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Balancing democracy, identity and efficiency

Changes in local and regional structures in Europe

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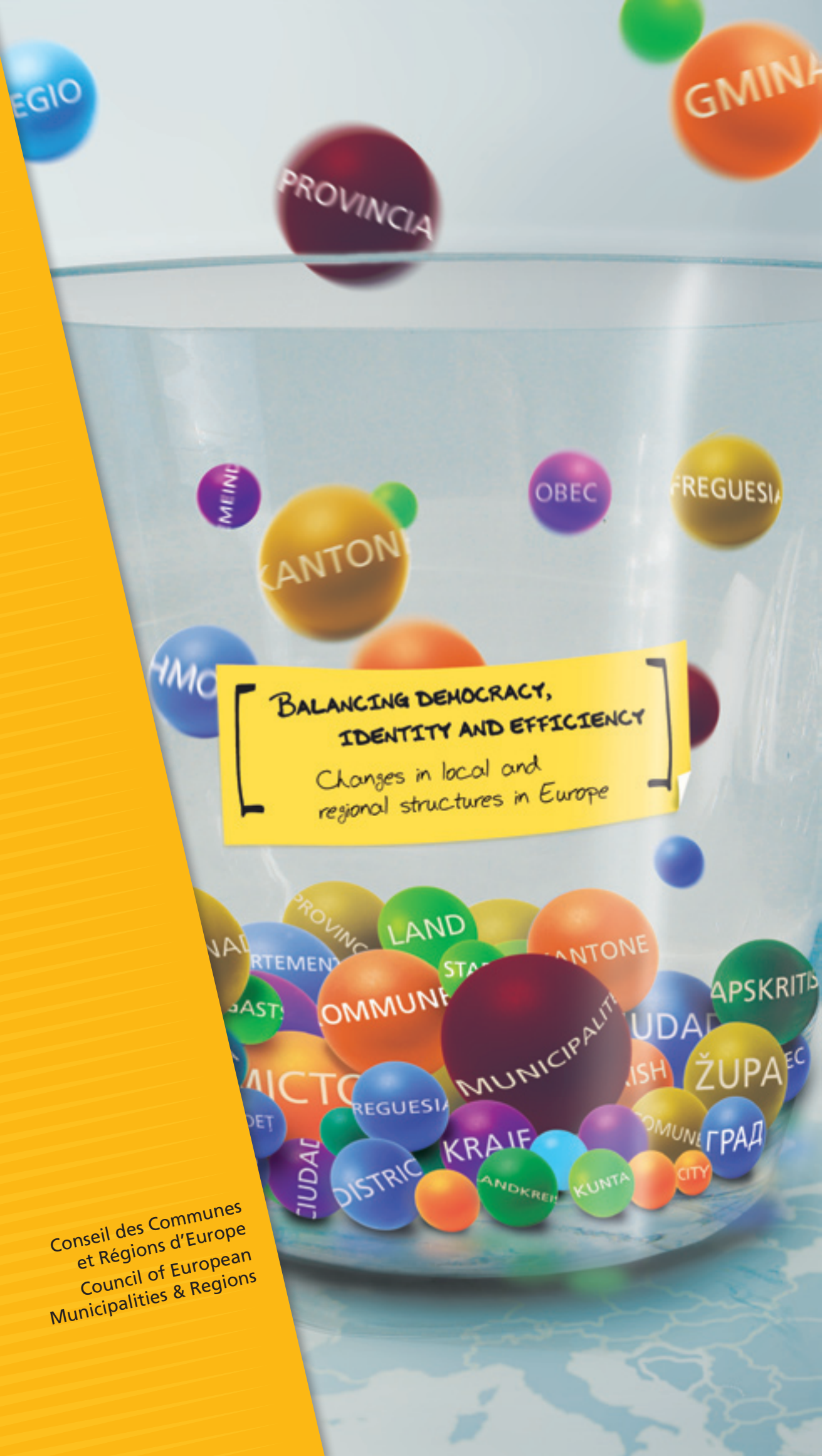
[FOREWORD]

On 1 October 2008 CEMR organised, in partnership with Local Government Denmark and Danish Regions, a seminar on changes in local and regional structures in Europe, at which a number of CEMR's member associations introduced recent or proposed changes in their country or regions.

The idea of such seminar stemmed from the fact that over the last decade or so, many European countries have embarked on internal reforms including reducing or increasing the number of municipalities as well as granting their local and regional governments more competences.

The main purpose of the seminar was to look at how these reforms in different parts of our continent affect the balance between democracy, identity and efficiency. For example, often the purpose of creating fewer but larger municipalities is to enhance efficiency and effectiveness based on a larger territorial and population base for delivering services. But do such changes have an adverse impact on local people's sense of identity, and thus weaken the link between the citizen and his or her local authority? Do these changes therefore have an adverse impact on local democracy?

In the course of the seminar, it became obvious that across Europe local authorities are under increasing financial and demographic pressure to provide more services in a more cost effective way, and that in a number of countries, central governments are seeking to intervene in an increasingly top-down manner.

But the way reforms are planned and implemented is also important; as one of the speakers put it, though the reform process somewhat strengthened local government, it was too much a top-down process with central government putting too much emphasis on efficiency. In the end, local democracy was completely forgotten in the reform; and the parliament is free to interfere far too much in purely local issues which are not its business!

The Copenhagen seminar brought together over 100 participants from 20 countries; it was also intended to give input to CEMR's General Assembly on 22-24 April 2009 in Malmö, which – under the general theme "Fit for the Future?" – will also look at the pressures and changes confronting Europe's local and regional governments.

This publication is a compilation of background papers prepared by the various speakers. The first was prepared by Dexia, who produce many studies and reports on local government issues in Europe; the paper gives an overall view of the current situation in local and regional structures across Europe.

It is followed by study cases from Northern Europe where far-reaching reforms are underway or have been only recently completed, including the host country, Denmark. The next set of presentations focuses on France and the United Kingdom; with a similar population, France has around 36,000 municipalities and the UK only 450! The third group looks at issues in countries with federal or quasi federal structures (Germany, Belgium, Spain).

Finally, Professor Wollmann, with his unsurpassed knowledge of our continent's different systems of local government, draws conclusions from the current patchwork of reforms and structures in Europe.

We hope you will find this publication useful.

Jeremy Smith
Secretary general of CEMR

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THE QUEST FOR
"PERFECT TERRITORIAL ORGANISATION":
COMPARISON ACROSS EUROPE

The current territorial organisation of the 27 EU Member States is very diverse, both at the State and at the sub-national level.

At the State level, the 27 Member States can be broken down into three main categories: three countries are federal States (Austria, Belgium and Germany), two are "regionalised" States with a quasi-federal structure (Italy and Spain), the remaining are unitary States, although some have an asymmetric organisation (Portugal, United Kingdom, etc.).

More than 92,500 sub-national governments in the EU

At the sub-national level, there were 92,506 local, regional and federated authorities in the EU in 2007. These sub-national governments are organised into one, two or three tiers depending on the country:

- Eight countries have only one local government level, that of municipalities, the base unit which manages the lion's share of their community public services. These countries tend to be small in geographical and/or demographic terms. They represent in total only 4% of the European population.
- Twelve countries have two sub-national government levels: municipalities and the "regional" level. These medium-sized countries represent 23% of the EU population.
- The remaining seven countries, which are generally also the largest, have a three-level system: the municipalities, the intermediary tier and the "regional" level. They account for almost three-quarters of the European population.

In all, the 92,506 sub-national governments can be broken down into:
- 91,252 municipalities,
- 935 intermediary level sub-national governments,
- 319 regional or federated level sub-national governments.

The municipalities form the cornerstone of European territorial organisation

European municipalities ensure the delivery of community services to the population. In every Member State, they manage basic local public services such as distribution networks (water, waste, public transport and lighting, etc.), leisure and living environment (urban planning, protection of the environment, etc.). They are also often in charge of primary education and social services.

The municipal level is very diverse, both in terms of localisation, size, organisation and resources. Nearly 80% of European municipalities are concentrated in only five countries. One of them, France, accounts for 36,683 municipalities, or 40% of the European total. In 2007, European municipalities reported an average of 5,410 inhabitants for an area of around 50 km². However, these averages do not reveal the significant disparities between countries, which range from 1 to 85 in terms of inhabitants and 1 to 310 in terms of area. The diversity of the municipal level exists between Member States but also within countries. Municipalities in 16 EU Member States have different statutes based on their various demographic, administrative, economic or cultural specificities. In ten other countries, certain municipalities belong to both the municipal level and the tier above. In some countries, large cities and capitals have a specific institutional organisation in addition to a special status.

Despite the diversity of the municipal level, some general trends are visible at European level as municipalities share common preoccupations. One of their main preoccupations is the quest for the "perfect size" which would ensure both local democracy and economic efficiency in the delivery of local public services. Different solutions are put in place in order to reach this goal.

Municipal merger policies are the favoured solution to the quest for the "perfect size"

Municipal merger policies have been implemented in many European countries, one of the objectives being to compensate for the economic disadvantages linked to the small size of many of the municipalities concerned (insufficient financial resources to carry out their responsibilities correctly, limited tax base, etc.).

There has been an across-the-board trend towards a reduction in the number of municipalities in Europe for several decades. Merger policies started in the 1950s in Austria (halving the number of municipalities) and in Sweden (reducing them to less than an eighth of the original number), before being adopted by more than half of EU15 countries. In the following years, municipal merger movements (either mandatory or voluntary) drastically reduced the number of municipalities in Denmark in 1970 (to a fifth), West Germany in the 1960s and 1970s (to a third), Belgium in 1975 (to a quarter), more gradually in the Netherlands (almost halving them over a period of more than 50 years) and finally, to a lesser extent, in Finland. In Lithuania, the municipal merger policy implemented in 1994 reduced the number of municipalities by a factor of 10. More recently, in 1997, the Capodistrias reform in Greece reduced the number of municipalities by a factor of almost 6.

Today, the situation seems to have stabilised in many countries, due particularly to the passing of legislation fixing minimum population thresholds for the creation of a municipality. Only two countries have notably modified their municipal organisation recently: Denmark in 2007, and Latvia, which has been working on its territorial reorganisation since 1998 with a view to creating amalgamated municipalities. After a shaky start, the number of municipalities should be reduced to a fifth by the end of 2009. These reorganisations will enable Danish and Latvian municipalities to reach a large demographic size: 23,000 inhabitants on average for Latvian municipalities, and 55 000 inhabitants for Danish municipalities (the most populated municipalities in Europe after the United Kingdom and Lithuania).

In a few countries, the quest for the "perfect size" takes the opposite path

The Communist era in Central and Eastern European countries saw a decrease in the number of municipalities during the 1960s and 1970s, as they were absorbed into larger units as part of the central State's rationalisation, planning and territorial control. The democratic transition that began in the 1990s led countries such as Slovenia, the Czech Republic and Romania to a splintering of municipal groupings and, in many cases, to the re-establishment of historical municipalities, seen as both the vectors of local democracy and the territorial entities best suited to manage community services. In the Czech Republic, for example, more than 2,150 municipalities have been restored since 1989, representing a third of the current total. In Slovenia, the number of municipalities went from 54 in 1976 to 210 in 2006, partly as a result of a new political orientation but also of a funding mode at local level that tends to favour small municipalities. In Lithuania, the merger policy implemented in 1994 was so effective that municipalities are now

perceived to be too large and possible "de-mergers" are being discussed to improve ties between local populations and their elected representatives.

Other avenues in the quest for the "perfect size" are also being explored

Inter-municipal cooperation is another popular option in the attempt to attain the perfect size. It allows municipalities to pool their resources in order to improve the management of local public services and to attain a sufficient size to carry out certain responsibilities (i.e. sewerage, water, transportation), while at the same time keeping their own municipal structure. The forms of inter-municipal cooperations vary greatly from highly integrated, as is the case in Spain, Italy and Portugal, to very specific structures such as syndicates. France is without any doubt the trailblazer in Europe in this area, opting to develop the role of inter-municipal groupings that are strongly integrated in fiscal terms rather than eliminate municipalities: in 2007, 91% of French municipalities belonged to 2,588 inter-municipal cooperation structures with own-source tax revenue, representing 87% of the population.

In several countries, especially those with large municipalities (such as Portugal, the United Kingdom, Bulgaria and Lithuania), an infra-municipal level exists in the form of localities (quarters, city districts, parishes, villages, etc.). These historical sub-divisions are an alternative to the splintering of municipalities. They enable the reinforcement of local democracy and the delivery of community services. In some cases, these municipal sub-divisions are legal entities. They can have elected or appointed representatives, as well as their own responsibilities and budget.

The quest for "optimal territorial organisation" also concerns the regional level

The decentralisation process has resulted in a regionalisation movement in most European countries. In some countries such as the Czech Republic, Slovakia, Denmark and soon Slovenia, it has led to the creation of a regional tier to ensure the delivery of public services that require a large base of population (health care, economic development, territorial planning, etc.). The regional level is usually created by transforming the State territorial administration units or the NUTS statistical and planning regions into decentralised authorities, or by merging local authorities of an inferior level. Countries where a regional level already exists have seen its responsibilities and autonomy increase (Germany, Spain, Italy, France, etc.). Several countries, notably the new EU Member States (Hungary, Lithuania, Romania, etc.) are currently studying the possibility of creating a regional tier. Sweden and Finland are even experimenting with regionalisation through programmes involving the granting of a special status and additional responsibilities to some pilot regional governments.

In conclusion, the search for perfection in terms of an administrative map has to take two contradictory requirements into account: economic efficiency for a number of public services and efficiency in terms of democracy. The first requirement tends to lead to an extension of management perimeters, while the second requires bringing decision centres closer together to ensure better relations with local populations and their more active participation in the democratic process.

Another difficulty comes from the fact that the perimeter varies from one responsibility to the other. The optimal demographic and geographic size will therefore be different depending on the type of responsibility (environment, education, transport, health care, etc.). To solve this issue, some responsibilities can be delivered by specific entities adapted to the optimal sphere of operation of a responsibility. This is the case for example of water treatment in Netherlands, Belgium, Greece and Cyprus.

To date, no country has found the magic formula and many are experimenting with alternatives, either in terms of management modes for local public services or in terms of community democracy.

More information

Sub-national governments in the European Union: organisation, responsibilities and finance – Dexia Editions, July 2008

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www.dexia-clf.fr > Notre expertise > Europe et International

LOCAL AND
REGIONAL GOVERNMENT
IN DENMARK

Paper prepared by Pia Rønnov Jensen, Danish Regions and Eva Jacobsen, Local Government Denmark, based on "The Local Government Reform – In brief" by the Danish Ministry of the Interior and Health

The Danish Local Government reform 2007

Denmark implemented a new local government reform on 1 January 2007. Prior to this date the foundation of Danish local government was established with the local government reform of 1970.

The main aims of the reform were to maintain and develop a simple and efficient public sector and ensure better services with unchanged taxes, a world class health service, clear responsibility, better service for the citizens (less bureaucracy and fewer counters, more influence for the citizens), and better participatory democracy.

The reform consists of three main elements:
1. a new map of Denmark with 98 municipalities (271 before the reform) and 5 new regions (replacing 14 counties),
2. a new distribution of tasks, and
3. a new financing and equalization system.

1. New map of Denmark - who initiated the reform? Who designed it?

On the basis of an increasing debate on the structure of the public sector, the government appointed a Commission on Administrative Structure in October 2002. The Commission consisted of representatives from the local and regional governments (LGDK and Danish Regions were represented by their CEOs), ministries and people with a special expertise within the area.

The task of the Commission was to assess the advantages and disadvantages of alternative models for the structure of the public sector and on this basis to make recommendations for changes that would remain sustainable for a number of years.

In January 2004, the Commission concluded that a reform of the structure of the public sector was required and presented six models for this purpose detailing the

advantages and disadvantages of each, but not recommending any specific model. After the publication, the government submitted the recommendation of the Commission for a public hearing. In April 2004, the government presented its proposal for a reform of the structure of the public sector "The new Denmark – a simple public sector close to the citizen", based on the analyses of the Commission and on the hearing of the recommendation. The proposal subsequently formed the basis for negotiations between the government and the other parties of the Danish Parliament ("The Folketing"). In June 2004, these negotiations resulted in an agreement on a reform between the government and the Danish People's Party.

On the basis of the Agreement on the Structural Reform, 50 bills were prepared during the autumn. The bills were submitted for a public hearing on 1 December 2004 and submitted to the Parliament on 24 February 2005. On 1 July 2005 a majority in the Parliament approved the Agreement on the Structural Reform. In November 2005 local elections to the new municipal councils and the new regional councils were held.

From 271 to 98 local authorities

The parties behind the Agreement on a Structural Reform recommended aiming for 30,000 inhabitants when creating the new municipalities. A minimum size for the new municipalities was set at 20,000 inhabitants. Municipalities with less than 20,000 inhabitants should merge into larger municipalities with at least 20,000 inhabitants. Alternatively, they could enter into a (voluntary) binding partnership with neighbouring municipalities (the so-called trapdoor solution). Such a partnership should be based on a population of at least 30,000 inhabitants. Special allowances were made for island municipalities who were given the option to enter into a binding partnership with a municipality on the mainland in order to meet the new requirements regarding size.

As a result of strong citizen requests, local referendums (primarily in counties) were held in 24 of the "old" municipalities regarding affiliation before approval of the planned merger of municipalities.

Negotiations with the conciliation parties (the Liberal Party, the Conservative Party and the Danish People's Party) as well as the Social Democratic Party and the Danish Social-Liberal Party resulted in a broad political agreement on the new map of Denmark. The parties accepted most of the requests submitted regarding the new municipalities.

In connection with the local government reform, the counties were abolished. This also applied to the Copenhagen Hospital Corporation (HS) and the Greater Copenhagen Authority (HUR). Five new regions were created with between 0.6 and 1.6 million inhabitants. The regions were consequently significantly larger than the counties.

The majority of the counties were included in the regions in their entirety. The exceptions were the counties of Viborg and Vejle. Furthermore, part of the former municipality of Mariager in the county of Aarhus became a part of the North Denmark Region. In addition, there were a few adjustments to regional boundaries as a result of local referendums.

2. New distribution of tasks in the Danish public sector

The local government reform resulted in a comprehensive reorganisation of tasks in the public sector. The tasks of the counties were distributed between regions, municipalities and the state. Furthermore, some tasks were transferred between the state and the municipalities. Figure 3 shows the distribution of tasks (distribution of expenditure) between the state, counties/regions and the municipalities before and after the local government reform.

Distribution of Tasks between the State, Counties/ Regions and Municipalities before and after the Local Government Reform

Distribution of tasks 2004 (expenditure)
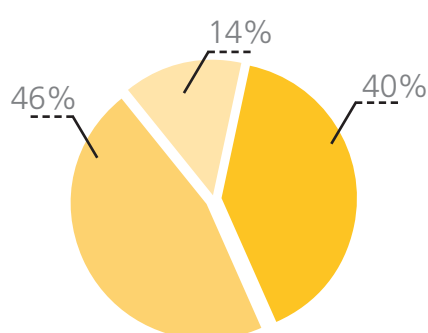
Distribution of tasks after the Local Government Reform (expenditure)
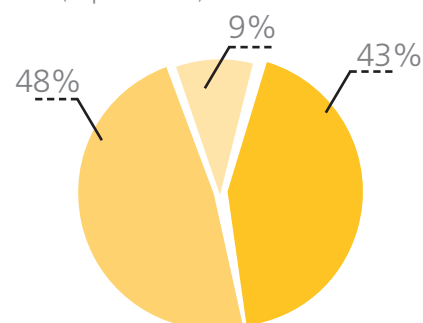
- ■ Municipalities
- ■ Counties
- ■ State, including official private institutions + social funds

Source: Publication of Ministry of Interior and Health "The Local Government Reform – in Brief"
Note: The distribution of tasks after the local government reform is to some extent based on estimates, including estimates of the amount of regional tasks within the area of social services and special education.
Source: Statistics Denmark and our own calculations.

Municipalities as the citizens' access point to the public sector

Before the reform the municipalities had undertaken a major part of citizen-related service tasks. With the reform they were assigned a number of new tasks.

Responsibilities of the municipalities after 1 January 2007:
Social services:
Total responsibility for financing, supply and authority:
- Child care
- Primary school, including any special education and special pedagogical assistance for small children
- Special education for adults
- Care for the elderly
- Health care: Preventive treatment, care and rehabilitation that do not take place during hospitalization, treatment of alcohol and drug abuse, home care, local dental care, special dental care and social psychiatry
- Activation and employment projects for the unemployed without insurance in job centres run jointly with the state (10 pilot municipalities undertake the task for the unemployed with insurance on behalf of the state)
- Integration and language education for immigrants
- Citizen service regarding taxation and collection in cooperation with state tax centres
- Supplies and emergency preparedness
- Nature, environment and planning: E.g. specific authority and citizen related tasks, preparation of local plans and plans regarding waste water, waste and water supply
- Local business service and promotion of tourism
- Participation in regional public transport companies
- The local road network
- Libraries, schools of music, local sports facilities and culture

Regions

The primary responsibilities of the regions were now health care, regional development and operation of a number of social institutions. These areas will be described in further detail below. In addition, the regions would become responsible for the establishment of transport companies and certain regional tasks regarding nature, environment and physical planning. Finally, the regions were to be responsible for providing and developing special education nationally and regionally and for institutions offering special education to people with a speech, hearing or sight impairment (communication centres).

Responsibilities of the regions after 1 January 2007:
- Health service – primary care financing and supplying through private General Practitioners (GP's) and other private medical specialists
- Health service – secondary care financing and supplying hospitals, psychiatry and outpatient care
- Planning regional development, i.e. nature, environment, business, tourism, employment, education and culture as well as development in the fringe areas of the regions and in the rural districts.
- Secretarial service for the regional growth forums made up of representatives of the local business community, local educational institutions, parties of the labour market and politicians from the municipalities and the region
- Soil pollution
- Raw material mapping and planning
- Operation of a number of institutions for exposed groups and groups with special needs for social services and special education on behalf of the municipalities
- Establishment of regional public transport companies throughout Denmark. The regions have the financial responsibility for the local trains, the regional busses and part of the company's administration.

State

The state generally undertakes those tasks where delegation to municipalities and regions would be inappropriate. This applies to the police, defence, the legal system, the Foreign Service and Official Development Assistance, further education and research. With the purpose of ensuring correlation and efficiency in task performance, some tasks were transferred to the state in connection with the local government reform.

Responsibilities of the state after 1 January 2007:

- Police, defence, legal system
- Foreign service, Official Development Assistance
- General planning within the health care sector
- Education and research except primary school and special education
- Activation of the unemployed with insurance in joint job centres with the municipalities, unemployment insurance, working environment and overall employment policy
- Taxation and collection of debt to the public authorities
- Social services: National knowledge and special counselling organization (VISO)
- The general road network and the state railway
- General nature, environmental and planning tasks
- Certain cultural measures
- Business economy subsidies
- Reception of asylum applicants

3. A new financing and equalization system

The majority of public sector revenue comes from taxes. With the local government reform the number of taxation levels was reduced from three to two. The regions - as opposed to the counties – cannot impose taxes. They obtain their revenue from the state and the municipalities.

Economy of the municipalities after the reform

The revenue of the municipalities can be divided into the following categories:
• Taxes (income tax, property tax and a share of the corporation tax)
• Operating and capital revenue (from supply companies, day care institutions and sale of land)
• Reimbursements (from the state – especially within social services)
• General subsidies (e.g. the general state grant to the municipalities – block grant – that is not earmarked for a specific purpose)
• Loans (limited by local loan sanctions

Economy of the regions after the reform

The regions' expenditure is determined by budgetary cooperation between the Regions and the Government. The budgetary cooperation consists of annual agreements between the Government and Danish Regions on behalf of all regions. The purpose of the agreement is to ensure the regions a maximum level of growth in expenditure. The principle underneath is balancing budgets for the regional level overall but not for the individual region.

For the financing of the majority of the regional and local health care expenditure, the state imposes a health care contribution. The health care contribution is 8% and partially replaces the county income tax.

The economy of the regions is divided into three sections – health care, regional development and rate-financed tasks within social services and special education.

