

**RE-SHAPING LOCAL GOVERNMENT
OVERVIEW OF SELECTED INTERNATIONAL EXPERIENCE WITH LOCAL
GOVERNMENT REORGANISATION, MERGERS, AMALGAMATION AND
COORDINATION**

DR. RICHARD BOYLE

LOCAL GOVERNMENT RESEARCH SERIES | **NO 10**
JANUARY 2016

IPA
AN FORAS RIARACHÁIN
INSTITUTE OF PUBLIC
ADMINISTRATION

CONTENTS

1.	INTRODUCTION	2
2.	INTERNATIONAL TRENDS – AN OVERVIEW FROM THE LITERATURE	4
3.	ALTERNATIVE APPROACHES TO RE-SHAPING LOCAL GOVERNMENT: EVIDENCE FROM CASE STUDIES	9
3.1	Amalgamation and merger	9
	Auckland	9
	Brisbane	11
	The French ‘urban communities’	12
	Wales	12
	Northern Ireland	13
3.2	Cooperation and coordination	14
	Greater Manchester Combined Authority	15
	Helsinki	14
	Eindhoven City Region	17
	Co-operation among Rural Municipalities – Insights from Spain	16
	Charlotte – Mecklenburg incremental approach	17
4	CONCLUSIONS	18
	References	19
	Appendix 1 Comparative information on selected international local government arrangements	21

1.

INTRODUCTION

Drawing lessons from international experience with regard to local government is fraught with difficulties. Different administrations devolve different functions to local government, and systems and practices of government differ.

A distinguishing characteristic of local government in Ireland is the relatively limited range of functions undertaken by local authorities. Many local authorities in other OECD countries have responsibility for a much broader range of social services, including primary and secondary education, health, social welfare, care of the elderly and childcare services, public transport, and policing (see Appendix 1).

The Irish local government reform programme based on *Putting People First* (Department of the Environment, Community and Local Government, 2012), the action programme for local government reform, envisages new roles for local government with the alignment of community and enterprise functions with the local government system; greater impact and involvement in local economic and community development; and for local government to be the main vehicle of governance and public service at local level.

Ireland also has local authorities with a relatively large population size and geographical area compared to many other OECD countries (see Figures 1 and 2) at an average of 148,000 people per authority and an average municipal area of 2,267 square kilometres. Denmark, for example, has an average population of 56,000 per local authority, and The Netherlands an average of 41,000. But again this data should be interpreted cautiously and variations in the functions and tiers of government means simple comparisons of numbers and average populations can be misleading. Some countries have more than one tier of local government with the local tier dealing with relatively modest operational functions with more strategic decisions being taken at the regional level. If, for example, municipal districts are included in the Irish figures (as some functions are delivered through municipal districts, even though formally they are a part of the county or city council) the average population size is of the order of 36,000. Also, the average figure masks large variations. For example in The Netherlands four municipalities have populations greater than 250,000. In Finland the Finnish Capital Region consists of four municipalities with city status (Helsinki, Vantaa, Espoo and Kauniainen) whose total population is about 1.1 million, with the population of Helsinki municipality about 620,000.

In considering the implications of international trends in the structuring of local government, these particularities of Irish local government should be borne in mind. It is not a case of simplistically transferring practice from one jurisdiction to another. But more of identifying lessons learned and considering if and how such experiences might support Irish reform efforts.

