 2 is consistent with the largely centrally determined financial regime for local taxes which local voters seem to recognize is not primarily the responsibility of the local units.

Conclusions

The performance of local governments matters for citizens. For many years research has analyzed economic voters as they appraise the performance of policy-makers at the central level; but political scientists are increasingly aware that wider aspects of performance matter too, relating to services that the citizen experiences directly, often in a local context (Oliver and Ha 1997; Berry and Howell 2007; James and John 2007). The performance of local governments may be reasonably deemed to be within the competence of local elected officials. National-level
economic outcomes on the other hand appear increasingly determined by international forces, so that voters may not necessarily be expected to reward or punish elected officials for them.

The vote-performance relationship, as in economic voting, does not operate in a straightforward fashion, largely because of the amount of possible information that voters may need to select in order to make an evaluation. In order to improve the accountability process, policymakers have sought to simplify the information available to citizens, which loses some of the subtle gradations of performance, but gives the citizen a more powerful signal from which to respond. Although we do not know directly how the voters appraise such information, with attention to different specifications of the relationship we are able to show that more fine-grained or proportional measures do not matter for incumbents. Instead, threshold measures of performance facilitate the vote-performance link, partly because they are easily observed by the electorate, which is consistent with theories about voters economizing on information (Aidt 2000; Lupia and McCubbins 1998). The broad categorical summary ratings produced by the Comprehensive Performance Assessment matter for the effective functioning of local democracy in England. Arguably, the reformers were right in preferring a simple, threshold-based measurement system for conveying the information to voters.

But do these crude performance measures, through asymmetries in their relationships, possibly create perverse incentives? This study confirms and considerably extends analysis from the early stage of the Comprehensive Performance Assessment regime that showed negativity bias, suggesting that the new performance ratings only had an effect at the bottom end, which created a system that singled out the poor performing bureaucracies, but did not reward good performance (James and John 2007). Negativity bias could have been associated only with the shock to elections immediately following the establishment of the new system. Yet we observe
the same effect over the six-year period of this study. Only the difference between low performance and anything better matters, and there is no evidence of any reward for the incumbent for achieving high performance. These signals do not reward better performance. Local voters only seem to notice bad ratings. The positivity vs. negativity model using the categorical Comprehensive Performance Assessment rating further suggests that whilst worsening performance is punished there is no equivalent reward for improving performance. This asymmetric response of voters reacting to negative signals, and voters responding to extremes, has implications for the literatures on performance based and economic voting. Does one-sided responsiveness in the relationships between voters and policy-makers create the tautness needed to maintain governmental responsibility? Future studies may need to take into account the incentive structures of the decision-makers as well as those of voters. Students of economic and performance voting need to study whether central decision-makers are risk averse with respect to performance because they have few incentives to perform well. Far from improving democracy, asymmetric responses may undermine the incentives of the principals to give signals that lead to responsiveness. Future studies, rather than taking the voters as the main focus, would see voters and policy-makers as part of a system of decision-making.

Finally, behind these findings is the impact of institutional structures. We were not able to appraise the impact of different electoral systems as these are uniform in English local government. But economic voting studies increasingly stress the clarity of responsibility as a key factor in performance-based voting (Powell and Whitten 1993; Anderson 2000; Lewis-Beck and Paldam 2000; Nadeau et al 2000; Sanders 2000; Wlezien 2004; Anderson 2006; van der Brug et al. 2007). The question remains as to the effect of different institutional structures on service performance evaluation, and whether lessening the clarity of responsibility
conventionally argued to exist in the first-past-the-post majoritarian systems will alter the attribution of blame. This question offers a rich set of opportunities for comparative research.
References


What They Really Need to Know?* Cambridge: Cambridge University Press.

Level: The Electoral Fate of Local Incumbents in Norway.” *Scandinavian Political Studies* 27
(3): 227-59.