Health care

Within health care, the tasks of the regions are financed by four kinds of subsidies:

- General subsidies – state block grant distributed using objective criteria - 79 percent of the total financing of health care (2008)
- State activity-related subsidy – 3 percent of the total financing of health care (2008)
- Local basic contribution from municipalities - 7 percent of the total financing of health care (2008). The local basic contribution is initially fixed at DKK 1,000 (approx. 130 euro) per inhabitant (at the price and wage level of 2003)
- Local activity-related contribution from municipalities – 11 percent of the total financing of health care (2008). The activity-related contribution depends on how much the citizens use the national health service. It will primarily reflect the number of hospitalizations and out-patient treatments at hospitals as well as the number of services from general practitioners.
- Loans (small scale loans financing interest expenses and temporary loans financing the purchase of health service apparatus)

Regional development

Within regional development the tasks of the regions are financed by two kinds of subsidies:

- General subsidies – state block grant distributed using objective criteria - 74 percent of the total financing of regional development (2008)
- Local basic contribution from municipalities – 26 percent of the total financing of regional development (2008). The development contribution is fixed according

to the same principles as those applying to the basic contribution within health care and will initially amount to DKK 100 pr. inhabitant.

Social services and special education:

Within social services and special education, the regions will receive payment from the municipalities for the operational tasks that they perform for them.

The payment is based upon rates which reflect the costs of the regions. Annually the municipalities have the opportunity to insource the services the regions manage on their behalf.

RESTRUCTURING LOCAL GOVERNMENT
AND SERVICES
IN FINLAND

Paper prepared by Kari Prättälä,
Association of the Finnish Local and Regional Authorities

Finnish local government

Finland is the most decentralised country in the European Union. Its 415 local authorities (1 January 2008) have far-reaching powers, a fairly independent economy – with the right to tax the income of their residents – a total budget of over 30 billion euro, and a personnel of more than 430,000. In comparison there are approximately 120,000 state employees, and the private sector employs around 1,500,000 persons.

Finland is a large country with an area of approximately 330,000 km^2– in fact the sixth largest in Europe – but with its 5.3 million inhabitants it is also thinly populated (on average 15 persons/km^2). In addition, most local authorities have few residents: there are 81 local authorities with less than 2,000 inhabitants, and 173 with 2,000–6,000. There are considerable differences between local authorities – particularly financial.

The Finnish welfare state is mainly based on municipally provided services. Local authorities take care of primary and specialised health care, social services such as day care for children, and educational services.

As Finland has a one-tier municipal government, even the smallest local authorities are obliged to provide a whole range of statutory services for their residents. The missing second tier is compensated by extensive cooperation between local authorities.

Local authorities often set up a separate organisation, a joint municipal authority, to perform joint functions. There are some 230 joint authorities in Finland. Joint authorities often provide educational, social and health-care services. Several local authorities can together establish a voluntary joint health centre or vocational institutions. Joint authorities include statutory regional councils which define regional policy, and hospital districts which are responsible for specialist medical care.

The challenges…

At the local level, there are calls to balance the budget clash over the increasing financial difficulties faced by the municipalities and the obligation to provide a wide range of services. As the population ages, the need for services increases, particularly in the health-care and nursing sector.

At the same time, the number of children and the size of school classes are decreasing. With the increasing level of education and wealth of the users, greater demands are also placed on services. The diverse and increasingly efficient ways of producing the services, complemented by private and third sector services and models, call for new expertise.

As a result of increasing internal migration, population growth concentrates on a few thriving centres. At the same time, the differences between the municipalities in terms of economy are growing. The structure of the population will remain balanced only in areas where the number of people increases.

The change in the age structure due to the ageing population is also reflected in the availability of labour. Competition for skilled labour will intensify as baby-boomers retire from working life.
Because birth rates are assumed to remain at a low level, the cost of day care and education will decrease. In health-care and old people's services the expenditure will grow. The fastest increase in expenditure will take place in the services required by old people. Expenditure will increase quickly in the next few years, and further accelerate after 2020.

To sum up, it is a challenge to provide welfare services in a situation where the population ages, the post-war baby boom generation retires, internal migration increases, and where external economic changes pose serious challenges.

… and how we meet them

A restructuring project was launched by the Finnish government in 2005 in order to secure welfare state services now and in the future under changing circumstances. Although the initiative came from the central government, it is not a top down process. The Association of Finnish Local and Regional Authorities, AFLRA, has from the start strongly supported the project and contributed to it by submitting its own proposals. At an early stage, the Association presented its own draft for a framework law, which strongly influenced the proposal later submitted to Parliament. The reform itself is carried out by local authorities within the limits of the framework law that defines the goals and regulates the process.

The goal of the project is to create a system which ensures high-quality municipal services for all now and in the future and which will still be viable in 2020. In particular, the project focuses on the possibilities of local authorities to provide services, i.e. on the structural and financial foundation of the system. The renewal of the financial system is still under preparation. One goal is to remove obstacles to municipal mergers and to overhaul the system of adjusting central government transfers between local authorities. The proposals are due to be presented early next year but the structural reform has started promptly.

Broad political base secures continuity

Although the final results of the project are still to be seen, the progress so far has been better than many dared to hope. This is due to many factors but the following are particularly worth mentioning:
- A broadly based organ – a working group on restructuring municipalities and services chaired by the Minister of Regional

and Municipal Affairs – was set up for the practical implementation of the project. The members consisted of the State Secretaries to the Ministries responsible for municipal services, the directors of the AFLRA and representatives of the government coalition parties and the main opposition parties. It was vital to include the opposition – at that time being the Conservatives - in the project since the government coalitions often change and the continuity of the project needed to be ensured after the approaching general election.

- Early on, it was also decided that the process would be regulated by a framework law, not merely by administrative regulations or political declarations. This was justified by the duration of the process over the Parliament election period and by the fact that many obligations imposed on local authorities (such as the obligation to submit a plan of mergers or cooperation arrangements to the ministry), which must be governed by a Parliamentary Act, were included in the law.

As for project continuity, this strategy has proved to be a success: after the Parliamentary election last year the project was included in the Government programme without any further discussions, notwithstanding the change in the coalition make-up.

A more detailed concept of the project was formulated during the drafting of the framework law.

Although the strengthening of structures through municipal mergers and new cooperation arrangements is not the only aim, it is obvious that no reform of service production quality etc. can be undertaken before authorities with due competence are established. Therefore, the main issue during the drafting of the framework law was: should the reform be based on municipal mergers in order to achieve a structure of viable and functional municipalities, or should the emphasis be on service structures, i.e. on municipal cooperation?

The opinions were divided along the party lines in the usual manner: the Conservatives and the Social Democrats preferred mergers, referring for example to the Danish model. The Centre Party, the biggest party in the coalition government, was in favour of a service structure reform. In the local government sector, larger cities supported the model of viable and functional municipalities, i.e. mergers, while smaller local authorities preferred the idea of transferring health services and secondary education to upper administrative levels rather than merging with neighbouring municipalities.

The framework law defines goals and regulates the process

After thorough discussion a compromise was reached. The mergers would be voluntary now and in the future but the government would provide considerable incentives to encourage local authorities to complete mergers by the beginning of 2009. Central government support to local government would decrease yearly and would cease completely from the beginning of 2013.

The framework law does not regulate the minimum number of inhabitants. However, the municipalities with "less than approximately 20,000 inhabitants" – as a literal translation of the law defines - are obliged to establish a joint authority for the services that are considered the most problematic for small municipalities, i.e. primary health-care and some social services.

So a municipality with less than 20,000 inhabitants has two options: to start negotiating either a merger, or a form of cooperation with its neighbouring municipalities. Exemption can, however, be made on the grounds of archipelago environment and long distances (the distance between the municipal centres must be at least 40 kilometres along public roads). Flexibility is also allowed in order to safeguard language and cultural rights (Finnish and Swedish speakers, Sami people). It is worth noting that at the moment only one fourth of all health centres meet the population criterion.

Local authorities were required to draw up an implementation plan by 1 September 2007. The purpose of the plan is that, based on e.g. possible merger plans, local authorities review their service provision (service strategies) and functional means (not only structural such as municipal mergers) of providing services, such as how regional characteristics influence service provision.

Urban regions – the four local authorities in the Helsinki Metropolitan Area as well as 16 other regional centres and their neighbouring local authorities (altogether 102 local authorities) – were required to draw up a cooperation plan by 31 August 2007. This plan was to present how to better reconcile land use, housing and transportation, and how to make better use of services in the region across municipal boundaries.

All the municipalities have submitted their plans to the Ministry of Finance, which at the moment is responsible for municipal affairs. These plans have been evaluated by the ministries concerned and the experts from the AFLRA. Any problems have been negotiated with the municipalities. The aim is to help, through negotiations, all municipalities to meet the minimum conditions laid down by the framework law. The framework law itself does not impose any sanctions if the conditions are not fulfilled, but it is expected that the municipalities will execute their plans by the end of 2012 when the period of validity of the law ends. However, the new Health Care Act, to be submitted to Parliament early next year, will lay down similar conditions concerning primary health care.

According to the framework law, the government has to submit a report on the project to Parliament in 2009. The progress of the restructuring has to be followed up systematically so that the project is credible and heads in the right direction.

The current situation

More mergers than expected

As a consequence of 32 mergers, from the beginning of 2009 Finland will have 67 municipalities less than this year. This will end the 'dry spell' that began after an unsuccessful attempt to reform municipal structure in the late 1960's and early 1970's. During these decades the socio-economic reality has changed in many areas but the municipal structure has not kept up with the changes.

A completely new feature is "a multi-merger": instead of two municipalities, three or more municipalities form a new municipality. In the case of Salo, ten municipalities will merge in an ideal way: the new municipality will cover an obvious commuting area. The same holds true for Hämeenlinna: 6 municipalities merge into a new city of 90,000 inhabitants. In central Finland the city of Jyväskylä (85,000 inhabitants) will merge with its two neighbours into a city of 125,000 inhabitants.

There are also some other mergers in the areas of larger cities. Yet, in spite of extensive cooperation, in many urban areas there is a tension between the centre city and the surrounding suburban municipalities due to the fact that the centres do not have to offer land for housing. Therefore, the surrounding municipalities try to attract commuting, well-to-do citizens to live and pay taxes in their area. The cooperation plan that urban areas are required to formulate is a modest attempt to try to reconcile these controversies and help local authorities understand their common interest.

Another important question is: What to do with the municipalities which are in financial difficulties and cannot find a solution to improve their situation? Many of these municipalities – mostly

situated in the northern and eastern parts of Finland - have taken the benefit of the exemption clause concerning long distances between the centres.

As a last resort, the government may propose a special law to force mergers against the will of municipalities. This alternative will be assessed in 2009 after a parliamentary debate on the above report. The problem is that many of the surrounding municipalities are in the same situation.

The Association of Finnish Local and Regional Authorities is satisfied with the situation of mergers for now, but more needs to be done. We at the Association are hoping for a second wave of mergers that might take place in 2013, after the next mandate period, but we also expect occasional mergers during the mandate period.

Extensive mergers involving several municipalities obviously raise the question of identity, but that has not been at the centre of the debate. In Finland the local government is, above all, responsible for welfare services and physical surroundings, and to organise and finance these services it must have the necessary economic and personnel resources to do so. The municipal structure cannot be maintained only to retain identity. If the new municipality consists of a commuting area or some other larger catchment area and fulfils the above mentioned conditions, the residents will soon assume the new identity. The fact that the mergers are voluntary, decided by the council, helps, although in some cases the council decision has been made against the result of a consultative referendum.

Cooperation: stronger units for primary health care
When the restructuring project started there were 237 organisations (municipalities and joint authorities) that were responsible for primary health-care services. The implementation plans show there will be 112 joint authorities in primary health care by the end of 2012. Many of these organisations already exist (the municipalities and joint authorities that fulfil the conditions laid down by law) and most of the new organisations will begin their work on 1 January 2009.

From the viewpoint of democracy, the structure of Finnish local government poses serious challenges. While all the important issues concerning the provision of services for residents are being discussed and, in principle, decided by the local council, it is rather idealistic to think that a municipality of 3,000 inhabitants will get its voice heard when decisions are made concerning a hospital district with thousands of skilled employees.

The next steps

The structural reform is, of course, only the beginning. The goal of the reform is to secure the organisation and provision of welfare services in the future with due regard to the required standard of quality, effectiveness, availability, efficiency, and technological advancement.

Structural reforms can be promoted and regulated by legislation but how to bring about changes that improve the productivity, efficiency and quality? The reform cannot boast any major innovations in this field. Of course practices like the purchaser-provider model and various types of inter-municipal cooperation are promoted, best practices are spread and exchanged, and the processes are made more flexible, but, at the end of the day, it is always the skills and expertise of an individual organisation, its leaders and staff that make a difference. It is still to be seen if the structural reform is fundamental and far-reaching enough to provide a solid platform for these reforms.
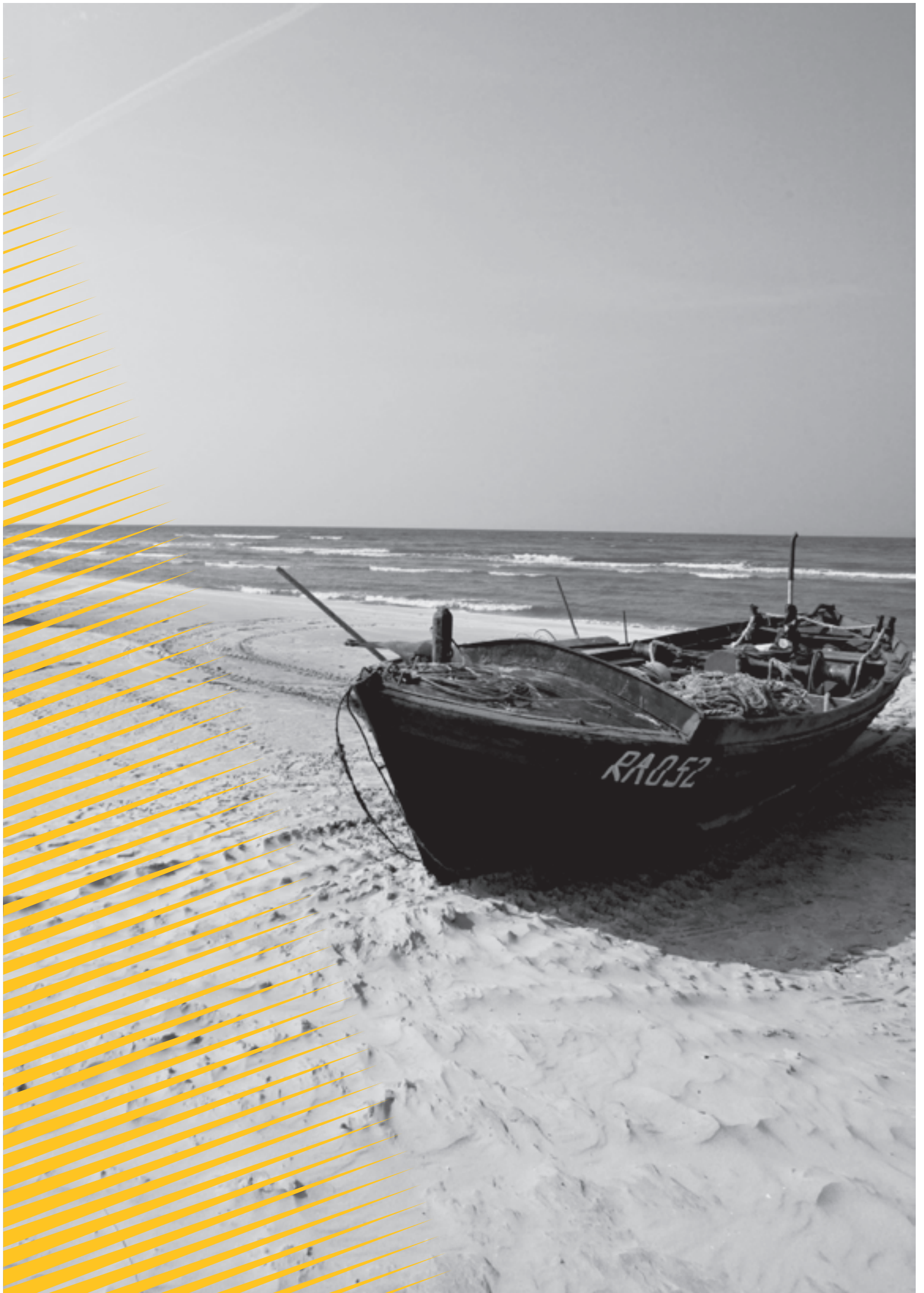
ADMINISTRATIVE
TERRITORIAL REFORM
IN LATVIA

Paper prepared by Maris Pukis,
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Introduction

According to the Self Government Reform, which was prepared by the first Self Government Reform Council in the early spring of 1993, administrative territorial reform comprises one of eight elements of self government reform, as follows:

- Institutional reform,
- Reform of the territorial division
- Reform of the division of functions
- Budget reform
- Tax reform
- Reform of financial accounting
- Reorganisation of book keeping
- Creating of the self governments' employees' education system.

The idea of the complex, integrated implementation of local, regional and national public administration reforms was put forward. Democratisation and decentralisation were the main goals of reform during the first years of the transition period from a centralised planning system to a market economy, from a totalitarian regime to democracy.

All the above mentioned elements of reform were implemented during 1994-1995, except one – administrative territorial reform. There were three main reasons for this:

- Local governments did not have faith in the goals of reform and were suspicious of centralisation attempts by central government;
- An association of local and regional governments was created before reform and that association was sufficiently strong to resist changes, which were perceived as undemocratic;
- Administrative reform was never a priority for the national political elite, and within the political parties there was an equal amount of support for and opposition to reform.

In 1990-1993 widespread decentralisation was achieved, when after the self government elections of 1989, during which the Popular Front of Latvia won virtually all local and regional elections (losing only 3 out of approximately 600), the first genuine democratic administration took power. However the influence of the Popular Front at national level was not so strong. Until 1992 the Communist Party was active, and the Russian army was not withdrawn until 1994. During 1990-1994 the activities of local governments were very high. They included local legislation, taking new areas under their own control, and taking responsibility for a substantial part of public property and public enterprises. During these years local and district governments together with city governments were responsible for more then 24% of consolidated public expenditure.

By 1994 the first three centralisation reforms had been achieved:
- Centralisation of primary and secondary education (1992); the national government took responsibility for teachers' salaries and made strong attempts to unify the education system, taking away a substantial part of local government finances;
- Centralisation of Riga city (1994) by the abolition of district local governments and the introduction of one centralized government;
- Introduction of the centralised regulation of social services, which were created by local governments on their own initiative during 1990-1992.

In 1996-1997 several attempts were made to prepare common central government policy concepts regarding local and regional territorial reforms. But all these ended without success – agreement between the ruling coalition parties was not achieved. The changing of territorial division was perceived as an instrument for reducing the influence of several political parties and was therefore not acceptable to certain members of the ruling coalition.

The next substantial steps towards centralisation were taken in 1997:
- Organisation of primary and secondary health care became the responsibility of central government. At the same time individual income tax was split in two parts – only 71.4% remaining earmarked for local governments (that share is now 80%, achieved after years of negotiation), while 28.6% was taken for centralised health care financing. As for education, health care reform was only partial –the majority of hospitals and all public schools remain in the ownership of local or district governments, but financing and regulation have been taken away.
- Before the self government elections of 1997 the ruling political parties reached unexpected agreement concerning the abolition of democratic district councils elections. This was an attempt to abolish regional governments. After hard negotiations during 1998 a compromise was reached regarding indirect elections of district councils: from the end of 1999 the members of district councils according to the law are chairmen of local government councils (mayors).

Such was the environment for the official inception of administrative territorial reform, under implementation since 1998 and based on the special Law on Administrative Territorial Reform.

What reforms have been carried out or proposed?

According to the law of 1998, reform consists of two parts: local reform and regional reform. Procedures for local reform were defined in that law, but the definition of regional reform was postponed until 2000, when central government had to submit the Law on Creating of Regional Governments (Aprinkis).

The law on the creation of regional governments was formally prepared, but was not widely discussed, since the ruling coalition did not intend to put the reforms into practice.

After several amendments of the Law on Administrative Territorial Reform texts about regional governments were substantially reduced. In particular, mention of the application of the principle of subsidiarity for division of public competences was excluded. Nevertheless, at present the actual text of that law states that after reform two types of sub national government - local and regional - must be preserved.

The initial concept of local reform was substantially changed by several amendments to the law. Originally there were two options for local reform – amalgamation or cooperation. Local governments had the right to decide which of the two options was more appropriate to the interests of their residents. After the amendments of 2003 the option of voluntary cooperation was excluded.

Originally, amalgamated local governments had the right to choose among three legal forms of government (pagasts [rural municipality], town or novads [amalgamated during reform municipality]). Afterwards only one of these options remains – to be named novads. This is a problem for many amalgamated municipalities, since they lose the status of city and may lose the right to participate in urban development programmes.

At the beginning of the reform process (1997) there were 595 self governments in Latvia: 7 cities, 26 districts, 70 towns and 502 rural municipalities – pagasts. The population was represented by 4,445 locally elected deputies. The current official position is that there will be 9 cities and 103 novads (amalgamated local governments) and the population will be represented by approximately 1,000 deputies (the new election law is under discussion in the national parliament). During reform discussions another model was put forward on several occasions, that of 26 novads and 7 cities – 33 local governments in total with approximately 540 elected deputies.

What are the objectives?

From the start the declared objective was to create local and regional governments, capable of development. It should be stressed that attempts were made on several occasions to exclude regional governments from the objective by a number of ministers of Regional Development and Self Government Affairs.

The above-mentioned declared objective was supported by a widely accepted belief in scale economy. A substantial part of the Latvian population is influenced by technocrat theories concerning the non-negotiable preferences of larger organisations for goods production or service provision. This can be explained by the influence of the era of USSR occupation, when scale economy was official doctrine.

There were also many attempts to find scientific justification for total amalgamation, to prove the benefits of total amalgamation by putting forward the opinion of external experts or by making comparisons with reforms in other EU countries. The scientific results, which actually do not support such an amalgamation policy, are not widely known in Latvia.

Among such research results, which lead to contrary conclusions or contrary arguments, could be mentioned my comparison of different tools to achieve the declared reform objective [1], or the prognosis of World Bank experts [2] regarding Latvia beyond territorial reform.

At the same time, even before the inception of reform in 1998, it was clear that the real reasons for reform were political rather than economic or social. Attempts to abolish district governments were based on the desire to reduce the influence of the Peasants Union (a minor member of the ruling coalition) and thereby increase the influence of a major partner of the ruling coalition – Latvian Way. At this time such a goal could not be achieved directly, therefore it was prepared by the redistribution of self governments tasks against the principle of subsidiarity (decentralisation from districts to pagasts regional scale functions) and by the artificial redistribution of all revenues from taxes to local governments. Since the decreasing of competences and the loss of own revenues from 1995 district governments have been dependent on subsidies from the Self Governments Equalisation Fund (therefore – mainly from the donations of local governments into the fund).

Such actions can not be explained by any rational background, except the political will to initiate abolition of the natural administrative level. When in 1999 the state invited research on the optimal regional structure of administration, the result was unexpected for central government – Latvian scientists came to the conclusion that the optimal regional structure (from a functional position) was 26 districts including cities in those administrative territories.

The position of the LALRG (Latvian Association of Local and Regional Governments) is, that the main objective of administrative territorial reform should be to ensure favourable conditions for regional development in all parts of the country. This position leads to a difference of priorities:

- For central government the priority is local territorial reform. Decreasing the number of administrative units could lead to further centralisation and the strengthening of the sectors' model for development policy management. LALRG argues that such a model would lead to a dramatic reduction in the number of development centres.
- For LALRG the priority is regional government reform. By re-establishing directly elected regional governments, a political basis for representing regional interests at the the national level could be achieved; and thus the transition from the pure sectors' model of social and economic development to a regional model could also be achieved. The point of the LALRG view is that total amalgamation is not necessary, diversity should be allowed according to local economic, cultural and historical conditions.

How do the reforms affect the balance of democracy, identity and efficiency?

There is serious opposition to the reforms proposed by central government.

Rural government residents were never strong supporters, having been badly affected by the amalgamations implemented by the administration during the Soviet era. Peripheral effects in those times were strongly felt. Practically all territories which lost administrative centres during the amalgamations of the 1960s lagged behind and the level of migration from those territories was very high. Historical memory of the amalgamations is entirely negative.