FIGURE 1 AVERAGE POPULATION OF MUNICIPALITIES

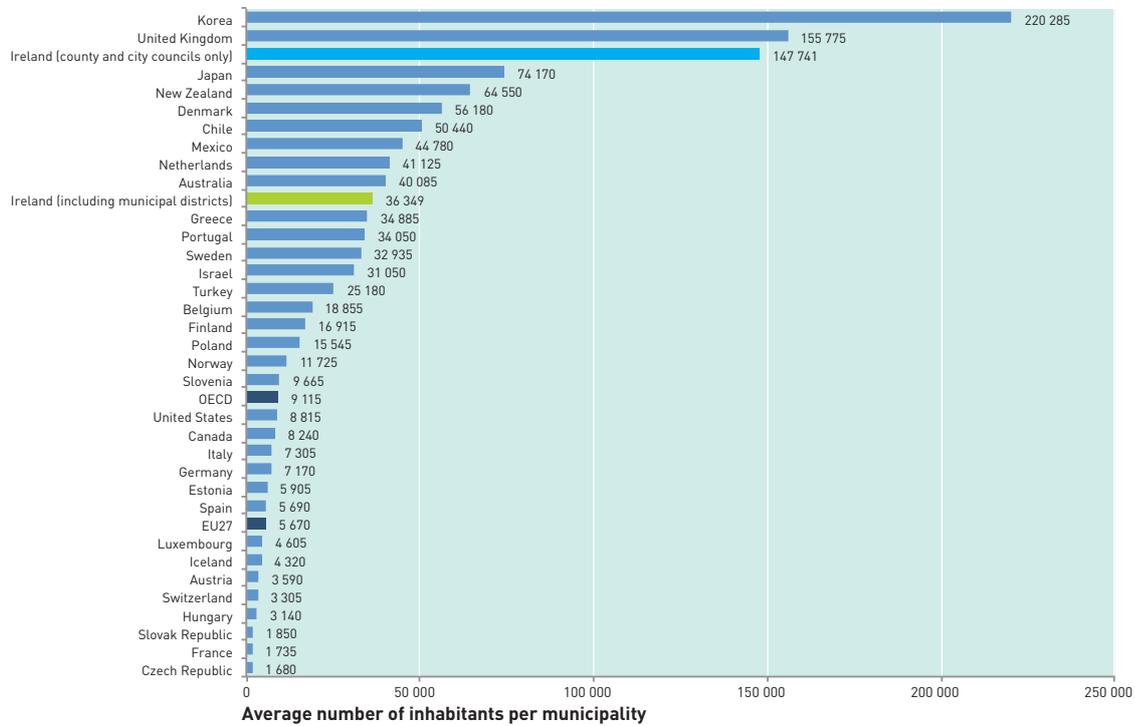
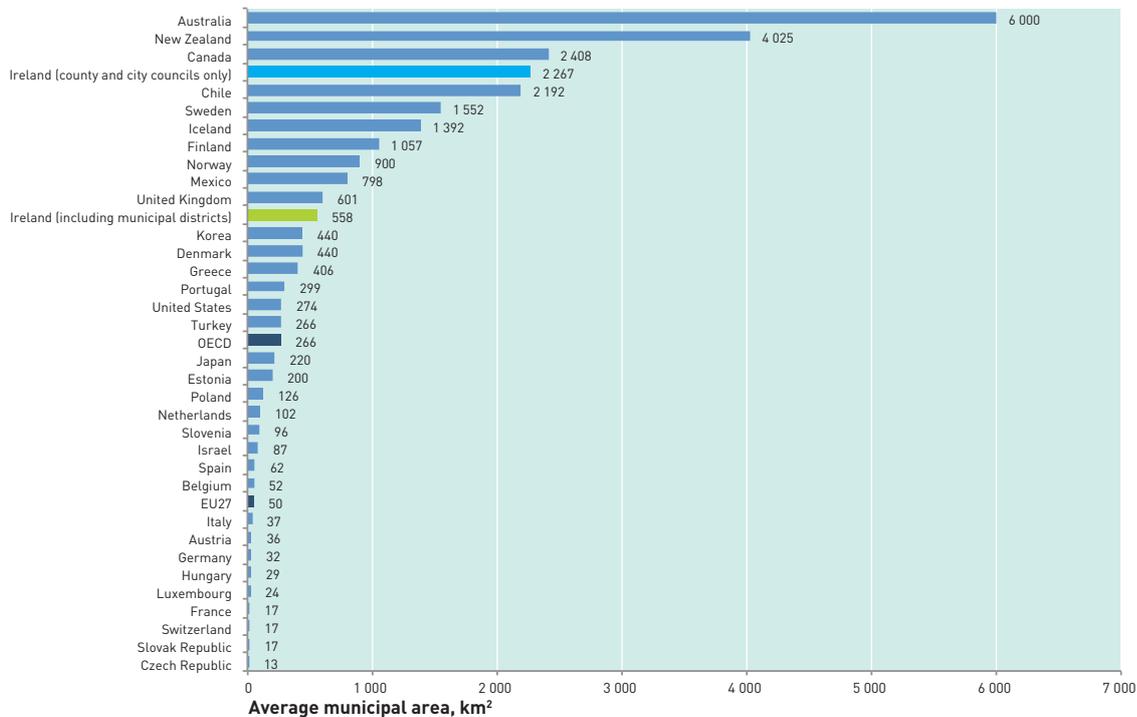