### Tables

**Table 1: Explaining vote share of the incumbent by service performance score—proportionate and positivity vs. negativity models**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Proportionate model</th>
<th>Positivity vs. negativity model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lag of service performance score</td>
<td>0.041</td>
<td></td>
</tr>
<tr>
<td>Service performance score increased by 1/3 std. deviation or more before the election</td>
<td>1.311 (0.990)</td>
<td></td>
</tr>
<tr>
<td>Service performance score declined by 1/3 std. deviation or more before the election</td>
<td>0.785 (1.065)</td>
<td></td>
</tr>
<tr>
<td>Competitiveness: difference in vote share of two biggest parties in the last election</td>
<td>-0.039 (0.079)</td>
<td>-0.168 (0.101)*</td>
</tr>
<tr>
<td>% support for current incumbent in the previous election</td>
<td>0.697 (0.114)*****</td>
<td>0.601 (0.167)*****</td>
</tr>
<tr>
<td>Labour (national governing party) incumbent (dummy)</td>
<td>-0.416 (0.978)</td>
<td>-0.390 (1.812)</td>
</tr>
<tr>
<td>Liberal Democratic incumbent (dummy)</td>
<td>-2.266 (2.153)</td>
<td>1.854 (3.169)</td>
</tr>
<tr>
<td>Whole-council election (dummy)</td>
<td>-5.534 (1.606)*****</td>
<td>-0.255 (4.244)</td>
</tr>
<tr>
<td>Average first-quarter claimant rate</td>
<td>-1.121 (1.266)</td>
<td>-0.940 (1.993)</td>
</tr>
<tr>
<td>Average council tax/dwelling (in £)</td>
<td>-0.008 (0.017)</td>
<td>-0.052 (0.033)</td>
</tr>
<tr>
<td>Year dummy for 2004</td>
<td>0.207 (1.817)</td>
<td></td>
</tr>
<tr>
<td>Year dummy for 2005</td>
<td>5.085 (2.217)****</td>
<td>9.939 (5.006)****</td>
</tr>
<tr>
<td>Year dummy for 2006</td>
<td>1.418 (2.701)</td>
<td>7.413 (5.426)</td>
</tr>
<tr>
<td>Year dummy for 2007</td>
<td>1.402 (3.033)</td>
<td>9.328 (5.999)</td>
</tr>
<tr>
<td>Constant</td>
<td>19.480 (15.440)</td>
<td>61.772 (27.987)**</td>
</tr>
<tr>
<td>Observations</td>
<td>276</td>
<td>212</td>
</tr>
<tr>
<td>Number of local governments</td>
<td>134</td>
<td>131</td>
</tr>
</tbody>
</table>

F-test of H0: “The model explains nothing” p < .0001 p < .0001

R² within .55 .37
R² between .59 .06
R² overall .64 .12

Fixed effects results with Huber-White standard errors adjusted for clustering on each local government in parentheses. Note that the coefficient on the constant term reflects the average local government fixed effect plus all idiosyncrasies of the 2003 election in case of the proportionate model and the 2004 election in case of the positivity vs. negativity bias model.

* significant at 10%; ** significant at 5%; *** significant at 1%
Table 2: Explaining vote share of the incumbent by the Comprehensive Performance Assessment (CPA) grades