At present 33 local governments contest the regulations of the Cabinet of Ministers concerning new territorial division, which will be enforced after the local elections of 2009.

The main arguments of these appeals to the Constitutional Court are:

- Consultations by central government were performed, but they were not sufficient and many legal norms of procedure were not fulfilled (time, sequence, suiting to local council decisions etc.);
- Decisions of local councils were adopted after consultations with residents in the form of public discussion, but the opinions of the local population in several cases were not taken into account in the Cabinet of Ministers decision;
- The cultural and historical heritage, which is taken into account by local decisions, was neglected by central government;
- In several cases central government dismantled previous amalgamated local governments (novads), which had been accepted as a final result of reform.

Other local governments, who agreed with the project accepted by the Cabinet of Ministers, are concerned about the future economic situation. The main problems arise for large novads, amalgamating many rural local governments and one town – currently the administrative centre of the district government. According to financial equalisation rules those novads could lose a substantial part of their financial resources, when compared to the previous budgets of their constituent parts. At the same time, the level of social assistance and other public goods, provided by the town before the reform, used to be higher. After the reform such provision would be for the whole territory. This situation could put a stop to all development projects in that territory.

The designers of the reform can provide a foundation for the acceleration of development in the new centres, but further welfare in the peripheries is very problematic. Unfortunately, in the present crisis the national budget cannot provide the resources for supporting self governments after territorial changes.

The position of the LALRG is that the time for discussion concerning the usefulness of the reform is past. The association has been involved in discussions with its members on how to ensure a financing system, which could be suitable for the development of local governments after reform. The process of consensus building among different interest groups of association members has been concluded. At this point that consensus is being introduced as the common position of key ministries and the association, in order to secure support from the Prime Minister and parliament.

Another concern of the association is how to prevent introduction of the new centralisation measures in local government legislation. At present a substantial part of the reform legislation (the first 15 laws of the reform package) has been passed by parliament thus preserving the main values of local democracy, which were association achievements during the last decade of the 20th century.

Who has proposed reforms (central/regional/local level)?

Territorial reform, as in local reform involving the abolition of district governments and an unclear perspective for regional governments in the future, is the proposal of central government. Local governments, on the other hand are the initiators of regional territorial reform, simultaneously supporting any local amalgamations on a voluntary basis.

In recent years the content of local reform has been strongly influenced by competition among national political parties seeking political, and as a consequence economic and social, influence after the election as a basis for success in the next parliamentary elections.

Who designs them?

The main official designer of reform is the Ministry of Regional Development and Self Government Affairs (created after the Law on Administrative Territorial Reform was accepted, during the first years another ministry was responsible).

According to the law during reform all substantial reform decisions were previously accepted by the Council of Administrative Territorial Reform. The Chairman of the Council is the responsible minister; the Council consists of an equal number of representatives from LALRG and national ministries.

LALRG is the main partner of national government in the reform designing. At the same time during the 15 years of reform different working groups and discussion forums ensured the involvement of particular groups with a direct interest, in order to represent not only the common opinion of local governments, but also particular group opinions (cities, districts, novads, pagasts, donors into equalisation funds, beneficiaries of the funds etc.). In addition during the last years different representatives of civil society, who are not directly involved in reform, have become more and more involved in public discussions.

How reforms are implemented (e.g. centrally imposed, negotiated in partnership…)?

As a result of a parliamentary decision, expressed in the first redaction of the law, a 6 year period, from the end of 1998 until the end of November 2004, was established. Therefore, prior to the campaign for the 2005 local elections new boundaries had to be established and acting councils within those boundaries created from deputies of previously elected councils.

Formally there are two stages of reform: voluntary and with the involvement of the Cabinet of Ministers. In the first stage 37 voluntary amalgamations were completed. In the second stage local governments can amalgamate only within the boundaries set out in the map of new territorial division, accepted by the Cabinet of Ministers (such amalgamated novads can be smaller than the territory proposed by central government). After a period of discussion regarding central government proposals the final map of territorial division shall be established.

Formally that final map cannot be established without the agreement of local councils after consultation with residents. It is also believed, however, that the Cabinet of Ministers can impose new divisions without the agreement of all local governments involved. In the coming months the Constitutional Court shall rule on the correct interpretation of this law.

In 2000-2004 discussion was opened concerning compensation measures for losers of reform. After that discussion amendments were made to the law detailing an earmarked subsidy of 200,000 Ls for each local government which decided to establish novads in the territory proposed by central government. The reform period has been extended until 2010. After the elections of 2009, the transition

period for reorganisation of district governments will be established. District governments will end their existence as legal persons from January 1st 2010.

Regional reform is presently under discussion. According to the law a new law about regions – aprinkis - shall be prepared by the government by June of 2009. A working group has been established to work out the concept of that law.

At the same time many obstacles to regional reform are acknowledged, mainly those of political character [3].

Did they achieve their aims and/or create other problems?

The aim to establish local and regional governments, capable of development, will not be achieved by the reform measures proposed up until now.

Many elements of successful local reform have not yet been prepared. After reform some of these elements should naturally be explored:

- The possibility of involving leaders from larger territories;
- Achieving benefits from the specialisation of local government employees;
- Achieving some positive effect from the economy of scale etc.

At the same time newly organised local governments will meet many problems, including bureaucratisation and the lack of sufficient resources to ensure previous levels

of services etc. The support that will be necessary from the central budget after reform has not been clarified. For residents of the new territorial peripheries problems of accessibility and public services will arise.

Naturally, some progress will be achieved, but it will be difficult to establish if it is as a result of reform, or vice versa.

The aim of LALRG – to ensure the conditions for regional development - will not be achieved by the proposed measures of reform.

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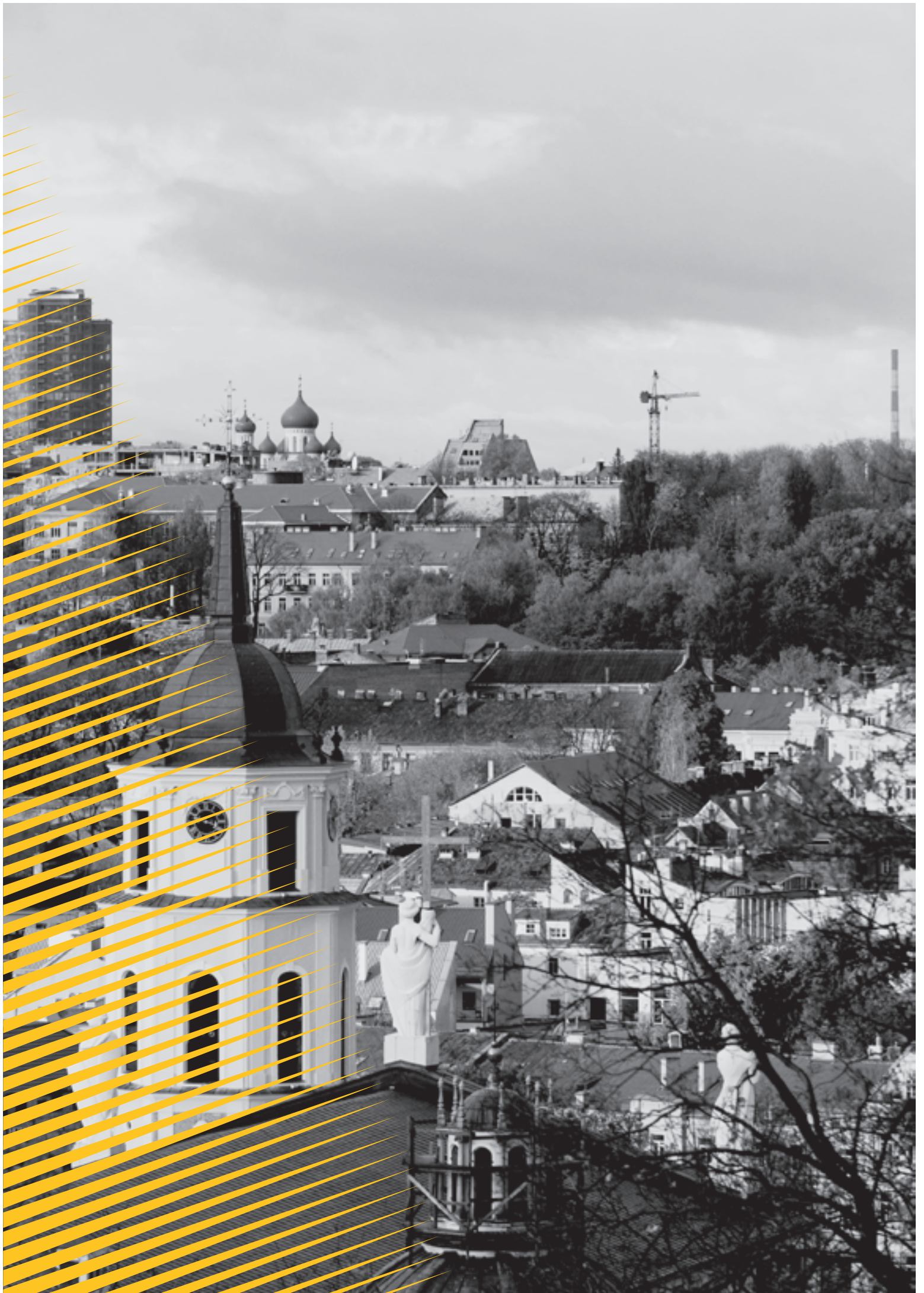
LITHUANIA:
INCREASING THE NUMBER OF MUNICIPALITIES,
DEMOCRACY VS EFFICIENCY

Paper prepared by Arūnas Gražulis,
Association of Local Authorities in Lithuania

In Lithuania the case of municipal reforms, dating back to the early 1990's, includes all three main topics of today's discussion – democracy, efficiency, identity. The general story of reforms can historically be divided into two main sets: those reforms related to the establishment of local self-government and those related to the making of real local self government. The first group of issues was debated between 1990-1994, the second is on-going since 1995.

The Lithuanian municipal reforms in the early 1990's started with the primary aim of creating a real and working local self-government. The key words here were democracy, representation of the local citizen and independence. The key initiators and implementers were the central government institutions.

In 1990 the Republic of Lithuania inherited a cumbersome multi-level local authorities system, consisting of 581 local government entities. The main problem was not only the number and complexity but also the fact that these entities were primarily and traditionally "government" entities, often having very little to do with the concept of self-government, as it was understood on the western side of the former Iron curtain.

The initial efforts were of merely evolutional rather than revolutionary nature, contradicting the then revolutionary overall mood. The municipal elections of March 1990 were held just after the restoration of independence and they were in fact the first free elections for more than half a century. Newly democratically elected local governments inherited old institutional infrastructure, and had to try to shift local government from "executive committees" to the self-government. In general this period may be characterised as "provisional", for as in a plethora of other spheres, the local self-government was based on one of the provisional laws – the Provisional Law on the Basics of Local Self-Government (of February 12, 1990, passed even before the restoration of independence).

Although provisional in its nature, this Law contained the main assumptions of local self-government – the principles of decentralisation, the subordination of executive local government bodies to the local elected assembly as well as municipal property rights.

At the same time the new system, being a mixture of old and new, was not functioning properly. In fact it introduced democratic elements, but also created serious background for conflicts within municipalities, among municipalities as well as between municipalities and national authorities. The Law foresaw two types of local self governments: the ones of the lower and the higher level, not always precisely defining their competences. Therefore the conflicts between higher level municipalities and the lower level bodies, usually consisting of a part of the former, were inevitable. Even inside the municipal political entity, the division between municipal council and board was unclear, leading to internal conflicts. The declared goals of decentralisation appeared to be difficult to implement and the central government ambition to restore dual subordination of municipal executive bodies (mayors, governors and boards) was emerging. This in fact led to criticism that, instead of local self-government, a three-tier system of central government was being developed.

The fundamental institutional changes at the local level in fact appeared only with the overall constitutional changes. This was the issue of the 1992 constitution, which tried to encompass the legacy of highly nostalgic sentiments concerning the 1922, 1928 and 1938 Fundamental Laws, while at the same time avoiding the barely democratic nature of the two latter documents. The six articles of the Constitution dealing with local self-government issues were prepared based on the provisions of the European Charter of Local Self-Government (although the Charter was only ratified in 1999).

Following the Constitution, a necessary package of legislature was prepared over 2 years, including the provisions for supervision of the municipalities' activities (Law on Government Representative (1993), Law on Local Self-Government (1994), Laws on municipal elections and administrative borders (1994)).

This package of legislature created simplified the system of local self-government, reducing it to one-tier. The new system foresaw only 12 urban and 44 mixed (rajonas) municipalities, reducing by a factor of 10 the earlier system of nearly 600 small municipalities. Although the formal difference remained among urban (miestas) and mixed (rajonas) municipalities, it was only formal, for the municipalities did not differ in status. The Law on territorial units set clear criteria for the size as well as for the financial and administrative sustainability of the newly established municipalities in addition to their capability to provide environmental, household and other services for its residents and implement legal obligations.

The second period of municipal reforms is directly connected to the aim to make local self-government really effective, democratic and capable. The key issues here are the number and size of municipalities and the competences of local and regional governments and their respective bodies. During the reforms the competences of municipalities were further extended, the term of municipal councils was increased to 4 years (from 3) and most of the remarks, stated by the Council of Europe Recommendation no. 87 (2001), were implemented.

In 2000 the number of municipalities was also increased to 60. As a result the Lithuanian municipalities are among the largest in Europe, on average having 58,000 residents (varying from 2,400 up to 560,000).

The reforms of 1994 and 2000 also established a stable and transparent system for the local authorities' interaction with the central government. One of the key aspects was a Law on the basics of the Association of Local Authorities in Lithuania. This legal act proposed to set up one association of municipalities (instead of four earlier), provide it with the status of main representative of municipal interests as well as set up obligations for state institutions

to consult with the Association on all legislative issues of importance for local authorities. The association is also involved in the budgetary process and 13 years experience show the developed tradition of intense and fruitful cooperation. The role of the ALAL was further increased in 2000 with the establishment of a Bilateral Commission, intended for discussing important issues and involving the leadership of the Association and top executives from the Prime Minister's office.

Despite the already settled and stable system of local self-government, there remain some key issues, which are under constant discussion. They relate primarily to the democracy vs efficiency debate, but are likely to be of constitutional importance.

The size and number of municipalities

Currently Lithuania (population: 3.5m, area: 65,200 km2) has 60 municipalities – twice as many as Liechtenstein and slightly less than Malta. Is this too many or not enough? Denmark, 25% smaller, has 98, Estonia 227, Latvia, with much the same land area, over 500 and Ireland 80 municipalities. At the same time, Denmark is gradually decreasing the number of municipalities; Latvia is doing the same, in a very radical way. Additional variables in this equation are the legal ones – the concept of administrative territorial reform, adopted in 1994, foresaw the establishment of up to 90 municipalities. The issue of the new municipalities is also important in the Lithuanian context as it touches the so called circular municipalities – merely rural territories around large cities, not comprising a part of the urban municipality, but being

one of their own, with the administrative centre located in the city.

The Law on territorial units foresees that municipalities are established and abrogated by the parliament based on the proposal by the Government. The Government is obliged to take into account the opinion of the local community and the proposals of the local municipal council and to organise local censuses.

The first part of this reform was carried out in 2000, when 1 municipality was dismantled, and 5 new ones were created. The reform was carried with strong political support from the central government and met little resistance from local political leadership. The second attempt – the division of several municipalities into smaller ones, including one circular (Šiauliai District) – failed in 2006/2007. Although proposed municipalities were meeting formal criteria, their creation attracted insufficient support even in local surveys.

This story gives a new colour to the democracy versus efficiency debate. Leaving aside the arguments of the heads of the municipalities, deemed to be divided, there were strong voices against the creation of the new municipalities from the residents themselves. Although far from unanimous, local residents were sceptical about the capabilities of the new municipalities, their administrative capacities and simple logistical convenience.

These cases did not solve the issue, nor end national debate, but left a lot of room for further deliberation – should the establishment of new municipalities be a top-down or a bottom-up issue? How and under what conditions should it be initiated and carried out?

Electoral system

The Lithuanian municipal reforms of 1994 established the proportional representation electoral system. Municipal councillors may be elected only via the political party lists, although there was a strong popular push for the Westminster or mixed (as in parliamentary elections) system. Another visible aspect of the municipal reform agenda is that of mayoral elections – should he/ she be elected by the council or universally?

The current municipal elections model has some positive aspects: it is meant to strengthen the political system and the popular understanding of political parties as channels of political activities (important on the eve of the democratic system), guaranteeing the more responsible activities of elected local politicians (via the party system) and increasing the predictability of politicians in general. Negative aspects include the potential elimination of a certain share of local politicians, not wishing to engage in party activities. Also the application of a proportional party lists-based system looks quite susceptible in a country, where only about 3 percent of population are members of any political party.

The long debate about the most appropriate electoral system was solved by an external power – at the beginning of 2007 the Constitutional Court ruled that each individual must have a passive right of election.

Currently the mayor is considered the political leader of the municipality – the chairman of the council. The mayor is elected by the municipal council. After the election the mayor nominates the director of administration – the head of the municipality's administration. The debate on the mayor's election was solved by political consensus, leaning towards the solution that in the 2011

elections the mayor will be elected directly. At the same time that the direct elections of the mayor would provide this position with additional legitimacy, the question of additional competences is also likely to arise.

The source of legitimacy of sub-municipal entities

As mentioned earlier, how should the seniūnijos, or sub-municipal territorial executive units acquire their legitimacy? The current system, where the seniūnas (head of the seniūnija) is nominated by the Municipal Council, assures efficiency. At the same time, it is also a part of the wider democracy versus efficiency debate. The seniūnas may be considered as the head of a territorial unit, serving the needs of the local community and yet not having an electoral mandate. Therefore, there are some voices which propose the election of the seniūnas. Such a step would ensure more democracy, but perhaps less efficiency – not just as far as the possibility to elect a successful executive is concerned, but also regarding the relations between two elected bodies – the elected sub-municipal official and the municipal council.

Although not the most important item on the municipal reforms agenda, this issue of political agenda raises some questions. How deep should democracy penetrate into the administrative system? Should democracy prevail over efficiency or can these two aspects be combined?

Another issue in this debate is the increase of popular involvement in local politics. Municipal elections traditionally suffer from a low level of participation. Although the general level of popular trust in municipal institutions is relatively high (over 35 percent, higher than that in Parliament and Government combined), but

the low level of electoral attendance shows that people do not believe in the possibility to change anything. As a solution to this problem a proposal was developed to strengthen local communities: formal and informal gatherings of certain of the territory's residents. Although gaining some support, this idea still remains in the primary phase of implementation and other ways to support local communities are still being developed. The question as to what role should be attributed to the communities' proposals in the municipal agenda is still open.

The role and place of the regional level

This is an issue of the efficiency versus identity and democracy debate.

The country is culturally, linguistically and, to smaller extent, historically divided into four different-sized regions – Aukštatitija (Highlands, centre/north-east), Žemaitija (Lowlands, west), Dzūkija (no historical translation, south-east) and Suvalkija or Sūduva (no historical translation, south-west, part of which is in current Poland). Further to that, the second and fourth largest cities (Kaunas and Šiauliai respectively) are cut through by the borders of the regions (Aukštaitija/Sūduva and Žemaitija/Aukštaitija respectively). Therefore the development of regional administrative borders would violate ethnic principles and those of efficiency.

In such a dilemma a third solution was chosen. Although Lithuania is a rather small country (65,200 km²) and it would not be impossible to imagine it surviving without

the regional level, it was the historical tradition which determined the appearance of the regional level in the Constitution.

The Law foresees that apskritys (counties) are composed of municipalities, having similarities in social, economic and ethno-cultural interests. The establishment of counties was also seen as a restoration of the interwar Lithuania (without its negative aspects, of course). On the other hand the newly restored counties did not follow the interwar path – their number was reduced, respectively increasing their size and capacities.

At the same time the counties were being developed as an alloy of self-government and central government powers.

The County Governor is nominated by central government, the County Governor's administration implements central government's functions, including state policy and programmes of regional development, social care, territorial planning, protection of historical heritage, land use and protection, environment and other fields. It is also obliged to coordinate the activities of central government bodies, operating within a county, and aid municipalities in implementing regional programmes. The counties have a significant role in the land property restoration process, which in fact approaches its logical end. At the same time the County Governor's administration is not regarded as an independent actor. Although having significant tasks, it does not have its own budget and remains only a representative of central government in the regions.

Further to that, the county is also seen as the backbone of regional democracy. This is assured primarily

via the Regional Development Council, consisting of the county's governor and the mayors of the county's municipalities. The council is empowered to adopt the strategic decisions on regional development issues. From the financial perspective, between 2007 and 2013 they also have the right to distribute a part of the European Union financial support according to their own considerations.

Therefore the question about the regional level remains open – how should it develop? In this case three possible solutions may be offered:

- The first scenario proposes that the counties remain representatives of central government. In this case democratic legitimacy would remain only at local level, while the regional level would implement overall coordination functions.
- The second scenario foresees that the regional level may develop into some sort of regional democratic institution. Proposals along these lines put forward the idea of an elected regional assembly, chaired by a universally elected chairman. In fact this is the way things are developing – the regional development council serves as some sort of regional assembly (indirectly elected) and the regional bodies are acquiring some rights for political and financial decisions.
- The third, or do-nothing scenario represents a situation of political deadlock, when major stakeholders are unable to reach a viable agreement. In this case the present system would be left, sporadically developing gradually and incrementally in the direction supported by the majority of stakeholders at a particular moment.

The issues discussed above serve as key examples of the Lithuanian agenda of municipal reforms. The municipal reforms, implemented at different rates over nearly two decades, have generated significant positive and negative experiences. The key lessons learned include the necessity to combine top-down (political will-based) and bottom-up (reforms meeting matured local interests) approaches. The question on the style of reforms may have several positive answers: the Big Bang strategy of 1995 and the incremental approach of 2000 and 2007 both produced positive and negative side effects.

Although the issue of efficiency versus democracy remains unresolved, the key lessons learned during the 2000 municipal reforms show that the reforms decided upon should be carried out quickly. Otherwise they start harming those for whom they are initiated.

After the restoration of independence Lithuania inherited a cumbersome multi-level local authorities system, consisting of 581 local government entities (districts and cities of national subordination, cities, urban type settlements and parishes).

The territorial administrative reform of 1995 resulted in a tenfold reduction in the number of municipalities (down to 56) as well as in the establishment of a single tier system of local authorities. The Law on Local Authorities foresees clear criteria for the size and for the financial and administrative sustainability of the newly established municipalities as well as the adequacy of social services. In the year 2000 the number of municipalities was increased to 60, by splitting 3 municipalities into smaller ones. As a result the Lithuanian municipalities are one of the largest in Europe, on average having 58,000 residents (varying from 2,400 up to 560,000).

At the same time an intense debate is being held regarding the regional level authorities. The current Lithuanian administrative system includes the regional level – 10 counties. Counties are mixed structures – although formally representing central government authority in the regions, they also include elements

of regional democracy – regional development councils, which also include mayors of county municipalities - and have competences in regional development issues, fund allocation, etc. The regional level, although foreseen in the Constitution, is still looking for its role in public policy. Several options for further development are constantly discussed –from the gradual decrease of the counties' competences, to the strengthening of the regional level, both functionally and in terms of legitimacy (direct elections of governing bodies).

Furthermore there is constant debate concerning a further increase in the number of municipalities, up to 70 or even 90. This idea is also established in strategic planning documents and some efforts to establish new municipalities were made at the beginning of 2008: popular censuses were organized and ministerial and municipal debates held.

Although these initiatives produced no visible results, they indicate the presence of a particular phenomenon in the current European context regarding the concentration of municipalities. Lithuanian domestic debate raised a set of questions which are important in any case of administrative-territorial reform:

When the reforms are necessary: should a top-down (government initiated) or bottom-up (local initiatives) approach prevail and what is the optimum balance?

What should be the ultimate goal – local democracy or administrative efficiency?

How should the reforms be implemented: the Big Bang strategy or the incremental approach? (The administrative reform of 1995 was based on a Big Bang approach, while the reform of 2000 was carried out on a step-by-step basis, both producing positive and negative side effects).