FIGURE 2 AVERAGE SIZE OF MUNICIPALITIES



Source: Adapted from OECD (2014: 75)

2.

INTERNATIONAL TRENDS – AN OVERVIEW FROM THE LITERATURE

There is a general trend in many OECD countries to reduce the number of local authorities (Chatry, 2015). In Finland, they reduced from 452 to 339 authorities in the 2000s and current plans are to reduce down to around 70 municipalities. In 2007 the Danish government undertook a major reform, which reduced the number of authorities from 272 to 98, and abolished the intermediate tier of 13 authorities. Proposals in Norway are to reduce from 428 to about 100. In Australia, Aulich et al (2011: 8) note that:

The available evidence points to a particular need for ongoing consolidation of local government activities in metropolitan areas. Growing concerns about Australia's capacity to manage rapid metropolitan growth and change, and the federal government's move to develop a national urban policy and promote better metropolitan planning, call for a demonstration of local government's capacity to make a strong contribution on behalf of local communities and in the broader regional and national interest. There is a widespread view that this calls for substantially larger local government units as well as collaborative planning and resource sharing.

There have been some adverse reactions to some mergers, and proposals for de-amalgamation and some de-amalgamations, notably in Queensland, and in some parts of Canada particularly Quebec. However, Miljan and Spicer (2015) note that de-amalgamation is not without its own challenges and can very possibly further complicate the governance of a region, and conclude that that '...amalgamation is something that cannot, and should not, be easily entered into. More care needs to be taken in finding the best institutional structure for our municipal governments' (2015: 2).

The reasons put forward for merger and amalgamation are generally that it represents an effective method of enhancing the operational efficiency of local councils, improves their administrative and technical capacity, generates cost savings, strengthens strategic decision-making and fosters greater political power. By contrast, opponents of consolidation typically underline the divisive nature of amalgamations, the absence of supportive empirical evidence, the equivocal outcomes observed in case studies, and the diminution of local democracy (Dollery and Kortt, 2013: 74).

Some economists have argued that smaller rather than larger municipalities creates the potential for welfare gains because public services can be better tailored to local preferences (Oates 1972: 31-63) or because citizens can move to localities offering their ideal tax-service package (Tiebout 1956). Other economists argue that in practice, the public choice approach of Tiebout is subject to criticism in that it is not feasible for most people to 'shop' from municipality to municipality and choose their favourite one (Dye, 2001).

Apart from a trend towards fewer local authorities, there has also been an increasing emphasis on greater cooperation and collaboration between authorities. O'Donnell (2012) reviews a number of cases of strategic collaboration in different countries ranging from loose cooperative efforts to formal partnerships. She notes that collaboration is not easy and requires commitment, leadership and an ability to identify and overcome challenges. Forms of consolidation may vary, from boundary change, to shared services to regional collaborations.

