



Speech by **Annemarie Jorritsma**, CEMR President, during a conference on territorial reforms in England, on 5 November 2015:

Dear Minister, dear Chairman of the LGA, dear Council leaders and chief executives, dear colleagues and distinguished guests,

It is a pleasure to address this audience. As you may know, I was until recently the mayor of a Dutch city and the President of the Dutch LGA, so I very much appreciate this sort of gathering and I wish you much success in your deliberations.

I am currently completing my term as President of the Council of European Municipalities and Regions, the CEMR, which my British friends sometimes refer to as the “European LGA”. We gather together over 60 LGAs from more than 40 European countries, representing over 100,000 local and regional governments. The English LGA is one of our most active and influential member associations, so I was pleased to receive this invitation.

Our main task is lobbying the EU when they try to present new laws that may affect our local councils – ours and yours – but we also aim to be a laboratory for new ideas and a forum for exchanging experiences, both good and bad, in the day job of running local government.

So I am here today to share with you some thoughts and case studies in devolution from across Europe, including the Dutch experience that I know best. I am not here to say “this is how you should do it”, as the right *solution* is always that which responds to the local *situation*, and I see that varies a lot within England, let alone Europe.

There is no “one size fits all”. But sometimes it is good to know what others are doing.

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Since the beginning of the financial and economic crisis, local governments have had to adapt to a new political and economic context. In this respect, numerous territorial reforms have been implemented and new forms of governance have appeared as response to the demands for increased efficiency, accountability and transparency when providing services.

The crucial question is whether these reforms can answer the needs of Local governments. Different ideas have been tested from municipal consolidation, (merging of local authorities); re-centralisation at national or regional level; devolution or decentralization; and privatisation of local public services.

In some countries, the need to control public deficits has resulted in more pressure on local authorities and resulted in forced reforms of territorial administration as well as in new forms of governance.

It is important to highlight that local authorities are not the ones with higher deficits in comparison to other tiers of government: on the contrary, local governments have showed constantly their ability to keep a high level of fiscal responsibility in general, keeping a lower level of debt compared to national state, with only 12% of GDP on average.

This is why CEMR welcomes the Devolution Bill launched by the UK Government as a first step towards greater decentralization of governance within England, although I am sure that in this room there are many views on the details and what precisely happens next: how will it be implemented, how will it be funded, what further reforms can be envisaged. But it is clearly a step in the right direction.

In some countries local reforms have been applied voluntarily, sometimes in co-operation with central governments, with the aim of clarifying competences and providing better services to citizens and reduce costs. In the case of the UK it is very good news that the Government has taken the initiative – following a very successful campaign by the LGA I believe - and that there is flexibility for local authorities to propose and design their own bids together in order to manage the competences transferred. Dialogue and the voluntary assumption of new responsibilities are essential for the success of a decentralization process.

Through new forms of partnerships, performance management, contracts, co-production as well as through inter-municipal cooperation or combined structures, local governments are changing their relationships with central government, civil society, the private sector and with other local governments to develop more participative and responsive forms of service provision.

In 2013, CEMR published the result of a study on the situation of decentralization in Europe covering 10 years of territorial reforms. It is difficult to have a clear overview of what is happening given the diverse arrangements across the continent. In some cases, territorial reforms and new forms of governance are seen as a threat to local autonomy, in other instances they are welcomed as a chance to organise better the delivery of public services. Reforms vary between devolution, recentralization, regionalization, metropolisation or inter-municipal cooperation.

The Congress of the Council of Europe calls on local authorities to work together to ensure that local control and accountability are maintained and to take care that initiatives to increase citizen participation in local government and local decision-making are properly supported and resourced.

CEMR believes that in order to fully benefit from the devolution process taking place, we need to ensure that the Charter of Local Self-government - particularly article 4 on the scope and exercise of local self-government and article 9 on financial and budgetary autonomy – continues to be seen as the benchmark by which reforms can be judged. You may be aware that the Council of Europe, which is the guardian of this Charter, conducted a peer review of UK local democracy in 2014 and found it to be deficient in these areas. It seems to me that the current process is beginning to address some of the issues that were identified.