What should be the ratio between local and regional authorities' competences and what factors should determine it? Can local issues be solved without the regional level at all?
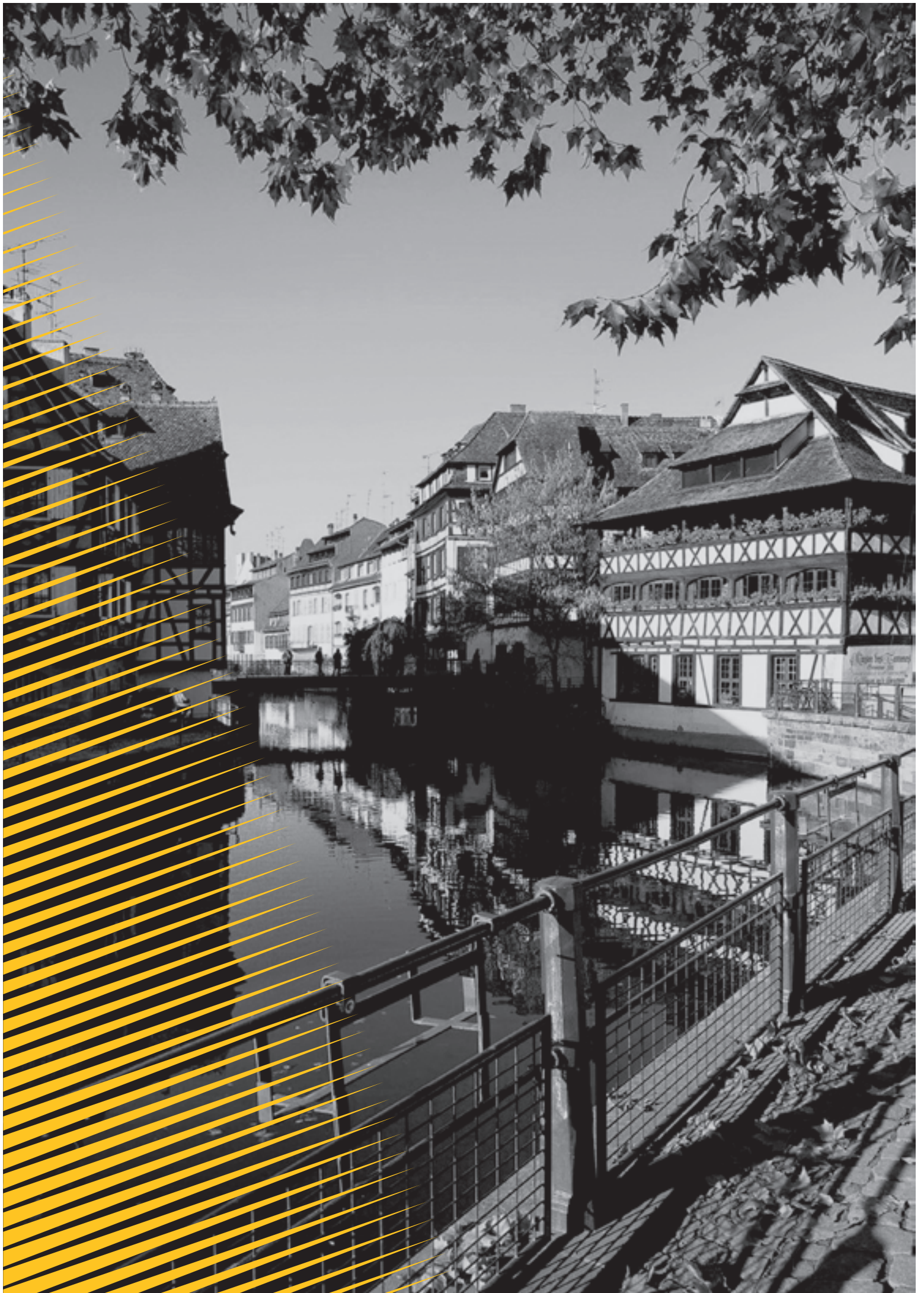
LOCAL AND
REGIONAL STRUCTURES
IN FRANCE

Paper prepared by Amandine Maume,
French section of CEMR (AFCCRE)

What distinguishes French territorial organisation within the EU is its huge number of municipalities. It's an historic legacy, to which the population is very attached. Communes are indeed a strong vector of local democracy and identity. In order to tackle the problems caused by the parcelling of communes and the necessity to make scale savings, intercommunal cooperation started to develop as early as the 1890s. This has been organised and encouraged by law and financial incentives.

Two major types of intercommunality are to be distinguished:

- the soft one: without proper financing, only aimed at delivering services in common.
- the deeper one: with its own financing (taxes,...), with compulsory tasks transferred from the municipalities to the intercommunal entity.

In 2008, 2,583 intercommunalities combine 33,636 communes (out of a total of 36,000).

1. What are the challenges, and how do local governments respond?

High municipal parcelling:

32,000 communes have less than 2,000 inhabitants

Only 103 communes combine more than 50,000 inhabitants

Scarce (financial and human) resources for smaller communes.

> Need to work together to create infrastructure and deliver services.

> Rationalisation through the pooling of human resources (attacked by the European commission as contrary to the public markets Directives).

Who initiates reforms?

The State has encouraged the development of intercommunal entities by introducing certain legal measures and by increasing its grant to municipalities joining an intercommunal entity.

But the initiative to join an intercommunality mainly rests with the municipal council.

Who designs them?

One or several municipal councils may ask for the creation of an intercommunal structure. The representative of the State (Préfet) may also have the initiative.

In both cases, the geographical scale (i.e. the communes involved) of the intercommunality is determined by the Préfet. The involved communes have to declare themselves for the project.

What structural variables can be decisive?

Municipal size and number, their lack of resources, and the refusal to merge communes (there was an unsuccessful attempt in 1971)

Outcomes

High coverage of the territory by intercommunal entities can lead to successful achievements such as better services at the intercommunal level.

However, the large number of municipalities, intercommunalities, départements (NUTS 3), and régions (NUTS 2) leads to a confusion of tasks and responsibilities, lack of clarity for the citizens, dilution of responsabilities and a waste of public money.

2. Trends - convergences / divergences

....

Efficiency vs identity: Communes are a bridge between the past and the present; they are places of identity and combine elements of local democracy and solidarity. Sometimes intercommunal cooperation is thus seen as efficient but as a threat to local identity and autonomy. It would be interesting to compare the situation in other member States.

FRANCE
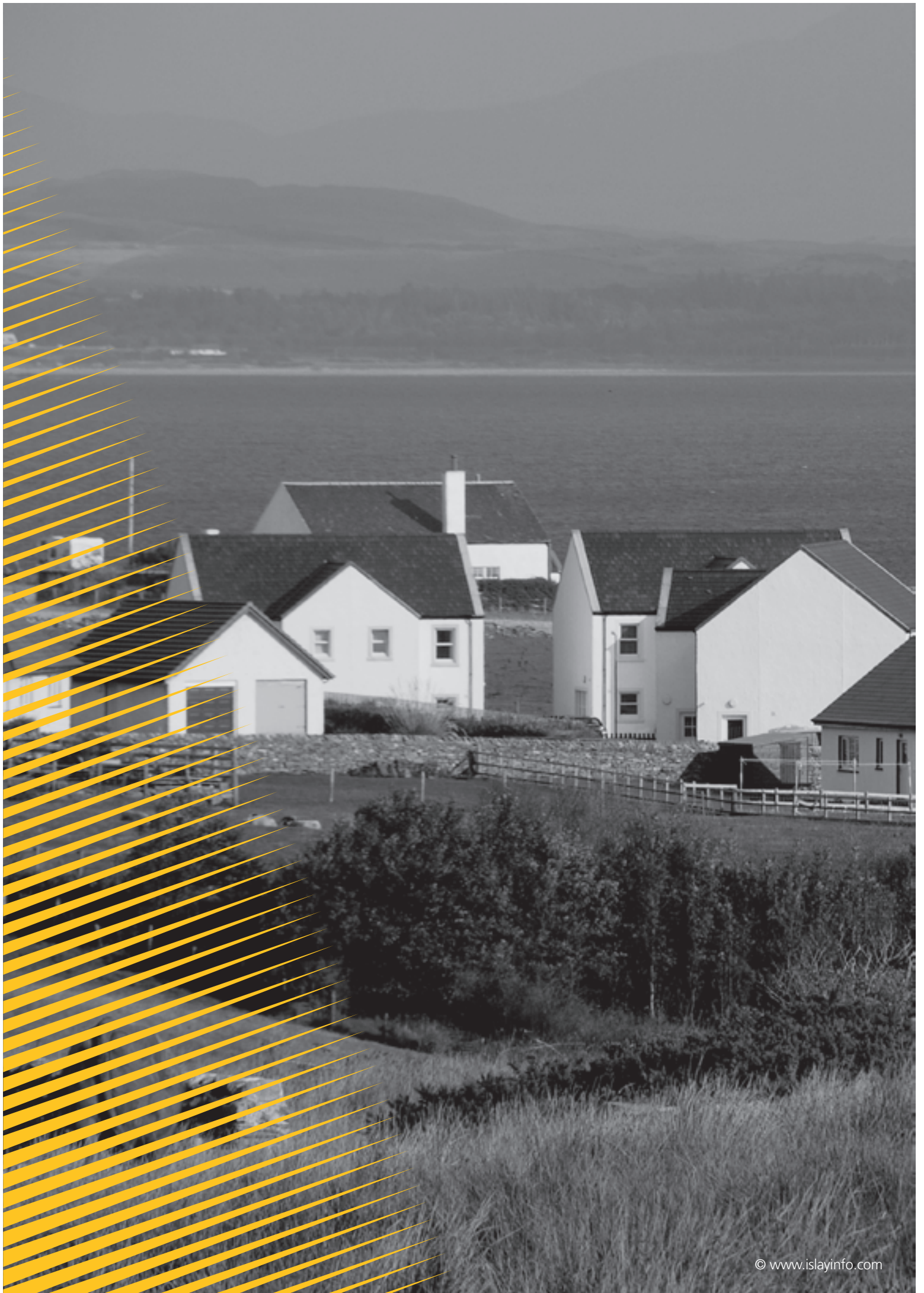
[SCOTTISH
LOCAL GOVERNMENT
A NEW WAY OF WORKING]

Paper prepared by Rory Mair,
COSLA

In just over a decade, Scottish Local Government has witnessed practically every type of change that European local government is experiencing and is being discussed at the CEMR Conference "Changes in Local and Regional Government Structures".

Structures

Scottish Local Government was reformed in 1996. It now has 1,222 councillors working in 32 unitary councils, and representing a total population of just over 5m. (Prior to this, there were two tiers – regional and district.) The major spend services of councils in Scotland are those of Education and Social Work. In Scotland a number of local authority services are run by joint boards covering more than one council area. The most longstanding of these are the Police and Fire and Rescue services. To these have recently been added Community Justice Authorities and Regional Transport Partnerships.

Changes in Scottish Governance

Scottish Councils have developed new relationships with regional and national government in the UK as a result of the establishment of the Scottish Parliament in 1999. The presence of the Scottish Government has created far greater opportunities to develop closer working relationships with Ministers. The first two sessions of the Scottish Parliament had a Labour / Liberal Democrat coalition. The current Government is run by the minority Scottish National Party.

Changes in national-local relationships

COSLA (Convention of Scottish Local Authorities) is the representative body for all 32 councils. The Councils have had a long standing intention to reduce, if not eliminate, both the extensive ring-fencing of funding that existed and the service planning requirements from

the devolved government. The principle of this has been agreed through the COSLA - Scottish Government "Concordat". This offers a considerable degree of local discretion in how nationally agreed 'outcomes' are to be delivered. Each council is now in the 2nd year of producing 'Single Outcome Agreements' to be jointly signed by both spheres of government.

Changes in political structures

In 2007, the local government electoral system changed from a majority electoral system (first past the post) to the more proportional single transferable vote, with multi member wards. The reform sees coalition rule replacing single parties, paid councillors replacing voluntary councillors; and a fresh intake with nearly 50% of current councillors being new.

Changes in other areas

During the past eight years or so there has been a change of approach from 'Value for Money' to 'Best Value'. There has been a thorough review of external scrutiny of council and other public services, with a strong drive to rationalise and make more proportionate the burden of scrutiny on local government. Councils have secured greater powers to influence local bodies in their areas through the development of "community planning partnerships". Councils have also secured a greater local economic development role as the government agencies dealing with this area have been refocused on regional and national objectives. Lastly, there has been a considerable development in the 'shared services approach' to council activities, focusing on joint working between councils and other local public sector bodies in the areas of information sharing, co-location of offices, procurement, recruitment, training etc.

Background: Scottish Devolution and Local Government

Three key events in the recent history of Scottish Local Government:
Creation of Unitary Local Authorities (1996), Devolution (1999), Electoral reform (2007)

- 1996: Creation of Unitary Local Authorities and Regional Councils and abolition of two- tier Local Government – 32 Local Authorities created. The system has the advantage of a single and clear structure of municipal governance for the whole country. However, regional bodies like the Police and Fire boards continue and Health remains a national government competency managed through regional structures.
- 1999: Devolution: Prior to this Scottish Local Authorities were the only elected layer of government specific to Scotland. Now there are ministries directly answerable in Edinburgh. This facilitates access and influence (both for LAs and COSLA). The Scottish Parliament has a specific Committee on Local Government.
- From Value for Money to Best Value: Changes in evaluating the Council's performance, looking at the broad benefits to communities in the way services are provided rather than simply cost.
- 2007: Introduction of the Single Transferable Vote (STV) proportionality in local elections: This has resulted in an historic change to local government:
- STV & Multiple Councillor Wards: Elections better reflect each party's share of the vote, as compared with the previous "first past the post" system.
- Coalitions are the rule: a primacy single party model has been replaced by a more "continental" system. There are very diverse coalitions depending on local circumstances and no national agreement between parties to form local coalitions.

- Generational renewal & more professionalism: the 2007 elections marked the end of an era; 30% of longstanding councillors retired and a momentous 50% of new councillors were elected, although the average age was lowered only slightly. The recent introduction of salaries for councillors along with broad training is expected to increase 'professionalism', attract new income-dependent representatives and reflect time and effort dedicated to serve local communities.
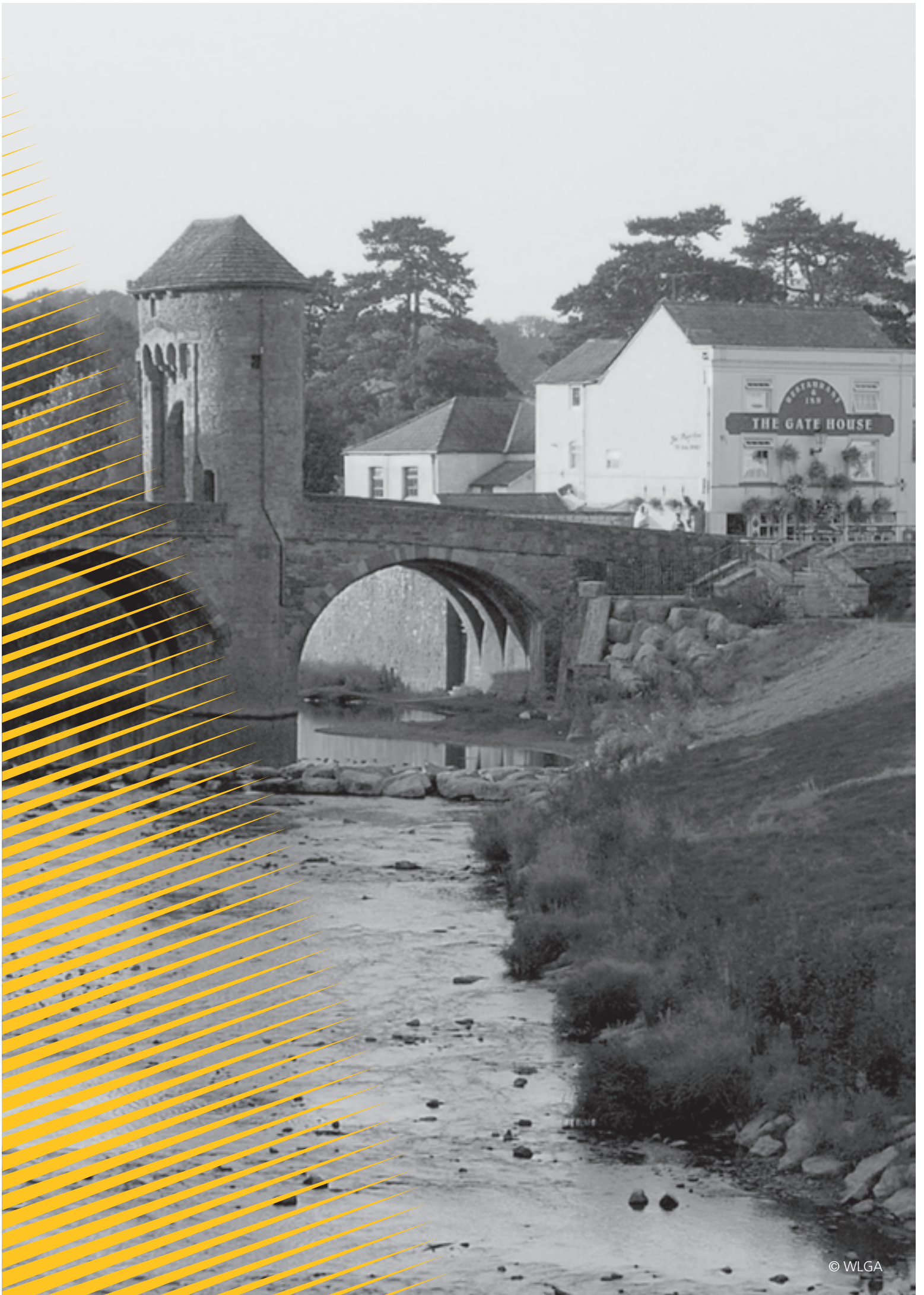
Relations – Executive (or Scottish Government) and COSLA

These have always been dynamic. The May 2007 Elections brought major changes at national and local level, particularly regarding the Concordat.

Concordat between COSLA and the Scottish Government

A unique development in the UK, the Concordat established a unique partnership relationship between national and local government. COSLA is to play a central role in this relationship.

- Additional flexibility and funding provided by the Scottish Government in exchange for councils meeting certain national indicators via Single Outcome Agreements. Simplification of numerous existing performance indicators.
- Council Tax freeze and additional funds to compensate for it; there is ongoing discussion around the introduction of Local Income Tax.

- Policy Development: Unique feature. COSLA and Government officials to work hand in hand developing policy and draft legislation.
- Transfer to local authorities of Local Regeneration functions.
- Agreement not to alter the structure of Local Government during this term of Parliament.

[WALES: DEVELOPMENTS IN LOCAL GOVERNMENT]

Paper prepared by Simon Pascoe,
Welsh Local Government Association

1. Local Government reorganisation and devolution

In 1996, the current structure of 22 unitary councils was formed replacing a previous two tier structure of County and District councils in Wales. This was quickly followed by the creation in 1996 of the Welsh Local Government association creating for the first time a single association for the representation, lobbying and improvement of local government public service delivery in Wales. In 1998, following a successful referendum in 1997, the 1st Government of Wales Act created and inserted the Welsh Assembly Government and National Assembly for Wales above local government. Since devolution, local government policy in Wales and policy areas relating to local government services and responsibilities, such as education, planning, waste and social services is administered by the Welsh Assembly Government. There is a statutory Partnership Council in Wales, where local government and the Welsh Assembly Government meet to discuss common policy concerns. This new Welsh agenda

has lead to a significant change in the way public services are delivered. Balancing efficiency, identity and democracy has been at the heart of the debate in Wales as the Welsh Assembly Government and the Welsh Local Government Association have sought to develop new policy approaches for the management of public services in Wales.

2. How is local government in Wales financed at the moment?

For the purpose of understanding, it is worth summarising how the financing of public services in Wales functions at the moment in order for direct comparisons to be made with other member states. Welsh local authorities charge a property based Council tax (similar to England) and councils can also charge fees for some services (such as parking or leisure centre use). The amount of revenue raised locally by councils is only about 19% in Wales and therefore councils remain heavily reliant on central government financing through the Welsh Assembly Government's Revenue Support Grant. The UK government, like other member

states, collects a range of direct and indirect taxes that contribute to the funding received in Wales from the UK Treasury. The financial settlement paid to all four countries making up the UK continues to be worked out on the basis of the so called Barnett formula. The resulting Welsh settlement or block is then divided up by the Welsh Assembly Government, as part of the budgetary process Ministers place before the National Assembly.

3. What reforms have been carried out or proposed?

Local Government Reorganisation 1996.
The previous two tier structure of County and District Councils was replaced, following significant debate over the number, by 22 local unitary councils in Wales.

The creation of the Welsh Local Government Association in 1996
The Welsh Local Government Association (WLGA) represents the interests of local government and promotes local democracy in Wales. It represents the 22 local authorities in Wales and the 4 police authorities, 3 fire and rescue authorities and 3 national park authorities are associate members.

The WLGA's primary purposes are to promote better local government, enhance its reputation and to support authorities in the development of policies and priorities which will improve public services and democracy.

Originally established in 1996 primarily as a policy development and representative body, the WLGA has since developed into an organisation that also leads on improvement and development, equality, procurement and employment issues and which hosts a range of partner bodies supporting local government.

The WLGA remains a constituent part of the Local Government Association (LGA) for England and Wales and since April 2005, Welsh local authorities have a revised Welsh corporate membership with the LGA, ensuring that the organisation continues to represent the interests of Welsh local government to the UK Government

The Evolution of Devolved Government
The National Assembly for Wales was established following the Government of Wales Act in 1998 (following a successful public referendum in 1997). The original Assembly had a range of secondary legislative powers around local government, the environment, education, health and social services and regeneration, amongst others. Crucially, it did not have tax raising powers nor full legislative powers and additional powers were conferred on an incremental basis following UK Government Legislation. The second Government of Wales Act in 2006 clarified the powers of the Assembly, presented it with a clearer route to gain additional legislative powers, separated the Welsh Assembly Government from the legislative National Assembly, and set out conditions and provisions for the establishment of a full parliamentary Assembly following the holding of a public referendum. The One Wales coalition Assembly Government intends to hold such a referendum by 2012.

New political models of management for local government
As in England, Welsh local authorities operate executive management arrangements with decision-making cabinet style or politically balanced boards, which are held to account by scrutiny committees made up from the wider council. Councils are also able to replace the above executive structures with directly elected Mayors.

Making the Connections

Making the Connections is the Assembly Government's key public services reform programme. It focuses on 4 key themes: a world class workforce, achieving efficiency savings, citizen-focused services and collaboration within and between public sector organisations. Welsh local authorities have established four regional boards to explore opportunities to collaborate and pool resources, including initiatives with broadband, job vacancies, payroll and the sharing of back office functions. Locally, all public service organisations are encouraged to work together and prioritise joint activity through Local Service Boards.

Spatial Planning

Coupled with the Beecham review and with Territorial Cohesion in vogue, local authorities have increasingly been encouraged to work within six sub regional areas in Wales for the purposes of planning, economic development and service efficiency to bring urban and rural communities together.

Structural Funds Reform 2005 (2007-13)

With Wales securing Convergence Funding for the period 2007-13, new mechanisms for design and delivery of the new programmes were initiated by the Welsh Assembly Government to fulfil the objectives of the revised Lisbon Agenda.

4. A new direction for Welsh local Government since devolution

In contrast to England, Welsh Local Government is now characterised by:

- Non-hypothecation in the finance settlement - local government has more autonomy to use its finances;
- The development of a locally owned, robust improvement regime proportionate to risk - Wales Programme for Improvement;
- Shared responsibility for the statutory Partnership Council;
- The introduction of a new scheme of members' remuneration and support;
- a reduction in the number of statutory plans in Wales from 37 to 5;
- Funding and support of new 'units' for local government improvement hosted within the WLGA, including corporate improvement and support, equality, health and social services, partnership support and data collection.
- The retention of corporate membership of the LGA in London for all issues relating to primary legislation in London.

Health & Social Care is characterised by:

- Resistance of the implications of the community care (delayed discharges) bill – where local authorities in England will be penalised for bed-blocking; and
- The NHS is currently being reformed, however, currently, local authorities play a key role in the health service with membership on Local Health Boards and joint preparation of Health and Well-Being Strategies;

- Free prescriptions for all;
- Free dental checks for under 25s and pensioners;
- Rejection of the concept of Foundation Hospitals; and
- Free car-parking at hospitals.