In reviewing Australian and New Zealand experience with local government re-structuring, Aulich et al (2011) note that:

...consolidation provides important opportunities to capture economies of scope and enhance the strategic capacity of local government. Economies of scope increase the capacity of councils to undertake new functions and deliver new or improved services that previously were not possible. Significantly, they enable councils to shift their focus towards a more strategic view of their operations. We argue that this enhanced strategic capacity is in part a function of increased size and resource level, but it is also related to the potentialities that are created by the pooling of knowledge and expertise. The process of consolidation can generate a focus that transcends individual local government boundaries and encourages councils to operate in a broader context – one that is more regional or system-wide – and enables them to relate more effectively to central governments. Enhanced strategic capacity appears essential to local government's long term success as a valued partner in the system of government, and this emerged as probably the most important issue for councils to consider in examining different modes of consolidation (p. 10).

Aulich et al (2011: 11-12) further state, however, that their case studies and interviews suggest that there is a 'cut-off point' in terms of feasible consolidation, especially where considerable travel distances are involved. Shared services may be impractical or yield very limited benefits; travel distance becomes prohibitive for effective amalgamations; democratic representation simply becomes too onerous; and establishing any form of community of interest becomes difficult.

With regard to governance issues, Danish local government reorganisation experience (Kjaer et al, 2010) suggests that there is a tendency in the new and larger municipalities for influence to move away from ordinary councillors and in the direction of a few increasingly influential top figures within the council (the inner circle), i.e. the mayor and the committee chairs. It was also found that the amalgamations have strengthened the influence of the administration compared to the councillors. Amalgamation also tends to increase the workload of councillors. Though Hansen (2014), also looking at Danish experience notes that these trends are marginal in nature and states that while municipal mergers do carry some democratic costs the size of these costs are small and should not be overstated.

There is limited evidence of the impact of amalgamation, merger and coordination on service delivery. In a review of the academic literature, Callanan, Murphy and Quinlivan (2014) found that several studies suggest that larger local authorities may be less responsive, and more

bureaucratic. The studies further suggest that because larger local authorities tend to undertake more 'in-house' activities than smaller local authorities they are less prone to using alternative delivery systems. Undertaking a review of selected service indicators of Irish local government performance, they also found that:

...there is very limited evidence of correlations between local authority size on the one hand and a large number of service indicators on the other, including revenue collection (housing loans, commercial rates and non-domestic water charges), timelines for the processing of planning applications and motor tax and driving licence applications, levels of unaccounted for water, litter pollution levels, recycling rates, and planning enforcement and building control. In these areas, and others, the findings suggest that there is no perceptible link between population size and local authority performance (pp. 389-390).

In a study of the effect of increasing the size of local government in Denmark on citizen satisfaction, Hansen (2014) showed that citizen satisfaction with local services decreases slightly with increases in population size. Hansen also cites other studies that suggest that citizen satisfaction is lower in larger population authorities for person-based services but not for facilities-based services or problem solving capacity. He also notes that there may be a gap between perceived and actual service levels.

With regard to the impact of amalgamation on efficiency, Aulich et al (2011: 10) found that there is little evidence that amalgamation will of itself yield economies of scale greater than those achievable through other forms of consolidation, or that such economies are available across many of local government's functions by whatever means. They found few robust examples in the literature, in the case studies examined, or in the experience and knowledge of the experts with whom they spoke. Yet they note that many in central government – and some in local government – still cling to the belief that substantial savings can and should be made.

There is some international evidence that for more labour-intensive services a larger local authority may cost proportionately more rather than less, while savings may result for more capital-intensive services (Callanan, Murphy and Quinlivan, 2014).