<table>
<thead>
<tr>
<th></th>
<th>Threshold model</th>
<th>Extremes formulation</th>
<th>Positivity vs. negativity model</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reward formulation</td>
<td>Extremes formulation</td>
<td>Positivity vs. negativity model</td>
</tr>
<tr>
<td>Mediocre performance:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPA Fair/2 stars (dummy)</td>
<td>3.898</td>
<td></td>
<td>-0.099</td>
</tr>
<tr>
<td>High performance:</td>
<td>(1.079)**</td>
<td>0.933</td>
<td>(0.750)</td>
</tr>
<tr>
<td>CPA Good or Excellent/3 or 4 stars (dummy)</td>
<td>(1.639)**</td>
<td>(1.137)</td>
<td></td>
</tr>
<tr>
<td>Low performance:</td>
<td>-3.898</td>
<td></td>
<td>(1.143)**</td>
</tr>
<tr>
<td>CPA Poor or Weak/0 or 1 stars (dummy)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPA improvement (dummy)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPA worsening (dummy)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitiveness: difference in vote share of two biggest parties in the last election</td>
<td>-0.061</td>
<td>-0.061</td>
<td>-0.151</td>
</tr>
<tr>
<td>% support for current incumbent in the previous election</td>
<td>(0.069)</td>
<td>(0.069)</td>
<td>(0.090)*</td>
</tr>
<tr>
<td>Labour (national governing party) incumbent (dummy)</td>
<td>0.766</td>
<td>0.766</td>
<td>0.630</td>
</tr>
<tr>
<td>Liberal Democratic incumbent (dummy)</td>
<td>(0.088)**</td>
<td>(0.088)**</td>
<td>(0.155)**</td>
</tr>
<tr>
<td>Whole-council election (dummy)</td>
<td>-5.093</td>
<td>-5.093</td>
<td>-1.844</td>
</tr>
<tr>
<td>Average first-quarter claimant rate</td>
<td>-1.557</td>
<td>-1.557</td>
<td>-1.450</td>
</tr>
<tr>
<td>Average council tax/dwelling (in £)</td>
<td>-0.011</td>
<td>-0.011</td>
<td>-0.051</td>
</tr>
<tr>
<td>Year dummy for 2004</td>
<td>-0.121</td>
<td>-0.121</td>
<td></td>
</tr>
<tr>
<td>Year dummy for 2005</td>
<td>5.137</td>
<td>5.137</td>
<td>6.215</td>
</tr>
<tr>
<td>Year dummy for 2006</td>
<td>1.491</td>
<td>1.491</td>
<td>6.453</td>
</tr>
<tr>
<td>Year dummy for 2007</td>
<td>1.280</td>
<td>1.280</td>
<td>7.812</td>
</tr>
<tr>
<td>Constant</td>
<td>19.943</td>
<td>23.841</td>
<td>63.326</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Observations</th>
<th>Number of local governments</th>
<th>F-test of H0: “The model explains nothing”</th>
<th>R^2 within</th>
<th>R^2 between</th>
<th>R^2 overall</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>277</td>
<td>134</td>
<td>p &lt; .0001</td>
<td>.63</td>
<td>.53</td>
<td>.63</td>
</tr>
<tr>
<td></td>
<td>277</td>
<td>134</td>
<td>p &lt; .0001</td>
<td>.63</td>
<td>.53</td>
<td>.63</td>
</tr>
<tr>
<td></td>
<td>212</td>
<td>131</td>
<td>p &lt; .0001</td>
<td>.41</td>
<td>.07</td>
<td>.13</td>
</tr>
</tbody>
</table>

Fixed effects results with Huber-White standard errors adjusted for clustering on each local government in parentheses. Note that the coefficient on the constant term reflects the average local government fixed effect plus all idiosyncrasies of the 2003 election in case of the threshold model and the 2004 election in case of the positivity vs. negativity bias model. significant at 10%; ** significant at 5%; *** significant at 1%
Table 3: Explaining vote share of the incumbent by citizen satisfaction