A new approach to Education and Young People:
- Free school milk for up to 140,000 nursery and primary school children;
- Establishment of the Children's Commissioner for Wales;
- Introduction of an Assembly Learning Grant for students in higher and further education;
- Scrapping of school league tables;
- Introduction of a new Welsh Baccalaureate as the first ever distinctive programme for 16-19 year olds in Wales;
- Introduction of a pilot scheme during Easter 2003 for free swimming for young people (under 16) and young women (under 24); and
- Introduction of Foundation Phase which seeks to establish a curriculum of 'learning through play' for 3-7 year olds and a reduced teacher-pupil ratio.

And in engaging Communities across Wales:
- Introduction of Communities First – a regeneration scheme for the poorest communities in Wales;
- Introduction of free bus travel for 600,000 pensioners and disabled people; and
- Free entry to national museums.

5. What are the objectives?

Local Government Reorganisation has as its original objective the need for fewer local authorities and a single tier structure. With the arrival of Devolved Government in 1999, the Welsh Assembly Government, realising the scale of the impact of the recent LGR, sought to pursue softer approaches to achieving efficiency and collaboration. In order to achieve collaboration and efficiency savings the Assembly has pursued the various reforms described in section 4.

Who initiates the proposed reforms?
On the whole the Welsh Assembly Government has initiated these. However, the Beecham review is an example where the independent findings of an external evaluator have been adopted by both local government and the Welsh Assembly Government. Local government is committed to continual improvement and much of the independent regulatory evidence and performance indicators demonstrate that local government services are improving and that local government is exceeding the Assembly Government's efficiency targets. Much of the policy direction of local government in Wales is based on the partnership between local and devolved government, with many initiatives such as the Wales Programme for Improvement, plan rationalisation, community planning and Local Service Boards being driven by local government. In a case of reform or be reformed, local government is clearly aware of the new powers afforded to the Welsh Assembly Government under the most recent Government of Wales Act, notably powers to reorganise local government. However, the Assembly Government has as yet not needed to threaten this power in order to ensure that the collaborative and efficiency agendas take hold. Indeed, the Assembly Government's current stance is that voluntary collaboration is preferable as full-scale reorganisation

would take peoples' eye off the ball in terms of service improvements.

6. Who designs them?

Whilst the Welsh Assembly has lead on the design of new initiatives it is seemingly the process of involving local government in that process that is critical. A good example of this was the Beecham Review that preceded the subsequent Making Connections agenda. It involved local government closely in the design and subsequent implementation of that programme. In contrast, however, the process managed by the Wales European Funding Office, in the design and implementation of the 2007-13 EU Convergence and Regional Competitiveness Programmes has left much to be desired in terms of its process and engagement and design of new European funding arrangements.

7. How are reforms implemented (e.g. centrally imposed, negotiated in partnership…)?

Following on from local government involvement in the design of reforms, mutually agreed targets are often a much more effective way of achieving progress. Centrally imposed reforms lead to significant upheaval and loss of continuity which can have a major impact on the day to day delivery of public services.

8.Did they achieve their aims and/ or create other problems?

Electoral turnouts for the Assembly remain much lower than UK Parliamentary elections, however, public opinion surveys suggest that people are increasingly recognising the role of the National Assembly and are endorsing calls for more powers. An All Wales Convention is currently testing the public's views of the Assembly and appetite for any potential changes to powers before any referendum is called by the Welsh Assembly Government.

The Assembly Government's partnership approach with Welsh local government is certainly different to the more prescriptive model adopted in England. There has not been any detailed comparative analysis of the success or otherwise of either approach to subsidiarity, however, evidence suggests that the Welsh model is delivering results. Despite growing central-local tensions around the tightening financial settlements in Wales, the evidence of continued improved performance in local public services in Wales perhaps demonstrates that a constructive partnership approach to policy development and governance is the most appropriate and successful model in a country of 3m people, which benefits from closer geographical and personal relationships between institutions, politicians and civil and public servants.
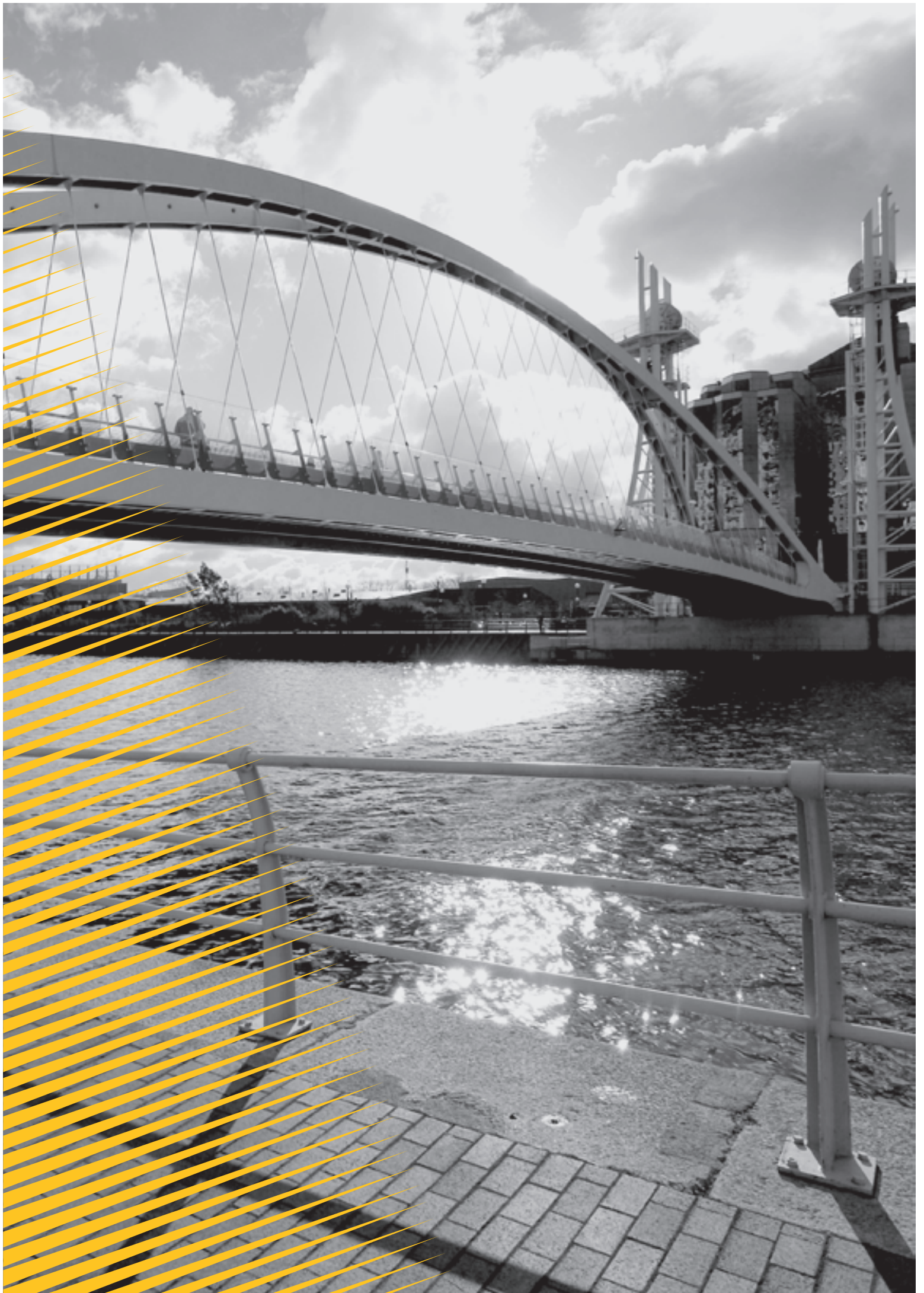
ENGLISH
LOCAL GOVERNMENT -
IS LOCALISM REALLY POSSIBLE?

Paper prepared by John Ransford,
Local Government Association (LGA)

Organisation

English local government is organisationally complex. Some elements of its structure can be traced back to arrangements in place before the Norman Conquest. Modern local government in England was essentially created in the 1880s. In the late 1960s a plan was drawn up for a pattern of single tier councils throughout the country but the incoming Conservative government replaced that proposal with the implementation of a two tier structure of county and district arrangements in 1974.

In London and the large metropolitan counties, the higher tier of local government was abolished in 1985, primarily for political reasons at the height of Thatcherism. Since then those areas of the country have been represented by single tier metropolitan authorities.

In the more provincial and rural areas often known as "Shire England" the two tier system survived but has been re-arranged on a piecemeal basis. In the 1990s some so called unpopular counties, most of them modern and artificial creations, were abolished and other bigger towns and cities pulled out of the two-tier system to create single tier authorities e.g. York, Nottingham, Leicester, Bristol and Portsmouth. The driving force, if there was one, was to create smaller authorities closer to the people.

Currently there is another spate of re-organisation based on the opposite principle of creating larger authorities which are said to deliver efficiencies and economies of scale. This piecemeal approach makes strategic capacity, planning and service outcomes more difficult to achieve due to continued uncertainty. Therefore, the case is developing for a universal single tier structure throughout the country.

Outside London, there is no regional tier of governance in England. In the capital the current government legislated for a Mayor of London and that system was implemented in 2001. The post has been filled by two very high profile characters, for the first eight years Ken Livingstone and since May 2008 Boris Johnson. The Greater London Authority is primarily a strategic body working with the 32 boroughs and the City of London.

Outside London, the current government also tried to introduce a regional tier earlier this decade, but its proposals were resoundingly defeated in a referendum in the North East of England, the region assumed to be most enthusiastic for it. Therefore, this now seems to be off the agenda.

In 2000, the current government redefined the core purpose of local government as community leadership. This emphasises predominantly an enabling authority rather than the service provider role with which most people were familiar. Local government sealed its status and reputation in the 19th century as a provider of services to local people – power, transport, housing, education health etc. Most of these services are now the responsibility of other public bodies, without direct local democratic accountability, or are contracted to the independent sector.

At the same time, the internal workings of local councils were changed from the traditional committee system to the Westminster style cabinet.

The government also introduced a facility for directly elected Mayors to give local issues more prominent and personal accountability. The Mayoral model seems to have been drawn from continental Europe and North America, although the powers of local government in England are far more restricted.

So far, outside London, only 12 councils have Mayors, with varying degrees of success. There is no great enthusiasm for this in local government or it seems local communities although the national government is trying to stimulate this again currently.

Outside the larger cities, there is a network of parish councils and parish meetings that allow people limited control over their local environment. These vary in size from large traditional towns to hamlets of a few houses. Parish councils are members of a separate organisation to the Local Government Association.

All of this organisational structure is placed within the context of a top down system whereby government controls most of the activities and finances of local councils. There is a general view in local government that this centralist approach has a negative effect as local issues and priorities cannot be addressed adequately. There are some early indications that the Local Government Association campaign for greater localism is making progress with all three major political parties.

Performance & Efficiency

English local government is high performing. Over the last decade, the system of comprehensive performance assessment, externally audited and supplemented by rigorous inspection of key services has been introduced or strengthened. There is no doubt this has acted as a stimulus to councils and the majority of them are now rated good or excellent. The sector itself has introduced rigorous capacity building and peer support in order to raise standards and outcomes. This movement has been so successful that the government and Audit Commission have progressively made the test harder! In the current year Comprehensive Performance Assessment (CPA) is being replaced by Comprehensive Area Assessment (CAA).

This process has given the sector far greater confidence in pushing the case for localism. No other part of the English public sector is subject to this rigorous external analysis where the results are published and debated locally.

Similar trends are evident with regard to efficiency. English local government has faced a relative resource squeeze for 30 years and whilst the current government has just completed a period of substantial public expenditure growth, this has been prioritised towards the National Health Service and schools, neither now under direct local government control. Therefore mainstream local government has experienced resource reductions which have been offset by increased efficiencies and working methods.

75% of local government finance now comes through central government grants. For the past 20 years businesses pay their dues to central not local government. Most of the remaining 25% of funding comes from the locally levied council tax or charges. Council tax levels are capped by the government if deemed excessive and a large increase in charges is unpopular in any part of the economy.

Local councils have achieved greater efficiency in a variety of ways. Staff working practices have been modernised and pay increases restricted relative to the rest of the public sector. A number of services have been externalised on a contract basis in some places very vigorously. Internal organisations have been slimmed down and simplified and services are provided on a more integrated and accessible basis. It is also evident that some areas of traditional services have disappeared entirely and charges have been introduced where traditionally they had been provided free at the point of need.

Recently, the national government has introduced a 3% annual efficiency saving target for all elements of the public sector. It was agreed by central government that local government has exceeded this target for some time and efficiency savings, of course, become harder on a progressive basis as the easier options have already been banked.

English local government is now subject to a three-year rather than annual financial cycle. This makes planning more predictable but public resource availability looks very grim for the foreseeable future.

Central Government Control

In the 1970s local councils in England were predominantly service organisations. They had responsibility for schools, further education and some sections of higher education e.g. Polytechnics. They controlled a substantial housing stock. The local transport undertaking was often provided by the council as were social care services, waste collection and disposal, sports & arts facilities, road maintenance and land use planning. Local people recognised these services and understood that the council was responsible for them.

During the last 30 years, some vital services have been removed from local government and based in other public bodies, commonly called quangos. This includes higher & further education and transport, and most housing and health responsibilities have been passed to the NHS. Other services have been externalised to independent providers.

England is a highly centralised country and with devolution in Scotland, Wales and Northern Ireland the Westminster government pays more attention to what happens in English county and town halls. Therefore, most local elections are dominated by national issues. Indeed in recent years general and European elections have taken place on the same day as local elections, which has increased the turn-out but obscured the debate about and influence on real local issues.

There is considerable evidence that local people believe that many council responsibilities are in fact in the realm of government control. Moreover, in respect of reputation there is substantial evidence that whilst local services are generally popular, local councils and councillors are very unpopular. While a great deal is being done to address this, particularly in improved access and information services, that impression is very difficult to shift.

Central government defines the powers, provides the resources and enforces a whole forest of legislation, regulation and guidance to determine the role of local government. The Local Government Association consistently argues that the balance of national and local responsibilities is wrong. Whilst relationships between central and local government are better than they have been for many years, and encouraging policy commitments are being made by all three main political parties, the evidence of the last 50 years is that the same politicians become more controlling and deterministic when in office.

Community Leadership

Finally as stated earlier, the purpose of modern local government is community leadership. This is expressed through a range of initiatives like local area agreements, local strategic partnerships, initiatives with private sector and other public bodies and community cohesion measures based on the concept of place.

The problem is that this strategic and conceptual framework is difficult to explain to local people. They understand services because they are aware of them, use them and pay for them. With a declining portion of services provided within local councils, this is increasingly difficult to explain.

Therefore, the achievement of localism requires greater confidence in and commitment from local councils. The Local Government Association, which represents all councils in England and through a special relationship in Wales, exists to lobby, campaign and advocate the role, success and vitality of local government to central government, key stakeholders and local people.
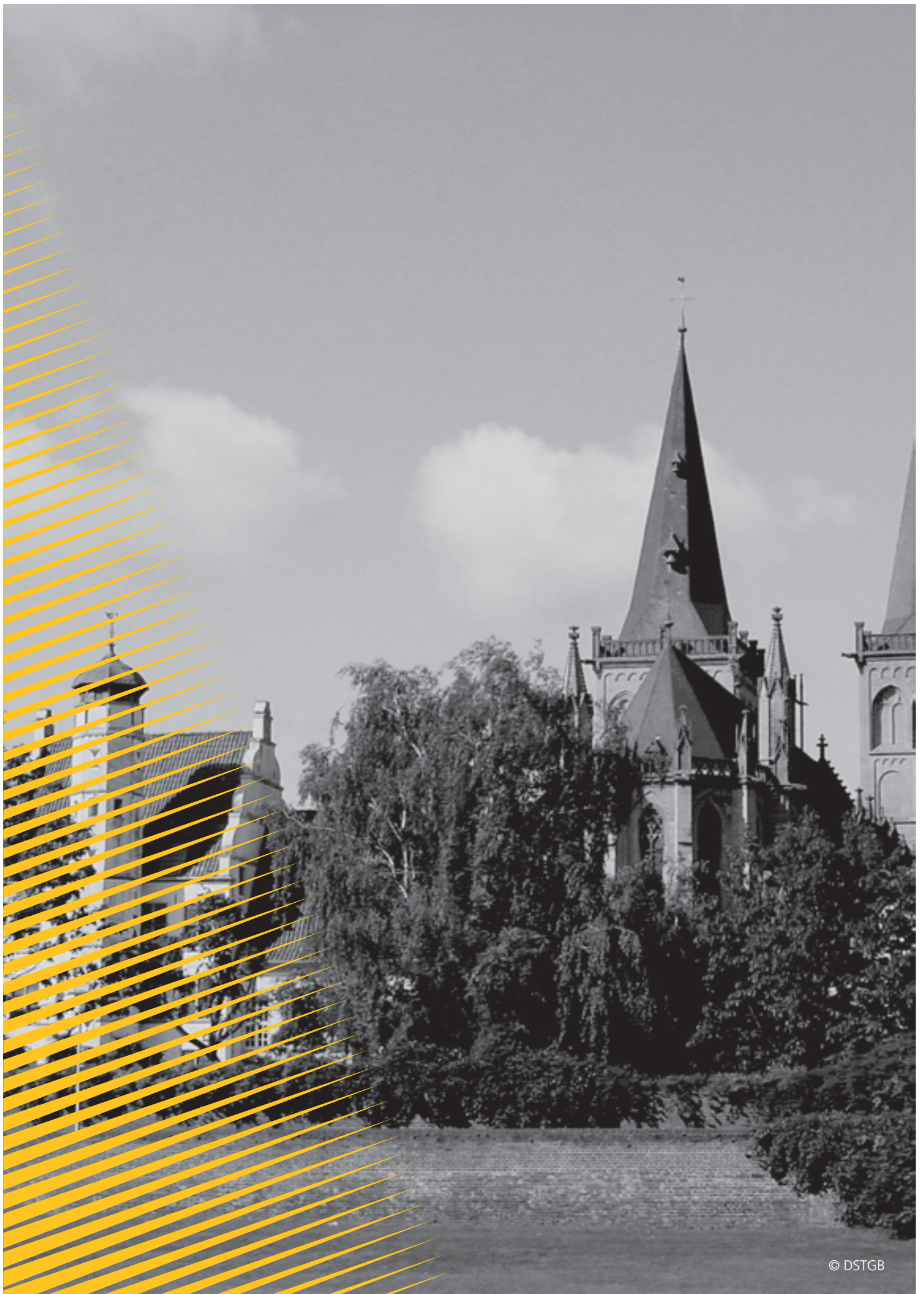
ADMINISTRATIVE STRUCTURE AND FUNCTIONAL REFORMS IN THE GERMAN BUNDESLÄNDER

Paper prepared by David Lindemann, German Counties association
and Markus Söbbeke, German association of cities

In eight of the 16 German Länder, attempts to reform the administration were made during the last few years, aimed at balancing efficiency, identity and democracy in local government.

In Germany, both three-tier and two-tier administrative organisations exist in the Länder. In the two-tier system, the Länder-level is situated directly above the local self-government, whereas in the three-tier model a middle level is inserted between the local self-government and the Länder administration, called "Regierungsbezirke". An appropriate translation would probably be regional district, in order to underline the fact that they are part of the Länder-administration and not part of the local self-government.

The Länder of Lower Saxony, Rhineland-Palatinate, Saarland, Schleswig-Holstein, Mecklenburg-Western Pomerania, Saxony-Anhalt, Thuringia and Brandenburg decided to use the two-tier model. The other states (excluding the city-states Hamburg, Bremen and Berlin) still have the more traditional three-tier structure.

The individual reform therefore focuses on the existence and role of the middle level in the administrative organisation and thus on the assignment of tasks to the state instance at the local level or to the local authorities.

For descriptive purposes, one can identify three types of reforms:

- Functional or competence reform: a new allocation of tasks and competences on the existing local and state management levels ("Funktional- oder Zuständigkeitsreform").
- Structural reforms: approaches to reform which themselves provide a possible reorganisation of the management levels perhaps even by removing one level ("Strukturreform").
- Territorial reorganisation: redefining of territorial boundaries within existing administrative structures, for example the enlargement or merging of administrative units, ("Gebietsreform").

While reforms in the West German Länder focus on functional reforms, in the East German Länder there are also territorial reorganisations alongside functional and structural reforms. The relevant developments in the Länder in question are briefly described in the subsequent sections of the paper.

Baden-Württemberg

The cornerstone of the 2005 reformed administration is the streamlining of the three-tier administrative organisation. In addition, the Land Upper Authorities (Landesoberbehörden), as well as the Higher Special Authorities (höhere Sonderbehörden) were integrated into the existing four Regional District Administrations (Regierungspräsidien). The Lower Special Authorities (untere Sonderbehörden) were integrated into the 35 County Administration Offices (Landratsämter) as state authorities and into the nine mayor's offices in the County Boroughs.

The two existing Regional Welfare Organisations (Landeswohlfahrtsverband) were dissolved and their tasks were transferred to the County Boroughs and the County administration. For the functions to be fulfilled supralocally a new organisation was formed by the local authorities.

The Administrative Structure Reform Law continues to warrant the assignment of tasks to the County Administration Offices as Lower Administrative Authorities. In addition the assignment of tasks from the County Administration Offices to the county-affiliated municipalities as Lower Administrative Authorities also took place.

One goal of these measures is to improve the net efficiency regarding personnel and material expenses by 20%. Within the framework of the intended integration, the existing personnel follow the tasks.

Effectively, the greater part of personnel, altogether 12,000 officials, will have to be re-assigned; to the County Administration Offices, 300 to the County Boroughs, and approx. 3,000 to the Regional District Administrations.

To cover the personnel and material costs caused by the reforms, the Counties and County Boroughs will receive block grants within the framework of the local financial adjustment, which are measured in principle according to the previous grants of the Bundesland regarding personnel and material costs. The Bundesland also bears the one-time costs caused by the reforms, e.g. in the areas of information and communication technology.

The high share of the state's tasks in the task stock of the in fact locally oriented Counties is remarkable (approx. 85 %), which could have been avoided by arranging the respective fields as affairs of self-government. This would have yielded the benefit of including the locally directly elected assemblies in the care of tasks, while according to the selected model, the local administration appears only as an executive organ of the Land.

In a related context the Bundesland Constitutional Court of Mecklenburg-Western Pomerania pointed out in its decision of 26-7-2007 that local self-government can also be endangered by excessive delegation of what are originally state tasks to the local level.

Hessen

In Hessen, the state departments at the County level - "state County administrators as lower authorities of the Bundesland administration" - have been almost completely absorbed into the municipal county administration according to the so called communalisation law (Kommunalisierungsgesetz).

Excepted from the task transference are the tasks of the central Foreigners Authorities, which are now assigned to the respective Regional District Administration and consolidated in the Regional District Administration Kassel into a central Foreigners Authority. Parallel to this communalisation, the state land register administration, as well as the areas of land reallocation and consolidation, were separated from the Counties and were joined into a special authority for soil management. According to law, approximately 2,000 state officials were transferred by the project into municipal contractual relationships.

Lower Saxony

In 2004, the state government of Lower Saxony accomplished its administration reform and accordingly dissolved the Regional District Administration, as well as the Regional Administrative Districts, i.e. the state middle authorities. Regarding personnel, the Bundesland's goal was to cut approx. 6,700 positions in its human resource budget.

In the context of administrative re-organisation, organisational structures, staff and material expenditures were evaluated; furthermore, an evaluation of current tasking structures was carried out. In addition to the evaluation, a more efficient management was to be created via structural reforms. As a result, the tasks of the abolished Regional District Administrations were essentially shifted onto the municipalities. This concerns, among other things, binding development planning, the approval process of zoning laws and statutes concerning planning and building within the County's own municipalities, water

management, in the field of conservation, the designation of protected areas, as well as forestry and hunting laws. Regarding laws in consumer protection and veterinary affairs, several tasks were communalised.