The devolution process needs to be accompanied also by political accountability and resources if competences are transferred from the central level to intermediate combined authorities. Nevertheless we see the process as an opportunity to deliver services in a more flexible, closer, transparent and effective manner to citizens, tailored to their needs and expectations.

In several countries, the lack of political accountability of intermediate authorities can result in processes of amalgamation that increase the distance between policy makers and citizens in decision-making. Whilst at the same time, they might not respect the sense of belonging to a particular community or municipality: we see this most clearly in France today, a country of some

36,000 local councils, clearly some streamlining is in order there and indeed it is currently happening. But a word of caution: a citizen in a village in southern Alsace – a prosperous, agricultural region speaking a dialect of German close to the German/Swiss border and governed from Strasbourg just 30 miles to the north - will soon become part of a much larger region governed hundreds of miles away in the steelworking and former mining region of Lorraine. This does not correspond to the historic, cultural, linguistic and economic identities and relationships that exist today, and is causing much debate across the Channel!

A study of the Norwegian case shows that local government has various models of cooperation available. These models are explicitly enshrined in the legal framework of inter-municipal cooperation. Different types of cooperation, based on contractual relationships, can be applied at the same time by the same authority. This approach enables almost full flexibility concerning the way services to the citizens are delivered. However, it can also generate a complex web of relationships between authorities, which may lead to a lack of transparency, efficiency and accountability.

As a result, the democratic bond that normally exists between the local government and the citizens may become weaker or blurred because of displaced accountability. All this needs to be taken into account if you want to avoid amalgamation and keep the political autonomy of your districts, counties and boroughs closer to your citizens.

These new forms of governance and territorial management cannot be the result of applying the burden of austerity policies to local governments alone, as in many occasions they are the ones respecting most, the budgetary restrictions agreed upon the start of the financial crisis. The responsibility should be shared, between the different tiers of government.

Innovative forms of public service delivery through combined authorities that try to avoid the limitation of local self-government, while adapting to the new context are always welcome as long as they are accompanied with the necessary resources and accountability structures. In this respect, we need to make sure that the resources allocated for the management of new competences are sufficient. In the Netherlands, the resources allocated for new competences assigned to local councils in the most recent wave of decentralization reduced by around 20% under the pretext of greater efficiency, deriving from an increase in proximity but also amidst a climate of significant budgetary restrictions. It is not always the case however, that more proximity or amalgamation results in greater economies of scale.

Accordingly, a proper assessment of costs needs to be undertaken before a particular devolution model is implemented. Many municipalities in several European countries have now more competences but less resource to implement them. So, it goes without saying, I would encourage you to be cautious so that it does not happen in England!!!

Respect of the partnership principle in the devolution process is very important, and the flexibility given to local authorities to integrate intermediate structures is a good indicator of how processes of territorial reform are taking place in the UK.

But as change needs to be properly managed, the response of local authorities to the challenges we face cannot be implemented in all places in the same way. We need a proper assessment of the particularities of each county, city or district and take into account the sense of belonging to a community, the historical background and design tailor-made responses to each case.

In some cases in Europe, amalgamation can be useful, while in others inter-municipal cooperation, performance management or contracts between the different levels of government can be seen as a better answer.

All new arrangements need to be assessed keeping in mind that keeping decision-making closer to the citizens the better, in order to deliver services according to their needs and wishes.

The principle of subsidiarity needs to be respected and interpreted in a way that other tiers of government do not force local or intermediate authorities to be responsible of new competences without the necessary resources to do so.

New forms of governance and territorial management that both respect the need to provide more efficiently services in a flexible, voluntarily and complementary manner, but keep the political autonomy of local authorities, while introducing elements of accountability for combined authorities; are the ones that could help us adapt to the challenges of our times.

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To conclude, I would like to say that we need to be open to change. Being vigilant does not exclude being innovative. We will be stronger if we are able to suggest the changes that we think are the best for us and for our citizens and if we are able to promote new models ourselves rather than letting others impose their views on us.

In CEMR, we believe that we can face the challenge of the future by changing governance patterns from the ground up. This will be the main theme of our next General Assembly in April 2016.

Thank you very much for your attention and invitation and I wish you fruitful debates and work!

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