<table>
<thead>
<tr>
<th>Citizen perceptions model</th>
<th>0.059</th>
<th>(0.055)</th>
<th>0.0197</th>
<th>(0.073)**</th>
<th>0.813</th>
<th>(0.109)***</th>
<th>2.389</th>
<th>(1.036)**</th>
<th>-5.073</th>
<th>(2.609)*</th>
<th>-8.781</th>
<th>(1.265)*****</th>
<th>1.026</th>
<th>(1.046)</th>
<th>-0.014</th>
<th>(0.007)**</th>
<th>2.263</th>
<th>(1.984)</th>
<th>1.922</th>
<th>(2.091)</th>
<th>17.493</th>
<th>(6.680)*****</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lag of % of citizens very/fairly satisfied with the local government’s service performance</td>
<td>0.059</td>
<td>(0.055)</td>
<td>0.0197</td>
<td>(0.073)**</td>
<td>0.813</td>
<td>(0.109)***</td>
<td>2.389</td>
<td>(1.036)**</td>
<td>-5.073</td>
<td>(2.609)*</td>
<td>-8.781</td>
<td>(1.265)*****</td>
<td>1.026</td>
<td>(1.046)</td>
<td>-0.014</td>
<td>(0.007)**</td>
<td>2.263</td>
<td>(1.984)</td>
<td>1.922</td>
<td>(2.091)</td>
<td>17.493</td>
<td>(6.680)*****</td>
</tr>
<tr>
<td>Competitiveness: difference in vote share of two biggest parties in the last election</td>
<td>0.059</td>
<td>(0.055)</td>
<td>0.0197</td>
<td>(0.073)**</td>
<td>0.813</td>
<td>(0.109)***</td>
<td>2.389</td>
<td>(1.036)**</td>
<td>-5.073</td>
<td>(2.609)*</td>
<td>-8.781</td>
<td>(1.265)*****</td>
<td>1.026</td>
<td>(1.046)</td>
<td>-0.014</td>
<td>(0.007)**</td>
<td>2.263</td>
<td>(1.984)</td>
<td>1.922</td>
<td>(2.091)</td>
<td>17.493</td>
<td>(6.680)*****</td>
</tr>
<tr>
<td>% support for current incumbent in the previous election</td>
<td>0.813</td>
<td>(0.109)***</td>
<td>2.389</td>
<td>(1.036)**</td>
<td>-5.073</td>
<td>(2.609)*</td>
<td>-8.781</td>
<td>(1.265)*****</td>
<td>1.026</td>
<td>(1.046)</td>
<td>-0.014</td>
<td>(0.007)**</td>
<td>2.263</td>
<td>(1.984)</td>
<td>1.922</td>
<td>(2.091)</td>
<td>17.493</td>
<td>(6.680)*****</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour (national governing party) incumbent (dummy)</td>
<td>2.389</td>
<td>(1.036)**</td>
<td>-5.073</td>
<td>(2.609)*</td>
<td>-8.781</td>
<td>(1.265)*****</td>
<td>1.026</td>
<td>(1.046)</td>
<td>-0.014</td>
<td>(0.007)**</td>
<td>2.263</td>
<td>(1.984)</td>
<td>1.922</td>
<td>(2.091)</td>
<td>17.493</td>
<td>(6.680)*****</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liberal Democratic incumbent (dummy)</td>
<td>2.389</td>
<td>(1.036)**</td>
<td>-5.073</td>
<td>(2.609)*</td>
<td>-8.781</td>
<td>(1.265)*****</td>
<td>1.026</td>
<td>(1.046)</td>
<td>-0.014</td>
<td>(0.007)**</td>
<td>2.263</td>
<td>(1.984)</td>
<td>1.922</td>
<td>(2.091)</td>
<td>17.493</td>
<td>(6.680)*****</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whole-council election (dummy)</td>
<td>2.389</td>
<td>(1.036)**</td>
<td>-5.073</td>
<td>(2.609)*</td>
<td>-8.781</td>
<td>(1.265)*****</td>
<td>1.026</td>
<td>(1.046)</td>
<td>-0.014</td>
<td>(0.007)**</td>
<td>2.263</td>
<td>(1.984)</td>
<td>1.922</td>
<td>(2.091)</td>
<td>17.493</td>
<td>(6.680)*****</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average first-quarter claimant rate</td>
<td>1.026</td>
<td>(1.046)</td>
<td>-0.014</td>
<td>(0.007)**</td>
<td>2.263</td>
<td>(1.984)</td>
<td>1.922</td>
<td>(2.091)</td>
<td>17.493</td>
<td>(6.680)*****</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average council tax/dwelling (in £)</td>
<td>1.026</td>
<td>(1.046)</td>
<td>-0.014</td>
<td>(0.007)**</td>
<td>2.263</td>
<td>(1.984)</td>
<td>1.922</td>
<td>(2.091)</td>
<td>17.493</td>
<td>(6.680)*****</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year dummy for 2000</td>
<td>2.263</td>
<td>(1.984)</td>
<td>1.922</td>
<td>(2.091)</td>
<td>17.493</td>
<td>(6.680)*****</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year dummy for 2003</td>
<td>1.922</td>
<td>(2.091)</td>
<td>17.493</td>
<td>(6.680)*****</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>17.493</td>
<td>(6.680)*****</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>297</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of local governments</td>
<td>139</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-test of H0: “The model explains nothing”</td>
<td>p &lt; .0001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² within</td>
<td>.64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² between</td>
<td>.20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² overall</td>
<td>.36</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fixed effects results with Huber-White standard errors adjusted for clustering on each local government in parentheses. Note that the coefficient on the constant term reflects the average local government fixed effect plus all idiosyncrasies of the 2000 election.

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