Saxony-Anhalt

In Saxony-Anhalt, the local reorganisation law came into effect on 1-7-2007. The core of the law is the reduction of the number of Counties from 21 to eleven. The zoning of the Counties generally took place as a merger of pre-existing Counties. In those fusions, the former Counties were dissolved and subsequently consolidated into a new administrative unit. The goal of the new zoning was a steady size of 150,000 inhabitants by the year 2015. In cases of above average surface size and a below average population density of under 70 inhabitants per square kilometre exceptions were granted. The size of a County was not to exceed a surface of 2,500 square kilometres. Bearing in mind the most homogeneous administration arrangement possible, the largest County's population should not exceed a total of 300,000 inhabitants. The concrete shape had to take into account regional relations, in particular economic and natural contiguities and historical and regional connections.

The County reform in Saxony-Anhalt was implemented consensually: The relevant municipalities were broadly included in the decision-making processes from an early stage. The reform aimed at managing the actual spatial references and larger County zoning in such a manner that while Counties with a relatively small population density and a large territory remained unchanged, smaller units were consolidated into a County.

Saxony

In Saxony, the federal state parliament passed, in early 2008, a law regarding the reorganisation of the state administration, as well as a law concerning the re-organisation of the Counties. Both the County reorganisation and the re-organisation of the tasks within the Saxony state administration came into effect on 1-8-2008. The County reform will form the existing 22 Counties and seven County Boroughs into ten Counties and three Free County Boroughs.

Regarding the number of inhabitants, the size of the newly formed Counties varies between 218,000 (prognosis for 2020: 184.000) and 390,000 (326,000).

The surface size varies between 949 square kilometres and 2,392 square kilometres. As start-up financing, the former Counties receive a lump sum of €10 million each. Within the framework of communalisation, the Counties and remaining County Boroughs were entrusted with, among other things: all tasks of the state land surveying offices; certain duties of the offices for road construction; a portion of the duties of the regional education offices concerning school psychologists; statements on school network planning; all tasks of the offices for rural development; executive duties in environmental legal matters, such as emissions control, climate protection, and the designation of protected areas.

The County-affiliated cities and municipalities are also entrusted with the prosecution of administrative offences, traffic regulation, as well as ensuring that shops, restaurants and hotels implement all health and safety regulations. Furthermore, Counties can decide to transfer, by a contract under public law, certain duties, to the execution of which they are entitled or obliged, to the municipalities, for the sake of a more efficient and locally oriented execution. Within the framework of communalisation, a total of 4,000 positions were transferred.

Saarland

In Saarland, the parliament decided at the end of November 2007 on a so-called "modified state model". Thus, various functions heretofore handled at the County level are to be transferred to the Land level. The County's tasks of self-government are redefined. After the delegation of duties to the higher state level, different tasks are now managed by individual central administrative offices instead of at the County level.

Mandatory supralocal County tasks of self-government remain unchanged. However, regarding voluntary supralocal self-government affairs, unrestricted exercise by the Counties is in the future only allowed in the areas of Public Transport, tourism and honorary posts.

Task fulfilment in this area is only permissible in cooperation with the municipalities and with a clear sharing of costs, which is a unique and special case in Germany. Regarding the self-government affairs of county-affiliated municipalities, as well as the area of municipal balancing and supplementary functions, a fulfilment of the local tasks can only be made within the framework of a co-operation with the municipalities by simultaneous division of costs according to agreement of the participants. In addition supplementary functions can be met only in local co-operation with individual or several municipalities in cases of endangered or impaired budget situation by a county-affiliated municipality.

Schleswig-Holstein

In Schleswig-Holstein at the end of April 2006 the cabinet had taken note of the first cornerstones for the establishment of the four so-called Municipal Administration Regions. According to this different tasks were to be transferred to these four Administration Regions. The Municipal Administration Regions were to become territorial authorities of public law without sovereignty. Responsible authorities were to be the Counties and County Boroughs, which should have been able to determine within limits the internal organisation of the Municipal Administration Regions. About 950 employees would have been affected by the task shifting. Regarding this construction of the Municipal Administration Regions not only substantial legal doubts existed, but also, in view of the only small task shifting, doubts about the efficiency arose.

In view of these doubts the Prime Minister waived the implementation of these Municipal Administration Regions. Now a reorganisation of the County level is aimed at under the reservation of an investigation of its efficiency. Therefore experts were consulted in 2007.

Within the framework of this reorganisation process in Schleswig-Holstein the judgment of the Bundesland Constitutional Court of Mecklenburg-Western Pomerania regarding the district reform of 26-7-2007 becomes particularly relevant.

Mecklenburg-Western Pomerania

The Bundesland Constitutional Court in Mecklenburg-Western Pomerania decided in 2007, on the basis of a constitutional complaint by eleven of the twelve Counties, that the County reform decided in Mecklenburg-Western Pomerania by the federal state parliament is unconstitutional. The reform had been decided because of the problems of demographic change, the large public debt of the Land and because of the excessive staff of the Land and the municipalities. The court ruled in particular that the regulations of the administration modernisation law, which concern the reorganisation of the Counties, are incompatible with the constitutional guarantee of the local self-government.

The reform provided that the existing twelve Counties and six County Boroughs should be merged into five large Counties. The average size of the new Counties would have been approximately 346,000 inhabitants with an average land area of 4,600 km². The range of the inhabitants would have been from 247,000 to 503,000, the range of land area between 3,182 and 6,999 km².

The starting point of the court's review was art. 72 of the Bundesland Constitution prescribing local self-government, which must be considered by the legislator. The court stated:

"Local self-government means the activation of the citizens for their own affairs. The forces alive in the local Community unite for the autonomous fulfilment of public tasks in the closer homeland with the goal to promote the well-being of the inhabitants and to protect the historical and native characteristics […]. Model and aim of the local self-government guarantee is a participation of the citizen, which also manifests itself in a political will to create and

act. In the Counties the autonomous, honorary mode of the task fulfilment is connected to the County area and its inhabitants. […] The self-government of the municipalities and that of the Counties form one self-government unit"

In view of the intended gains in efficiency the court saw an antagonism between the economic administration and democratic local self-government by the citizens. It referred to the Federal Constitution Court, which had already noted in earlier judgments that the constitution gives preference to the democratic aspect of the participation of local citizens over economic considerations that an administration organised in a centralistic manner could work more efficiently.

The unconstitutionality of the County reform results therefore from the fact that due weight was not given to the constitutionally guaranteed self-government of the Counties. Thus, all aspects of local self-government and in particular its participation and democratic components should have been taken into account. The administrative modernisation law is carried rather primarily by the aim of achieving a more efficient, more economical administration in the Land and in the Counties. As evidence the court states for example, relating to the surface dimensioning, that -disregarding the future County "capital"- for the remote areas of the Counties it is to be stated that 21.28% of the population would live more than 40 km distance from the County "capital". The corresponding value for today's Counties is indicated with 6.23%. This clearly shows that more people would live in the remote areas. The coining element of the local self-government, i.e. its honorary activity in the County Council and its committees, would be endangered, particularly in the large Counties. Already now in the County Councils the members are in disproportionate numbers members of the civil service and people in retirement. Freelancers and independent business people are underrepresented in the County Councils.

The court also regards as problematic the preponderance of citizens from the County "capital", caused by the incorporation of the County Boroughs. It is crucial that even persons from more distant areas can carry out a County Council Mandate. Otherwise the court calls into question the idea that the population of all parts of a territory of the County appears in the County Council:

"Comprehensibility means that County Council Members can also get reasonable own knowledge of the relationships with more distant areas of the respective County. Because many decisions, which are made in the County Council or prepared in its committees, have a special relation to the local milieu. The County Council for example has to rule where it develops a road, where it will build a school, where it promotes youth welfare, which museum should be established or should continue to operate."

In sum the court notes that it is doubtful whether in these Counties democracy can be practiced bottom-up. The County can hardly work as a "School of democracy" if in reality large parts of the population are excluded from an activity in the County Council. When thinking about a regional reorganisation the legislator has to take into account - because of the public well-being - the distance from the County "capital", and the actual accessibility for the population of all parts of the territory and social stratum, to maintain the Comprehensibility.
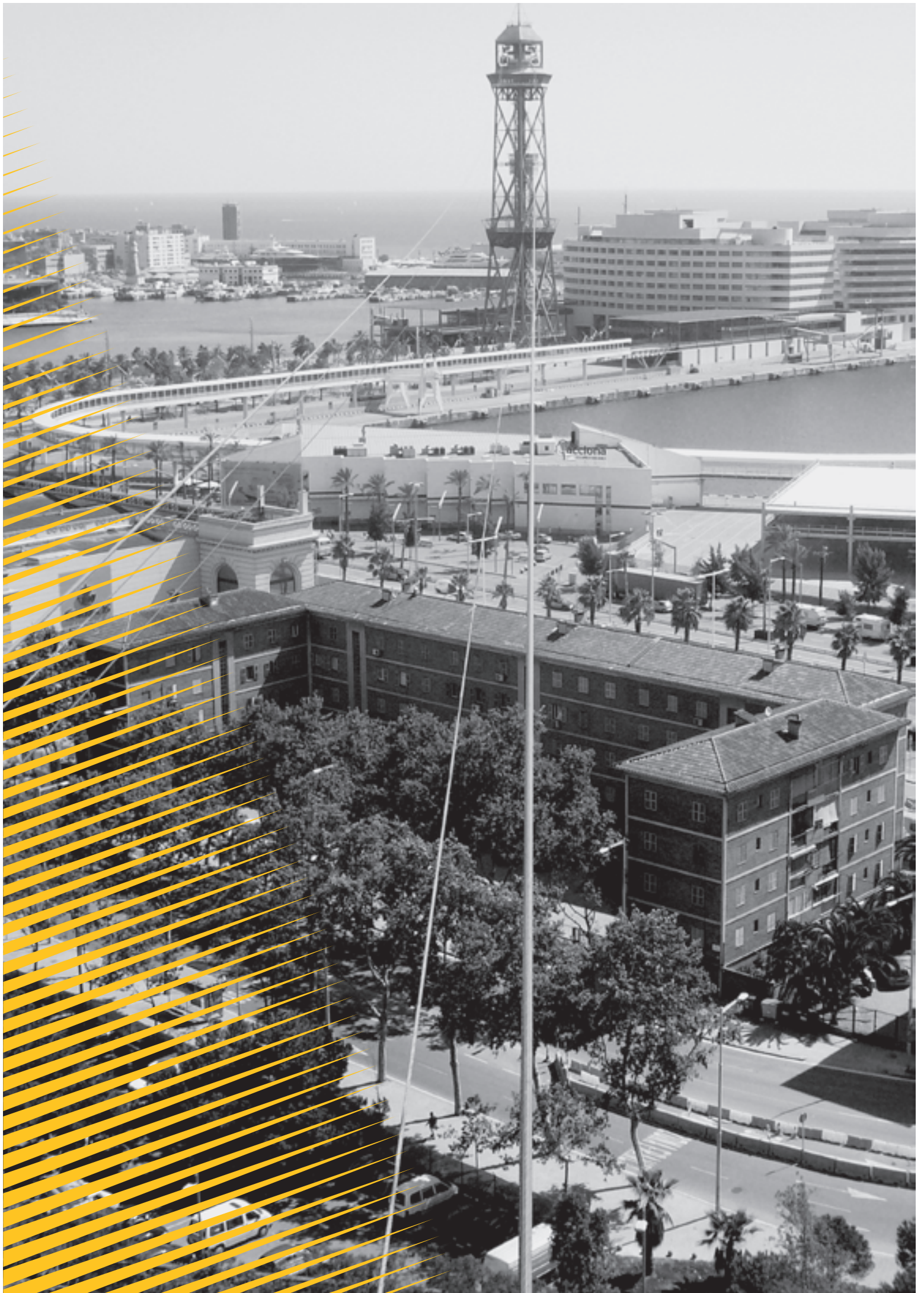
SPAIN,
A MODEL OF LOCAL
AND REGIONAL GOVERNMENT

Paper prepared by Guadalupe Niveiro de Jaime,
Spanish federation of municipalities and provinces (FEMP)

A- The Construction of the State of the Autonomies

During the mid-1970s when the constitution process in Spain was in its infancy, Spanish society was faced with two major problems: the first was how to make the transition from a dictatorial regime to a constitutional democratic system of government, and the second was how to transform a unitary and centralised State into one which was politically decentralised. Because, although in theory it was possible to pass from a dictatorship to a democracy without addressing the problem of political decentralisation, in practice everyone was aware of the need to provide a solution to both problems together. For historical reasons, political decentralisation could not exist without democracy, yet neither could democracy exist without political decentralisation.

The 1978 Constitution brought the constitution process to an end with respect to Spain as a democratic state; however, in terms of the definition of the territorial structure of the State, it had merely opened a political process, which was completed in various stages and through different channels established by the Constitution, with the process finally ending in 1995 with the constitution of the autonomic cities of Ceuta and Melilla.

- In a first phase (1979-1981), the Statutes of Autonomy were granted to the Historical Communities: The Basque Country and Catalonia (1979) and Galicia (1981); as well as Andalusia (1981). During this phase the Autonomic Pacts of 1981 were also signed, which establish the autonomic map and the route to autonomy of each of the Communities; the organisational structure, uniform to all the Communities (Legislative Assembly, Government Council and President) and the end date of the process set at 1st February 1983. The harmonisation of the process was carried out through an organic law.

- In the second phase, which we can establish between 1981 and 1992, the autonomic map was gradually closed with 17 autonomous communities being constituted through the different processes and methods established by the Constitution.

• In the third phase, between 1992 and 1996, the Autonomic Agreements of 1992 were signed, which would equally grant powers and responsibilities to certain Autonomous Communities through the reform of their Statutes of Autonomy. In this phase the regulation reform of the Spanish Senate took place in order to increase the territorial nature of this house. Finally, in 1994 the General Commission for the Autonomous Communities was created which integrates senators and representatives from the national and autonomous community governments who may intervene in its sessions and request the calling of a meeting.

Furthermore, all of the senators appointed by the autonomic legislative assemblies may intervene in the debates. The General Commission's functions include providing information with respect to the autonomic content of any initiative which has been processed in the Senate, enabling the Autonomous Communities to enter in the legislative procedure of the State.

In 1995, once Ceuta and Melilla became autonomous cities, the autonomous process was closed in terms of the autonomic map.

B- Territorial Organisation of the Spanish State

The Spanish Constitution establishes a model of a State with three levels of Government and Administration: central, autonomic and local, whereby none of them are dependent on or subordinate to the others.

The finally closed autonomic model is composed of 17 autonomous communities and two autonomous cities. The local model, which is divided into municipal and provincial subdivisions, is comprised of more than 8,100 municipalities and 50 provinces.[1]

The Constitution and the Statutes of Autonomy distribute the powers between the State and the Autonomous Communities. However, it is a permanently open model in terms of powers.

Dispositive principle: The Statutes of Autonomy determine the boundaries of powers assumed by the Autonomous Communities within the constitutional framework. The powers and responsibilities not reserved for the State may be assumed by the Autonomous Communities and those which are not assumed by them will correspond to the State. The Statutes of each Autonomous Community establish the powers corresponding to that Community and how it is to exercise them.

It is interesting at this point to outline the reforms which have been carried out in recent years, through organic law, of some of the Statutes of Autonomy[2]. These modifications have the common denominator of increasing the depth of self government and the extension of the scope of powers of the Autonomous Community, following the same principle described above. The Autonomous State remaining permanently open in this manner.

However, with respect to local powers and responsibilities, the lack of a clear and precise definition of these powers has seriously encumbered the actions of local government throughout all of these years. The Constitution simply established the need for local tax offices to have sufficient resources available to carry out the functions set forth by the law applicable to local bodies, adding that these will be financed by local taxes, the State and the Autonomous Communities.

Local powers: the Local Government Bill

The constitution of the different Autonomous Communities and the complexity of establishing a new level of government and

administration meant that all local issues, which were sufficiently deep-rooted, took second place. Throughout these years, the municipalities were largely forgotten in terms of powers and finance due partly to their smooth operation and absence of problems which would oblige a search for solutions to resolve them at state level.

The Law on Local Government Basis (Ley de Bases de Régimen Local) of 1985 does not contemplate the specific powers of municipalities, being confined to defining a list of services which are compulsory for all municipalities and other services whose provision depends on population size. This situation gave rise to the generation of a municipal movement of protest, originating in the different municipalist sectors, including the FEMP (Spanish Federation of Municipalities and Provinces), attempting to bring about a new framework of powers which would produce a further decentralisation towards the municipalities. This movement began with the so-called Local Pact or second decentralisation whose origin dates back to the 6th General Assembly of the FEMP held in Madrid in November 1995.

The passing of some laws, principally the Laws on Local Government and Local Tax Offices was fruit of this initiative. However, and in spite of some improvements, this did not resolve the initial problem; that is, the powers and financial framework for Local Administration were not established in accordance with the principles established in the European Charter of Local Self-Government.

In July 2004, at the request of the FEMP, a Commission for drawing up the White Paper for Local Government was created, which should culminate in a new Basic Law of Local Government and Administration. The White Paper presented a detailed analysis of the situation of local government based on three issues: powers, intermediary levels of government and organisation and operations.

Unfortunately, the new law was not passed during the previous term of office. During this term the development of local government was promoted so as to achieve an effective compliance with the Constitution and a framework of powers of Local Bodies was established which was sufficient for and in line with an autonomy of a political nature.

With the absence of this new law, the problem of powers and responsibilities is worsening with the insufficiency of resources. Spanish local councils have been providing services or carrying out functions which are the responsibility of other administrations and which constitute what the FEMP has called "historical debt", as well as new services which respond to new needs that have arisen. Currently, the FEMP is working on a Commission with the Ministries for Public Administration and for the Economy, with the objective of agreeing on the legal establishment of a new financing system which is more relevant to the reality and the responsibilities and functions carried out by municipalities and which is fairer in the distribution of public expenditure.

[1]See annex
[2]Recently (years 2006 – 2007) the Statutes of Autonomy of the Autonomous Communities of Valencia, Catalonia, the Balearic Islands, Andalusia and Aragon have been modified.

Towards "fiscal federalism" in Italy

Paper prepared by Roberto Di Giovan Paolo, senator, secretary general of AICCRE

The debate on the federal reform of the Italian State has been going on since the early nineties. However, its focus has shifted, starting initially with the North-South divide, then moving to the issue of the competences of local and regional authorities and these days focusing on the administrative restructuring of the state. In 2001, the reform of Title V of the Constitution of the Republic of Italy was approved, moving Italy further towards federalism.

Under its Constitution (art. 114-119), the Italian system can be defined as a mixed system of decentralization verging on a federal system that grants local authorities stronger powers and greater self-government. The central state and local authorities maintain frequent contact, including on issues such as financial transfers and competences.

However, what is still missing in the wake of the 2001 reform is "fiscal federalism" that was introduced by the reformed article 119 of the Constitution. The new article 119 allows local and regional authorities to levy taxes, and improves the distribution of financial resources between the state and local authorities as well as between local authorities themselves. It adds that there must be coherence of actions while citizens must be made aware of what services they actually fund.

In this regard, in January 2009, the Senate will discuss the reform of fiscal federalism, after which the Chamber of Deputies will most probably adopt it.

The key points of the debate on fiscal federalism and the proposed reform of the implementation of the reform of article 119 are to ensure a constructive dialogue to establish balanced and stable rules for the functioning of local and regional institutions.

While awaiting the creation of a federal Senate open to representatives of local and regional authorities, efforts have been made to ensure a constant link between the national parliament and representatives of cities, provinces and regions. One of these was the establishment of an integrated bicameral Commission for the implementation of fiscal federalism, made up of 15 senators and 15 MPs. It provides a connection with the regions, metropolitan cities,

provinces and municipalities, and regularly consults a committee of representatives of local and regional authorities, appointed by those authorities themselves.

The main issues in the debate on fiscal federalism and the draft reform of article 119 of the Constitution are:

- To ensure a federal political/institutional system respectful of the history of our country and of its legal and cultural tradition, historically rooted primarily in a fruitful relationship between the state and municipalities, with a recognized role for provinces, and with the new political and legislative presence of the regions, much strengthened since the introduction of the direct election for the presidents of regional councils. Finally, let us not forget the role of mountain communities which although considered second-tier authorities, often play a unifying administrative and functional role (for services to citizens) in small and very small municipalities.

- To make more efficient the complex system of government through the allocation and delimitation of powers and functions in accordance with the objectives set by the Constitution.

- To ensure a plan of implementation of institutional and fiscal federalism, providing a clear definition of the role of each level of government, and planning and quantifying the resources in ways that ensure fairness, certainty and stability.

- To avoid all forms of subordination between the various levels of government, as contrary to the fundamental principles of self-government and responsibility that characterize the Italian constitution and any genuine federal system.

- To support a reorganization of the administrative system based on the principles of self-government and responsibility of each level of government.
- To promote and implement the transformation process of the municipal system, with, as its cornerstone, the fundamental objective of preserving the local governments' identity and unity.
- To create metropolitan cities, both as governing bodies and as strategic institutional tools for the relaunch of the country in Europe and in the world.

A genuine implementation of fiscal federalism involves a radical rethinking – a revolution in itself – of both public spending and tax revenue that goes well beyond the distribution of revenues between levels of government: this is a great opportunity to modernize the country, to reform public administration, and to promote the development of its regions and towns.

In short, it is no easy thing to reconcile self-government and solidarity in a country with such important economic and social differences which are reflected through a north-south fracture which dates right back to the unification of Italy in 1861.

Fiscal federalism is faced with the thorny, unresolved territorial dualism between the north and the south which involves not only a significant difference in levels of income per capita and thus of fiscal capacity, but also a wide gap in infrastructure facilities and services. Furthermore, similar economic differences can be found within each of the northern, central and southern regions of Italy: some valleys in the north have income levels as low and infrastructures as poor as some areas of the south, whereas in the south, some areas have standards of living and infrastructures as high as anywhere in Europe (and these are not mere exceptions).

Some figures illustrate the wide differences between regions:

- the per capita income of the richest region, Lombardy, is about 2.5 that of the poorest, Calabria;
- the employment rate in the centre and north is 65-70%, while it does not exceed 42-50% in the south;
- 2/3 of Italy's poor households are in the south.

Another major problem is the lack of reliable statistical data and the bickering (often merely political, to be honest...) accompanying the data of ISTAT (National Institute of Statistics of the Italian State) to get a factual idea of the issues at stake: fiscal revenues, the size of transfers, the calculation of the needs, the impact the abolition of current transfers, the performance assessment of the various institutions.

But such assessment is essential to understand whether the reforms under discussion are compatible with the objectives assigned to them, if they are financially viable and what impact they would have on the distribution of revenues.

Ultimately the implementation of the reform will tell us whether this was Italy's final reform of its local level, a reform which, beyond the issues of competences and responsibilities, includes, the real possibility, first, to answer citizens' calls for a fair and transparent economic contribution, and second, ensures the provision of services within the promised deadlines and through procedures which meet European standards.
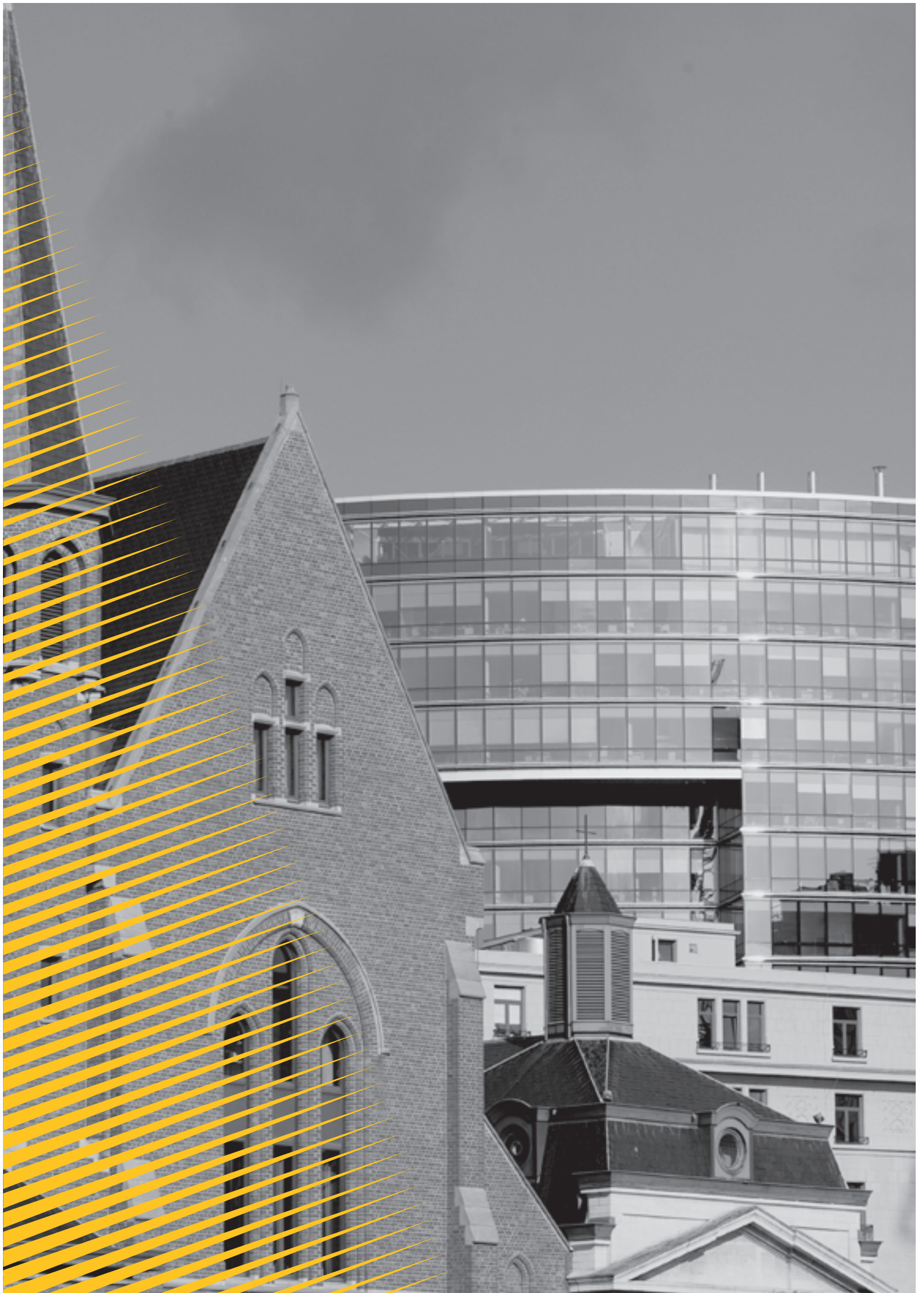
THE BELGIAN
POLICE REFORM
1 OCTOBER 2008

Paper prepared by Koen Van Heddeghem,
Association of Flemish cities and municipalities

1. The need to reform the Belgian police

The former Belgian police system was composed of three police forces: the Municipal Police, the federal Gendarmerie and the Judicial (Judiciary) Police. The Municipal Police came under the authority of the individual municipalities (the ultimate authority being the mayor) and had a local role. The federal Gendarmerie (federal police force) was at one time a branch of the military. Like the Municipal Police, the Gendarmerie had a law and order mission (prevention and protection) but also performed judicial tasks (investigations). The Judicial Police was solely an investigative unit (no law and order tasks), ultimately supervised by the Minister of Justice, but investigating under the daily guidance of the office of the public prosecutor. The Gendarmerie was the largest branch and consisted of local brigades and central offices (such as central investigative units). Its many functions ranged from traffic control to judicial investigations. The Judicial Police was a relatively small force. The Judicial Police often complained that the Gendarmerie intervened on its terrain and that it was often not informed about operations carried out by the Gendarmerie.

Summarising, it may be said that the main problems were a lack of coordination between the different police forces, a loss of efficiency when the police took action and the military character of the Gendarmerie ('a state within a state'). Finally the population was losing its confidence in the police. Therefore, in the early nineties, the government took the first steps to reform the police structure. Several parliamentary committees presented blueprints to improve the working of the police. But on the political level, there was no consensus on how to reform the police.

2. The accelerators of the police reform

2.1 The Dutroux scandal in 1996

In August 1996, following the kidnapping and murders of several young girls, Belgium was in deep shock. Scrutinised by a parliamentary committee, the so-called «Dutroux affair» (named after the main accused) tragically highlighted the many flaws of the judicial and police institutions responsible for investigating the children's disappearance. That Belgian parliamentary report accused the police of negligence, amateurism and incompetence in investigating the cases. This shocked the country in an almost unprecedented way, especially after it emerged that Dutroux had been convicted before as a sexual criminal and that the police had suspected him in this case but failed to find the girls in an earlier search.

The general public experienced a strong crisis of trust in everything that represented "the system": politicians, administrators, the police, the judiciary and even the intellectual elite. The loss of public confidence in the police was so great that the whole population deemed the reform indispensable. The public outrage peaked following a controversial verdict of the highest Belgian court of October 14, 1996 in relation to the Dutroux case. The protests following the verdict culminated in the "White March" on Sunday October 20, 1996; the biggest post-war demonstration in Belgium gathering 250,000 to 300,000 protesters in the streets of Brussels. Demands for reform emerged strongly following the persistent failure of the police to capture an alleged child killer and rapist, Marc Dutroux.

2.2 Parliamentary discussion: central role for the mayors

The Belgian government then announced wide-ranging changes to the judicial system in response to the public outcry over delays and inefficiency in the police investigation of the Dutroux scandal. The Belgian Parliament also discussed how to reform the Belgian police but without effective results. Main points of discussion were local autonomy and judicial independence. During the debates, a central role was played by members of the parliament who were also mayors. They had a large stake in the police reform because an integration of Municipal Police forces into "inter-police zones" would reduce the mayor's power over the police and decrease their local autonomy. The debate continued over the following months. Several institutions, such as the Flemish Association of Towns and Municipalities (VVSG) and trade unions of police officers, voiced their opposition and proposed alternatives to the reform plans.

But the actual reforms would have been rather modest without one of the most spectacular events in recent Belgian history: the escape of public enemy number one, Marc Dutroux, on April 23, 1998.

2.3. The final trigger: the Great Escape of Dutroux

In the spring of 1998 the unbelievable happened: the "state enemy number 1" Dutroux escaped for a few hours and went for a walk in the Belgian forest. In April 1998 Belgium shook on its foundations... Although Dutroux was caught within a few hours, the political world felt that quick and decisive action was necessary "to restore trust in the institutions".

2.4 The Octopus agreement: a new police is born

In May 1998, in order to prevent a repetition of such a tragedy, eight political parties - from both the governing majority and the opposition - signed the «Octopus agreement» (an agreement between Belgium's 8 main political parties) which defined a new integrated police force with a two-level structure, federal and local. The pressure on the negotiators was heavy. Particularly, the media demanded action. None of the parties could afford to be responsible for a failure of the negotiations. The Octopus agreement, proposing an integrated police force both on a national and a local level, was presented to the press on May 24, 1998, one month and one day after Dutroux's escape.

On 7 December 1998, parliament adopted the law establishing the basis for the new organisation of the police. The Belgian police underwent a fundamental structural reform that created a completely new police system. It is one of the most important reforms in the Belgian history.

3. Outcome of the reform

3.1 An integrated police on two levels

The reform is designed to overhaul the various existing law-and-order forces: the gendarmerie, the criminal-investigation department and the municipal police. These three former police forces gave way to an integrated police service.

The Belgian police is the government agency charged with upholding the law and public order in Belgium. It is an integrated police service structured on the federal and local levels. Both forces are autonomous and subordinate to different authorities, but linked in regards to reciprocal support, recruitment, manpower mobility and common training structured on two levels.

The legislator did not opt for a unitary police structure. Therefore, the Belgian police structure is divided into a local component, i.e. the local police that guarantee the "daily basic police care", and a federal component or the federal police responsible for the more specialized police tasks and the subsidiary support to the local police.

It is important to stress that the Belgian police system is an integrated system: there is a "functional liaison" between the local and the federal level. There is in no way a unitary police structure with a hierarchical system.

The fact that there is a functional liaison between local and federal police means that the local police is in contact with the federal police and can call upon the federal police to coordinate common actions, joint police operations, etc.

For example the federal police is in charge of highways in the entire country, whereas everyday traffic problems in each police zone fall within the scope of the local police.

Furthermore, there is one single police statute by which internal movement is also possible. A police officer may choose to move to the federal police and vice versa. Each police agent is also dealt with in the same way by the State regarding legal, financial and other issues. As regards side issues, such as uniform, it was decided to have a single uniform with different distinction marks.

3.2 The philosophy of the integrated police: community oriented policing

This philosophy is based on a global and integrated approach to the security problem. It is based on the maximal visibility of the police and forwarded police activities in a limited area, which should optimise contact between the police and the population. It aims to restore public confidence in the police force and to improve the objective and subjective feeling of security in communities. In this case we are speaking about community policing or community oriented policing (COP).

In the past conventional methods of crime fighting have hardly had any influence on the crime rate! By paying attention to the improvement of the relationship between the police and the population, the feeling of insecurity consequently diminishes. The answer: community policing.

What effect does community oriented policing have on the role and position of the police in society? The police is a part of society like institutions such as schools, churches, etc…The major objective is to establish an active partnership between the police and the community through which crime, service delivery and police community relations can jointly be analysed and appropriate solutions can be designed and implemented.

4. The structure of the local police

4.1. Scaling up of the local police

Formerly there were 589 police forces in Belgium: each municipality or town had its own municipal police. But sometimes this was supplemented with local brigades of the gendarmerie (state police).

The police reform established a scaling up of the local police forces and resulted in 196 police forces (police zones) constituted from the former municipal police and gendarmerie brigades. Why 196 police zones? These 196 police zones are not a result of a mathematic, economic or geographical study but are simply the result of political agreements between the local mayors.

- 50 police zones coincide with the territory of one city or town referred to as the "one-city-zones". These one-city-zones fall under the municipality administration and have as such the same corporation as the city or town.
- 146 local police zones coincide with more than one city and/or town. These so called "more-communities-zones" have achieved corporation.

4.2 The Police Board

The Police Board is composed of all the mayors from the different cities or towns from the police zone.

The Police Board is the competent authority concerned with all organisational and management aspects of the local police corps. In general, the Police Board assembles twice a month and acts as the governing body of the local police. As such, the Board has authority over the Chief of Police and the local police corps. The Board is also the competent body concerned with all aspects regarding the organisation and functioning of the local police force. However, the Police Board cannot interfere with the assignment of tasks and

internal orders of the police corps. These competences only belong to the Chief of Police.

The Police Board has the right to be informed by the Chief of Police about the functioning of his local police force on a monthly basis. Any complaint about the functioning of the local police submitted by a citizen will be communicated by the Chief of Police to the Police Board.

In general the Police Board assembles as a collegial committee. However, in case there is no unanimity about a certain policy decision, the Police Board will have to vote. In that case each Mayor has the right to a certain number of votes depending on the financial contribution of his town to the police zone. In total, there are 100 votes to be divided based on the financial contribution of the member towns into the police zone. A simple majority of votes is enough to accept a policy decision.

4.3 The Police Council

The Police Council is represented by town-councillors from the different municipalities or cities in the police zone, based on the number of their inhabitants. The Mayors are by right members of the Police Council.

The Police Council is competent regarding the budget, formation of the corps and appointment of personnel. In fact the Police Council practises democratic control over the Police College and the functioning of the local police. Therefore the members of the Council have the right to interpellate both the Police Board and the Mayors on an individual basis. This interpellation can refer to their police policy relating to the police zone as well as their town.

Furthermore, the Council is charged with the management of the goods and revenues of the local police zone. The formation of the police corps will also be defined by the Police Council. The Chief of Police and high officers are nominated by the Council from a list defined by a selection committee. This selection committee is appointed by the Council. Finally the Council decides on the prolongation of the mandate of the Chief of Police. All other personnel are assigned by the Council without the preliminary advice of a selection committee.

The number of members of the Police Council is defined in function of the total number of inhabitants of the police zone. For example in a police zone of up to 15,000 inhabitants the Police Council is composed of 13 members. A police zone with between 100,001 to 150,000 inhabitants counts 23 members. The Mayors are not included in the above mentioned partition and are by right members of the Police Council.

The composition of the Police Council respects a proportional representation of the different town-councillors based on the number of inhabitants they represent in the police zone. The following calculation has to be applied in order to define the calculation of the proportional representation:

$$\frac{\text{Number of inhabitants of the town} \times \text{the number of council members}}{\text{The total inhabitants living in the police zone}}$$

Each municipality/town council has the right to at least one representative in the Police Council. This is important for the democratic control of the police.

The Police Council assembles at least four times a year. The council's meetings are open to the public. Each member of the Police Council possesses one vote. An exception to this rule is applied when the Council has to approve the budget, modifications to the budget and the annual account of the police zone. In these cases, each delegation of the different Town Councils has the right to as many votes as their Mayor possesses in the Police Council.

4.4 The Chief of Police

Each local police corps is under the leadership of a Chief of Police, responsible for the execution of local police policy. He or she guarantees the management, the organisation and the distribution of the tasks in the local police corps. He or she works under the authority of the mayor in one-city zones, or under a police board composed of all the mayors from the different municipalities in a multi-city police zone. The Chief of Police is mandated for a renewable period of 5 years. After a positive evaluation from a selection committee, the Chief of Police can be recommended for a prolongation of his/her mandate.

4.5 Missions of the local police

As already mentioned above, the local police is responsible for basic police care based on the principles of community policing and for the maintaining of public order and for the judicial police. But what does this mean in reality? The local police guarantee to assure the citizens the same level of police service all over the Belgian territory. This minimal, equal in value police care is divided into six basic functions: police quarter functioning; round the clock reception; intervention; victim support; local criminal investigation; and maintenance of public order.

5. The structure of the federal police

The federal police conduct specialised law enforcement and investigative missions that cover more than one region in Belgium. The federal police have approximately 12,500 personnel who provide support units for the local police.

The federal police report directly to the Ministry of Justice and Home Affairs. They carry out specialised tasks and super-local tasks and provide the local police and police authorities with specialised support. The federal police are basically charged with the execution of particular missions (including those overlapping more than one locality) for the administrative and judicial police.

The federal police are led by a Commissioner General. His role is to co-ordinate the work of three general directorates. The Commissioner General's Office is responsible for contacts with the local police, integrated police operations, coordination and external communication and the federal police themselves.

6. The police reform 10 years after: lessons to learn

- The police reform has proved to be a success on the local level: there was enhanced professional dynamic in the police zones, the new Chiefs of police were the right people in the right place, the population is satisfied with the service provided by the police.
- The local autonomy of the police zone has proved its value and must be guaranteed in the future.
- The mayors have to learn to share their powers with their colleagues on the Police Board. Maybe the mayors have less power but they possess the necessary instruments and competences to steer the local police.
- Some police zones are too small to guarantee basic daily police care: a second scaling up of the police zones will be discussed in the near future.
- A successful police reform is a never ending reform…

Www.

List of websites:
http://www.vvsg.be
http://www.police.be

Other information:

VAN HEDDEGHEM, K., DORMAELS A., LEROY, J., CRISPEL, M., Wegwijs in de politiezone, VVSG-Politeia, Brussels, 2007, 231.

LOCAL DEMOCRACY
AND OPERATIONAL EFFICIENCY

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1. Introduction

At the outset, some definitional and conceptual remarks should be useful.

1.1 Decentralisation versus deconcentration

Devolution might be used as the general/generic term to denote the transfer of public functions, within a multi-level interorganisational and intergovernmental setting, top-down from one level to another.

Decentralisation is an essentially political concept as it addresses the devolution of functions to levels and units which have a political status in possessing decision-making bodies that are democratically elected and politically accountable within a certain scope of legally or even constitutionally guaranteed autonomy. By contrast, deconcentration is a basically administrative notion which denotes the top-down transfer of administrative functions to an administrative level or unit.

Decentralisation can be seen to be premised particularly on three principles.

• Politically, it can be deemed to be guided by a separation of power concept according to which political power needs to be vertically separated and distributed among several levels of the politico-administrative system in order to prevent the central government level from becoming too powerful by introducing a mechanism of vertical "checks and balances". A famous document in which this idea has been spelt out is the so-called "Federalist Papers" which were written during the formation of the United States of America and have served ever since as a classical text to call for and justify federalism as a "vertical separation of powers".

• Functionally and operationally, decentralisation can be seen rooted in the idea that it would be dysfunctional to concentrate the political and administrative functions on and in a single (central) level since this would create decision-making overload and implementation overload on that level. Instead, political as well as administrative responsibilities should be assigned to those (lower) levels which are deemed in an operationally better position to fulfil the task in an adequate and efficient way. This idea is at the core of the principle of subsidiarity which, having historically evolved from the Catholic social teaching (in 19th century Germany), has entered general constitutional thinking and has been adopted by the EU in the Maastricht Treaty. It has also been inserted in article 4 of the European Charter of Local Self-Government of 1986 which reads: "Public responsibilities shall generally be exercised, in preference, by those authorities who

are closest to the citizen. Allocation of responsibilities to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy".

- Furthermore, decentralisation is prompted by the democratic principle, underlying also the above quoted article 4 of the European Charter, according to which decision-making should be located, in an expression of "democratic subsidiarity", as close as possible to the citizenry concerned as its source of participation and legitimacy.

1.2 Constitutional and institutional variance of decentralisation

In the subnational space decentralisation shows a wide gamut of constitutional and institutional variance in its institutionalisation both on the regional/meso and the local levels.

Regional/meso level

- The most advanced variant of political decentralisation is federalism. In a federal intergovernmental setting the legislative and administrative powers of the regional bodies are typically laid down and guaranteed in the country's constitution. As a rule, the legislative powers of the regional level pertain also to legislation on the local government level, including its territorial structure. In Europe, Germany and Austria are historical examples of federal States with Belgium as a more recent case.
- (Quasi-federal) regionalism. In "quasi-federal" regionalism the regions are given significant legislative and administrative responsibilities without attaining the "federal" status. Such development is exemplified

by Spain (since its democratic Constitution of 1978) and Italy (since the decentralisation move in the early 2000's).

- Asymmetrical federalism. Since the "regionalisation" of Scotland and Wales in 1998 the U.K. has been moving towards a "quasi-federalism" which is "asymmetrical" in that Scotland and Wales have been given a quasi-federal status (in important fields of legislative and administrative matters), while England (where some 85 percent of the UK population live) continues to be largely "unitary".

Local level

- Two tier local government systems. In most countries the local government systems are made up of two tiers, that is (in the English terminology) counties and districts or boroughs.
- Three tiers. France as an exception has a three tier structure of its local government system (collectivités territoriales/locales). In 1982, a regional level (régions) was added to the traditional two-tier system made up of départements and communes, whereby the regions were put on the same legal footing as the other two levels.
- Single tier. In some countries, for instance, in Finland, local government has been traditionally made up of just one local level.
- Single-tier local authorities. In some countries which in principle have a two-tier local government structure a type of local authorities has been put in place which merges the county and the district/borough functions. This applies particularly to urban areas and larger cities. Examples of this single-tier type of local authority can be found in Germany (with the traditional type of "cities

outside counties", kreisfreie Städte) and in England (since the 1990s territorial and organisational reforms the expanding coverage of urban areas by single-tier unitary authorities).

1.3 "Genuine" local government responsibilities versus "delegated" functions

In most countries the local authorities have the responsibility for local matters on the basis of the traditional "general competence clause" which, as it is typically worded in the German Federal Constitution of 1949, implies the right to decide, on their own responsibility within the frame of the law, on the matters that are relevant to the local community. This traditional formula has also been adopted by the European Charter of Local Self-Government. By contrast, the English local government tradition is premised on the ultra vires – a doctrine which means that the local authorities may exercise only those powers which have been explicitly ascribed to them by parliamentary law.

However, since the local government reform of 2000 English local government has drawn closer to the "general competence" clause.

In many countries a "dual task" model is in place according to which the local authorities, besides carrying out their "genuine" local government tasks that follow from the "general competence clause", can also, by legislation, implement responsibilities which are "delegated" to them by the State (for details and references see Wollmann 2008b: 17 ff.). Historically dating back to the French municipal legislation of 1790, the dual task model became part and parcel of the German and Austrian local government tradition and made from there its entry into the local government systems in Central and Eastern Europe. In the latter it has been taken up again in the post 1990 reconstruction of democratic local government.

There are two important differences between these two types of local government tasks. (see Wollmann/ Bouckaert 2006: 22). For one, while the "genuine" local government tasks fall under the responsibility of the local council, the "delegated tasks" are conducted by the local executive (such as the mayor) with the council having no influence or control over them. Second, whereas the supervision of the State authorities on the "genuine" local government tasks is restricted to a legality review, the State oversight over the "delegated" tasks extends to also reviewing the appropriateness and merits (opportunité) of the local activities. One might argue that, because of the more intensive control, by the State, over the "delegated" tasks, the local authorities are, in this regard, somewhat "integrated" into State administration and, to a certain degree, "statelised".

1.4. Distribution of tasks between the levels of local government.

In most countries the distribution of local government functions among the levels of local government is guided by what can be seen as a version of the subsidiarity principle:

The counties as the upper local government level are responsible for the conduct of tasks that are, as it were, "supra-local" and go beyond the operative capacity of the municipalities as the lower level. In this sense the division of functions is, by and large, clear.
In Scandinavian countries the county level is more specific and sectoral in that it is largely responsible for the public health system, while the municipalities carry out most of the other local government functions.

In France the distribution of functions between the three tiers of local government (régions, départements, communes) is more blurred. In principle each of the three levels is responsible for ("genuine") local government matters which has generated an overlap (enchevêtrement) of responsibilities (see Wollmann 2004a:657).

2. Overview on different strategies to define and reform the territorial and organisational structures of local government levels in a cross-country perspective

2.1 Range and groups of countries under consideration

In a country overview as cursory as undertaken here it is unavoidable to be selective and fragmentary, at best illustrative.

At the outset, a useful distinction may be made between ("West European") European countries with "old" local government systems, and ("Central East European") countries where, after the collapse of the Communist regimes, democratic local government has been introduced and built up virtually "from scratch" (on the East German case see Wollmann 2003b, for Hungary and Poland see Wollmann/Lankina 2003: 91 ff.).

The motives and logic by which local government reforms, including territorial reforms, have been guided are very different between these groups of countries.

While in "West European" countries territorial local government reforms were aimed largely at focusing on existing local government structures, in "Central Eastern European" countries such territorial reforms were part and parcel of a wholesale reconstruction of local government which, in turn, was profoundly shaped by the entire political, economic and social "transformation" of these countries.

In the analysis of the territorial reforms these profoundly different "starting conditions" have to be taken into account.

2.2 Two sets of reform strategies

In the territorial and organisational reshaping of the local government levels two major goals have been pursued. For one, the reforms were meant to strengthen the operational capacity of the local government units to cope with the tasks of local government. Second, the reforms were directed at retaining and strengthening local democracy.

In the comparative overview two distinctly different strategies stand out.

In one alternative, the reforms aimed at enhancing the administrative capacity and efficiency by enlarging the territorial base of the local authorities by way of amalgamating and merging them and thus creating territorially larger local government units. At the same time, it was expected to retain and strengthen local government.

In the other option, the strategy hinged on retaining the (small) municipalities as a base and arena of local democracy and local identity while providing for operational capacity and strengthening the "muscle" of the existing (small) municipalities by promoting the establishment of a new set and layer of intercommunal/ intermunicipal bodies of which the municipalities become members.

2.3 Large-scale amalgamation

Large-scale territorial reforms were inaugurated in (West) European countries after 1945, climaxing in the 1960s and 1970s.

As this occurred particularly in England, Sweden and also in some German Länder, while countries like France and Italy refrained from territorial reforms of the local government level, these large-amalgamation-prone strategies came to be called in the comparative literature, somewhat misleadingly, the "North European pattern", while the small amalgamation or no amalgamation approach has been identified as the "South European pattern" (see Norton 1994: 40).

• In Sweden, a sequence of territorial reforms of the muncipalities (kommuner), in 1952 and 1974, brought their average size to 34,000.
• In England the territorial and organisational reform of the country's two tier local government system extended the size of the districts to an average of 120,000 and that of the counties to 720,000 inhabitants – a still unparalleled size dimension.
• In some German Länder, too, (for instance Land of Nordrhein-Westfalen) reform led to an average municipal size of 45,000 inhabitants (see Wollmann 2004b). (By contrast, most Länder preferred to follow the, so to speak, "South European pattern" to have only small scale mergers and to, instead, promote the creation of intercommunal bodies, as will be discussed later in this paper).

Strategically these large-scale territorial reforms were aimed primarily at enhancing the administrative capacity and efficiency of the local government level in order to make it fitter to play a pivotal role in the build-up of the welfare state. Being conceptually inspired and driven by that period's zeitgeist they led to the increase of the planning capacity of the municipalities and enabled them to exercise their potential as territoriality-based multi-functional local authorities. At the same time, it was intended, by enhancing their territorial, administrative and financial capacity, to prepare the ground for further functional reforms, that is, to advance the devolution and decentralisation of further public functions upon the local authorities.

The strategies which the national (or, in the German case, Land) governments pursued have typically voluntary and coercive elements. As a rule, commissions were set up that were mandated to study the issue and come up with recommendations on the further territorial format of the local government system. Subsequently, the governments

came out with a blueprint of the proposed territorial structure. In the following political discussion (with public hearings etc.) objections were voiced and opposition was formed. Often a "voluntary" phase was opened during which the local authorities could "voluntarily" adapt to the government's scheme.

Finally, however, if and when such "voluntary" consensus was not reached, the territorial reforms, largely caged in the government's terms, were enforced by compulsory parliamentary legislation. In German Länder the conflicts were, in some cases, taken by the municipalities concerned to the constitutional courts which are in place in each Land. But only in a very few cases was the amalgamation enforced by Land legislation nullified by the courts – essentially for procedural reasons (for violation of "due process") (for details see Wollmann 2004b).

Since the 1990s a new wave of territorial and organisational reforms of the local government level has got under way.

In ("West") European countries with "old" local government systems the new round of territorial reforms was mainly ignited and propelled by the mounting and persisting budgetary crisis and the New Public Management-inspired demands for enhancing the economic efficiency of the local authorities.

- In 1997 territorial reforms were tackled in Greece.
- A dramatic move to redraw the local government structure has recently been undertaken in Denmark where, in 2008, the number of counties was cut from 14 to 5 and that of the municipalities from 291 to 98, bringing the average size of the latter to 55,000 inhabitants (i.e., the third largest average in Europe, after England – with 130,000 – and Lithuania).
- In Finland territorial reform steps were inaugurated in 2007 which are aimed directly at redrawing the municipalities with the perspective to arrive at an average size of some 20,000 inhabitants.
- In England, where in the 1974 reform the single-tier county boroughs were abolished, single-tier local authorities were reintroduced initially in 1986 and then on a large scale since the 1990s by creating single tier unitary authorities, by way of merging districts and counties, in an increasing number. By now, most middle-sized and larger cities and counties in urban areas have been turned into single-tier unitary authorities.
- Likewise in Scotland and Wales, in 1996, all two-tier local government structures were transformed into single tier unitary authorities.

2.4 No or small-scale amalgamation going hand in hand with the creation of intercommunal bodies

Whereas during the 1960s and 1970s some countries like Sweden, England and some German Länder took to what has been labelled somewhat misleadingly the "North European" territorial reform approach, that is, large-scale (and in the last resort, imposed from the top down), countries like France and Italy refrained, in a "South European pattern", from following the same course. The majority of German Länder, in a similar vein, chose small-scale amalgamation.

The most conspicuous example is France with some 35,000 municipalities (communes) averaging about 1,700 inhabitants and with boundaries that mostly date back to the times of the Revolution of 1789 and beyond. When, in line with the "North European" reform pattern, the national government, in 1971, set about initiating a territorial reform of the municipalities, it typically clung to the principle of "voluntariness", that is, it made the amalgamation of municipalities contingent on the consent of the local council while eschewing the option to apply legislative "coercion" in the event of the municipalities not agreeing.

As a result, the reform move turned out to be abortive. France has stayed with the multitude of 35,000 communes to this day (see Hoffmann-Martinot 2008).

In Italy, too, during the 1970s the national government pushed for the redrawing of the territorial format of the country's multitude of small municipalities averaging some 8,000 inhabitants. This reform drive was also premised on "voluntariness" and also largely failed (see Bobbio 2005).

Likewise most German Länder decided, amidst the territorial reform mood of the 1960s and 1970s, to make do with small-scale amalgamation. The reason for this restraint arguably lay in the political priority and preference given to retaining small-size municipalities as what was seen as an appropriate frame and arena for local democracy and local identity (see Wollmann 2004b).

When, after the collapse of the Communist regimes in Central East European countries, the democratically elected governments went about reconstructing democratic local government "from scratch", they all but unanimously decided not to territorially redraw the municipalities although most of them had a tiny population size. The main motive for this reluctance to intervene was the political conviction that it would be intolerable to remould the local arenas

at a time when the local citizens were experiencing the revival of local democracy.

Some countries, like Hungary and the Czech Republic, went as far as allowing the residents of local settlements that had been amalgamated during the Communist era to establish new municipalities however small in size (for Hungary see Wollmann/Lankina 2003).

Most East German Länder, as has already been pointed out, were also cases in point in deciding to do without any or only with minor territorial reforms.

3. Emergence of intercommunal bodies

In view of and in response to the multitude of small muncipalities which, due to their small size, often lack the operational and financial capacity to cope with local problems on their own, different strategies have been embarked upon in the countries concerned to strengthen the operational capacity and resources of the individual municipalities by promoting or establishing cooperative frames and bodies.

France

As France is exemplary in Europe of the strategy to try to compensate the small size of municipalities with encouraging and creating intercommunal bodies (intercommunalité), that development should be examined in more detail (for details and references see Wollmann 2008b: 399 ff., Wollmann 2004a: 656 ff.).

In France as early as 1890 national legislation was adopted that set out a legal framework for intercommunal bodies (établissements publics de coopération intercommunale, EPCI) as the institutional frame of inter-communal co-operation. This early legislation aimed at establishing single-purpose inter-communal bodies (syndicats à vocation unique, SIVU). Their operations are run by a board (conseil) which is appointed/elected by the elected local councils of the "member" communes concerned. SIVU's have since been employed mostly for the production and delivery of public services (for instance, waste management, public transport). In 1959 multi-purpose intercommunal bodies (syndicats à vocation multiple, SIVOM) have been

added as a functionally broader ("multiple") type of intercommunal cooperation. Currently, as of January 1, 2008, the total number of such intercommunal bodies is 13,389, most of of the single-purpose - SIVU – type.

In 1966 the French government embarked upon a new strategy to induce municipalities in metropolitan areas to group themselves as, and to co-operate within, "urban communities" (communautés urbaines).

While the member communes continue to exist as self-standing local government units (with elected local councils and council-elected mayors, maires) the communautés form an intercommunal body whose decision-making body (conseil) is made up of representatives appointed/elected by the councils of the member municipalities and whose tasks are carried out by the chairman (président) who is elected by the council of the communauté. As a rule, the latter is, at the same time, the mayor of the largest member municipality. The communautés are designed to fulfil tasks that are either delegated to them by the member communities or are assigned to them by legislation. In an important institutional innovation, setting them apart from the syndicat-type of intercommunal bodies, the communautés have been given the right to levy their own taxes (à fiscalité propre) on top of the local taxes collected by their member municipalities (see Marcou 2000).

In a conspicuous deviation from the principle of voluntariness (volontariat) which traditionally guides the formation of intercommunal bodies, the 1966 legislation laid down in a compulsory manner that in four metropolitan areas (around Bordeaux, Lille, Lyon and Strasbourg) communautés urbaines should be established. Subsequently, the municipalities in ten other metropolitan areas followed suit on a voluntary basis.

Finally, in legislation of 1999 (Loi Chevènement) three types of communautés were put forward, each of which is geared to a different settlement structure (degree of urbanisation, population density etc.). They, too, have local taxation rights (fiscalité propre). While the decision of the municipalities concerned to regroup themselves according to the legislative scheme continues to be, in principle, voluntary, the regrouping of communautés under Loi Chévènement has been encouraged and rewarded by financial incentives. In the meantime the rate

at which municipalities (communes) decided to choose to regroup themselves into the three types of communautés turned out to be dramatic and amounts to what has been hailed by some observers as a veritable "intercommunal revolution" (Borraz/ Le Galès 2005). As of January 1, 2008 a total of 2,583 communautés have been formed that comprise 33,636 communes, that is, 91.7 percent of all communes.

Germany

The development of intercommunal bodies in Germany shall serve in this overview as another case which deserves a somewhat detailed examination.

When, during the 1960s and 1970s, territorial reforms of the two-tier local government structure were tackled by the (West) German Länder which, in the German federal system, have the power to pass legislation on local government, including its territorial format, a few of them decided, as already mentioned, to go for large-scale territorial reform of the municipalities and to promote good-sized "integrated municipalities" (Einheits-gemeinden). By contrast, most of them preferred small-scale amalgamation, thus (with considerable variance between them) leaving a good many of the small municipalities territorially unchanged. This strategy was guided by the political motive of forestalling local protest particularly in rural regions and thus retaining small-size municipalities as a nucleus of local identity and small-scale local democracy. After German Unification in 1990 four of the five new East German Länder decided to against territorially redrawing the municipalities although their average size was not more than about 2,000 inhabitants (with many of them having between 500 and 1,000 people). The underlying motive for leaving the territorial format of the multitude of small municipalities unchanged was to politically acknowledge and pay homage to the role which local movements played in toppling the Communist regime (for details and references see Wollmann 2003b).

Those Länder which retained their small-size municipalities as democratically elected local government units pursued the strategy to create a new layer of local entities of which the small municipalities became members. Their main function is to provide administrative and operative "muscle" for the member municipalities.

At the same time they give an institutional frame for intercommunal cooperation between them (see Wollmann 2004b).
When the Länder set about putting in place the new layer of intercommunal bodies or intercommunal authorities, labelled Amt ("office") in some Länder and Verwaltungsgemeinschaft

("administrative union") in others, they started the reform process by spelling out criteria (minimum size of municipalities and average size of prospective intercommunal bodies etc.) and by proposing a scheme and map of the intended structure of intercommunal bodies and of member municipalities. After a "voluntary phase" during which the municipalities concerned could consider and adjust to the proposed scheme, the Länder governments fixed the territorial outline by binding legislation. So, unlike in France, where the decision of the municipalities (communes) as to whether and how to regroup themselves under the 1999 legislation was, at least in principle, left to the municipalities, in the German Länder that regrouping was, at the end of the day, put into effect "top-down" by legislation.

The newly created intercommunal bodies typically have two sets of tasks. First of all, to carry out tasks transferred to them by member communities, while assisting them in drawing up the individual local budgets etc., and, second, to implement tasks delegated to them by the State level. In doing so they constitute an important institutional frame of intercommunal co-operation.

They are typically run by a council (which is appointed by the member municipalities) and by an administrative director (appointed by the council of the intercommunal unit). In this they resemble the French communautés except for the important difference that, unlike the latter, they do not have a taxing power (fiscalité propre) of their own but are entirely financed from the local budgets of the member communities (and through State grants).

In sum, of the some 12,600 municipalities which presently exist in Germany (in West German and East German Länder), about 77 percent, being small-size municipalities, are grouped in and are members of intercommunal bodies. The others, mostly large and middle-sized municipalities, are "integrated" municipalities (Einheits-gemeinden). Hence, in most Länder the layer of intercommunal bodies provides a wide-spread net for intercommunal co-operation.

Assessing the functioning of intercommunal bodies (intercommunalités)

To begin with the French case:

The intercommunalités, including the communautés, have manifested some serious operational shortcomings.

First and probably most important, the intercommunal bodies, be they syndicats or communautés, do not possess direct democratic legitimacy since they are run by councils that are indirectly appointed/elected by the elected councils of the member municipalities (see Wollmann 2004a: 656 ff.). The discrepancy between their functional importance, on the one hand, and the democratic deficit, on the other, becomes increasingly obvious the further and the faster the process of transferring local government functions to them proceeds. In the end, to clarify, the communautés will hold and exercise most municipal functions but will lack direct democratic legitimacy, while the municipalities (communes) will have democratically legitimised political institutions, but are depleted of relevant functions.

Second, in their institutional design, the communautés are meant to promote cooperation between the member municipalities with the council of the communauté (ideally) serving as the advocate of the "common interest" of the communauté and as a mediator of different interests. However the political reality is that intercommunal cooperation is often marred and blocked by persisting rivalries between the member municipalities. This is shown particularly in the typical conflicts between the (metropolitan or urban) "core" city and (suburban or even rural) neighbouring ("hinterland") municipalities that make up the intercommunal body.

As a result, therefore, of these conflicts, coordination and (more generally speaking) transaction costs are high.

Third, there is the emergence and almost mushrooming multiplication of intercommunal bodies which, apart from the existing 36,000 municipalities, comprise some 13,000 syndicats and some 2,500 communautés. The ensuing institutional overcrowding and "overinstitutionalisation" (surinstitutionnalisation) is a persistent feature of France's intergovernmental system.

Fourth, the complexity of co-operation which follows from such institutional overcrowding has been enhanced by the overlapping of responsibilities (enchevêtrement), also characteristic of France's intergovernmental setting. This applies particularly to the three tiers of local government (régions, departments, communes) which have overlapping responsibilities under the local self-government mandate.

This overlapping and lack of clarity in the assignment of responsibilities was recently described (somewhat pointedly) as a "chaotic system of partnerships in which everybody seeks to seize the entirety of functions" (Beaudouin/Pernezec 2005).

Fifth, France's institutional overcrowding (surinstitutionnalisation) in the subregional/local space has been aggravated by the tendency and practice of institutional reform policies to create new institutions without abolishing the existing ones that are meant to be reformed. Loi Chevènement of 1999 is a case in point.

Germany

In turning to an assessment of Germany's "intercommunality" as the other case in point, some serious shortcomings become apparent that have some similarity to those encountered in France's intercommunalités.

For one, in the German Länder concerned they significantly enhanced and aggravated the institutional overcrowding in the subregional/local space.

Some Länder, including demographically small ones (such as Land of Sachsen-Anhalt with 2.7 million inhabitants) have arrived at five (!) institutional levels, that is, Land government level, administrative district level, county level and municipal level plus the layer of the intercommunal bodies (see Wollmann 2008b: 102).

Second, inherent co-ordination problems and conflicts zones have been popping up. While the member municipalities and their mayors often find it hard to put up with the intercommunal body carrying out "delegated" business without (formal) involvement of the member municipality, the intercommunal body, when "technically" assisting the member municipality in the conduct of local self-government matters, for instance, drawing up the individual local budgets, finds it difficult to refrain

from substantively involving itself with local government matters. Thus, instead of reducing cooperation and transaction costs, the juxtaposition of member communities and intercommunal bodies tends to significantly foster them.

Third, the interface and interplay between the intercommunal bodies and their member municipalities often gives rise to conflicts between them with ensuing high co-ordination and transaction costs.

Fourth, the underlying small-size of the municipalities which was originally meant and expected to serve as a nucleus of local democracy has itself increasingly become a risk and threat to local democracy. In the wake of ongoing demographic and socio-economic changes (continuing outmigration particularly of younger people, persisting economic decline of rural areas etc.) many of the small municipalities, particularly in rural areas, are "bleeding out" not only demographically and socio-economically, but also, last but not least, politically – the latter being indicated by the fact that it is becoming more and more difficult to find local citizens who are ready to engage in local political mandates and local civic activities. Hence, the very political rationale of small-size local democracy appears to be eroding and crumbling.

In response to the operational and political shortcomings which nest in the institutional arrangement of small-size municipalities and related intercommunal bodies, some Länder have recently embarked upon a new round of territorial and organisational reforms of local government levels that aim at enlarging the coverage of "integrated" municipalities (Einheitsgemeinden) and at concomitantly reduce the extent of intercommunal bodies.

The (East German) Land of Brandenburg, which after 1990, when rebuilding democratic local government, opted for retaining small-size municipalities and for adding intercommunal bodies (Ämter), was the first to address a "reform of the reform". In 2003, the Land government promoted a territorial and organisational reform of the local government level which aimed at drastically increasing the number of "integrated" municipalities (Einheits-gemeinden) by amalgamating existing small-size municipalities and correspondingly abolishing the related intercommunal bodies (Ämter). After lively political debates and local protests a reform was put into effect, ultimately through legislation, that cut the number of municipalities from 1,729 to 421 (bringing the average size from 1,500 up to 5,900 inhabitants). At the same time, the number of intercommunal bodies (Ämter) sank from 152 to 54 with 56 percent of the municipalities remaining members of intercommunal bodies.

So, although the Land of Brandenburg continues to have a mix of ("integrated") municipalities (Einheitsgemeinden) and of small-size municipalities plus intercommunal bodies (Ämter), the priority has territorially, numerically and politically clearly shifted towards the "integrated" municipality type (Einheitsgemeinde) and its territoriality-based multi-functional logic. By the same token, by "internalising" and "intra-communaling" local cooperation in the territorially and demographically enlarged municipalities the latter's coordination and cooperation function and potential has been stressed and reinforced, while the intercommunal cooperation role of the intercommunal bodies has been accordingly de-emphasised and downgraded.

4. Summarising and concluding remarks

Decentralisation on the march
First, no doubt, there is a convergent tendency among European countries – West and East - towards decentralisation in terms of devolving public tasks to democratically legitimised and politically accountable lower levels.

This is evidenced, for one, by the strengthening of the role of the regional/meso level in the inter-governmental architecture. Except for the traditional federal structure of Germany and Austria and for Belgium's recent move, decentralisation, it is true, has stopped short of giving a fully-fledged "federal" status to the regional entities, but it has gone far along the road, in a number of countries, towards "quasi-federalism".

This applies to Spain (with the reintroduction of democratic constitutional government after 1978), to Italy (particularly since the strengthening of the regions since the early1990s) and to the U.K. (with the "regionalisation" of Scotland and Wales – nota bene, within an otherwise still unitary country). Although France, in a conspicuous rupture with the centralist (Napoleonic) state model, has moved, in two rounds of decentralisation, (1982 and 2003) towards (in the words of the constitutional law of 2003) "république d'organisation décentralisée" the reform drive has so far explicitly refrained from ascribing the regions an "elevated" status leaving them, instead, at the rank of an "ordinary" local government level.

Second, on the local level there has been, in an increasing number of countries, the trend towards tackling territorial and structural reforms, particularly of the municipalities, meant to enlarge and consolidate the territory of local government.

The first major wave of territorial reforms through (often) large-scale amalgamation and mergers of the existing local units took place during the 1960s and 1970s in what, because of the countries mainly concerned (England, Sweden, some German Länder) has been dubbed the "North European" pattern. The overarching goals of these territorial reforms were twofold, namely, to increase the administrative and operational capacity and efficiency of the local authorities as well as to ensure local democracy in the reform reality. However, carried by the "rationalist" and somewhat "plano-cratic" zeitgeist of that period, the efficiency goal was writ large.

This seemed to be the case particularly in England where the average size of the newly created bottom-level districts/boroughs was pushed to 120,000 inhabitants, which critics identified as an "oversize" (detrimental particularly to the goal of serving as an arena for local participation and loyalty).

Since the 1990s a new wave of territorial and organisational reforms has gained momentum in a growing number of countries. A remarkable example can be found, again, in England where since the 1990s in most urban areas single-tier unitary authorities have been formed by the territorial, organisational and functional mergers of districts/boroughs and counties. While buttressing operational efficiency in the single-tier setting, the unitary authorities may well add to the "oversize" of England's local government and the ensuing "political costs" (in terms of failing to generate local participation and identity).

The most recent example is Denmark and its territorial reform of 2007, both of the county and the municipal levels, with the latter reaching an average size of 55,000 inhabitants, also bordering on a potentially dysfunctional "oversize".

Yet another current pushing territorial, organisational and functional reforms of local authorities can be observed in countries which, in the past, followed the so-called "South European" pattern. They retained the small-size of municipalities and opted, instead, for different forms of intercommunal bodies in which the small municipalities participate and which are meant to provide the latter with the institutional frame and capacity to interact and to co-operate in certain local services and activities. France has been exemplary in the unfolding and promotion of such intercommunal bodies (intercommunalités) at first the syndicats and, more recently, the communautés.

Similarly those German Länder, which chose to have only minor territorial reforms, introduced a layer of intercommunal bodies (Ämter, Verwaltungsgemeinschaften) designed to provide administrative "muscle" to the member municipalities.

Whereas, for instance, both in France and Germany the intercommunal bodies (with country-specific variance) have proved to give significant operative support to the member communities and (as the French communautés) be complementary to their functions, they have also manifested serious shortcomings. For one, they lack direct democratic legitimacy (while becoming functionally more and more important) and, second, they, to a certain extent, tend to increase the conflicts and coordination as well as "transaction" costs in the intercommunal space rather than reducing them.

These critical assessments of the functioning of intercommunal bodies and a positive approach to the organisational form of territoriality-based multi-functional local authorities can plausibly be seen to surface in and be evidenced by the fact that, for instance, in Germany some of the Länder concerned have begun to embark upon a new round of territorial reforms in order to create territorially enlarged municipalities (Einheitsgemeinden), while, at the same time, dismantling existing intercommunal bodies. The debate which is conducted in France about restructuring the local and intercommunal institutional setting altogether points in the same direction.

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Local and regional government:

changes in structures, competences and finances
– Balancing democracy, identity and efficiency"

CEMR Seminar - Copenhagen, October 1, 2008

9.00 – 9.05	Welcome by Danish Regions
9.05 – 10.30	**1st session: Denmark and Northern Europe** Chair: Åsa Ehinger Berling, SALAR Denmark: Peter Gorm Hansen, CEO LGDK, and Kristian Heunicke, Chief Economist, Danish Regions Finland: Kari Prättälä, Director of Legal Department, AFLRA Latvia: Maris Pukis, Senior Adviser, LALRG Lithuania: Ar nas Gražulis, Adviser on International Relations and Programmes, LSA
10.45 – 12.15	**2nd session: Balancing efficiency, identity, democracy** **Comparing France and the United Kingdom** Chair: Jeremy Smith, CEMR France: Olivier Audibert-Troin, Chair of the Communauté d'agglomération dracénoise England: John Ransford, Deputy Chief Executive, LGA Scotland: Rory Mair, Chief Executive, COSLA Wales: Cllr Chris Holley, WLGA spokesperson for regeneration and European affairs
13.15 – 13.30	**Comparison across Europe** Helen Hermenier, Research Department, Dexia
13.30 – 15.00	**3rd session: Reforms in (quasi-)federal states: Belgium, Germany, Spain** Chair: Christophe Chaillou, AFCCRE Belgium: Koen Van Heddeghem, coordinator for police and security, VVSG Germany: Kathrin Dollinger-Knuth, Head of Mecklenburg-Strelitz District council Spain: Pilar Sansó Fuster, Vice-President Council of Mallorca
15.15 – 16.15	**4th session: Comparisons and conclusions** Chair: Aina Simonsen, NALRA Comparing our cases: Prof. Hellmut Wollmann, Humboldt University Berlin Conclusion and next steps: Jeremy Smith, CEMR

[CEMR]
in a nutshell

The Council of European Municipalities and Regions (CEMR) is a non-profit organisation that represents and acts in the interest of over 100.000 European communes, towns, cities, provinces and regions. It was created in 1951, before the European Union, on the ashes of World War II, by a group of European mayors who sought to find a way to avoid future wars in Europe. Their idea was that by creating a network of villages, towns and cities from all over Europe, by fostering personal contact between local representatives, the new organisation would contribute to consolidating peace.

Originally, their main tools were town-twinning (creating deep, solid bridges between towns and cities of different countries), promoting local democracy, and encouraging exchanges of experience.

Over fifty years later, CEMR still is the main actor on town-twinning, mainly due to its experience and its network of twinning officers, and still promotes the exchange of experience and best practice at local and regional level. At the same time, it keeps working in favour of local democracy.

However, as European legislation has become more and more relevant to our local and regional authorities, CEMR added a fourth pillar to its activities (alongside town-twinning, exchanges of experience and promoting local democracy): to influence the EU legislative process to make sure that EU directives and regulations take into account the concerns and needs of Europe's towns and regions.

To this day, CEMR counts over 50 member associations from 37 European countries. These include the 27 Member States of the European Union as well as Norway, Switzerland, Iceland, the Ukraine, Serbia, Bosnia-Herzegovina, the Former Yugoslav Republic of Macedonia, Montenegro and Albania.

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