One of the more rigorous studies found of the impact of local government amalgamations on cost comes from Denmark. In the period 2005-2010 a large-scale municipal reform took place, where 238 municipalities were amalgamated into 65 new entities, while 33 municipalities were left untouched. A comparative analysis of those municipalities that had been amalgamated compared to those that had been left alone found that administrative spending is lower for amalgamated municipalities. In 2007, immediately after the reform, amalgamated municipalities spent 0.2 per cent less than those municipalities left untouched. In 2008, the savings amounted to 3.2 per cent; in 2009 6.4 per cent, and in 2010, 8.4 per cent (Blom-Hansen et al, 2011).

In many cases amalgamations are seen as important in strengthening the professional capacity of local authorities as much if not more so than improving efficiency. A key issue here is building and retaining capacity to ensure that services are maintained and developed and to attract and retain suitably qualified staff. It is about developing an organisation or organisations that has sufficient capacity and a critical mass to develop all levels of staff and create succession planning to support personal and organisational needs. The focus is on securing, maintaining and developing the highly skilled staff needed to manage the increasing complexity within local government services.

Dollery (2014) identifies five main policy lessons derived from real-world amalgamation episodes:

- Entities designated for amalgamation must be carefully designed
- Amalgamation proposals must meet minimum levels of community support
- New amalgamated entities must be viable
- Transaction costs and transformation costs of amalgamation must be minimised
- Potential sources of conflict must be minimised

An important issue for all options that involve change is the disruptive effect change can have on staffing motivation and performance. A study of English local authorities facing reorganisation found that performance deteriorated prior to the onset of new structures. Issues including a reduction in staff morale, loss of managerial expertise due to increased turnover, 'planning blight' as strategic decisions are put on hold until the new organisation is established, and distraction from the core purpose of service provision, all led to a drop in performance. In this case, the short term consequences of the reorganisation were negative (Andrews and Boyne, 2011). If performance is not to be disrupted and morale and motivation adversely affected, any change needs careful planning and phasing.

The experience with re-structuring seems to be an extremely varied one, with disputed costs and benefits. Different studies produce different and sometimes inconsistent results. In a review of municipal restructuring, the OECD (2014) summarise international trends:

Municipal mergers have been planned or completed in half of OECD countries in the last 15 years ... Such reforms of sub-national governments may involve top down decisions or bottom-up choices for merging or associating, either all at once or progressively. The national government may require all municipalities or other levels to merge according to a predetermined plan.

Alternatively, national governments may also require mergers but allow individual municipalities, intermediate layers or regions to choose their own partners, sometimes at their own pace and sometimes with a pre-set deadline ...

... In several Eastern European countries, the number of municipalities increased in the 1990s after the democratic transition from the Communist era, during which

municipalities had been absorbed into larger units, with the Czech Republic (1993), Hungary (1992), Slovak Republic (1998) and Slovenia (2001) re-establishing historical municipalities. Today, to contend with municipal fragmentation, these countries tend to prefer inter-municipal co-operation to amalgamations ...

... In addition to reducing the sheer number of municipalities, these reforms also change the scale of the municipalities affected in geographic and population terms. As municipalities increase in size, there have been efforts to preserve a sense of proximity through a sub-municipal level.

3.

ALTERNATIVE APPROACHES TO RE-SHAPING LOCAL GOVERNMENT: EVIDENCE FROM CASE STUDIES

Wollman (2008: 85) identifies two different strategies being pursued in the territorial and organisational restructuring of local government:

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.

Examples of these two broad strategies are set out below.

3.1 AMALGAMATION AND MERGER

This approach assumes that informal or voluntary cooperation amongst local authorities will not achieve strong enough results, and that what is needed is formal coordination promoted by agreed boundary changes. In order to ensure effective integration of economic, social and environmental development, integrated structures arising from merger are needed.

Auckland

In 2010, Auckland merged seven local authorities and one regional environmental authority into a consolidated single metropolitan authority - the Auckland Council. This provides a unitary local government covering one third of New Zealand’s population, spending about \$3 billion per annum and employing more than 5000 staff.

According to Mouat and Dodson (2014) the Auckland case shows an emerging logic of super amalgamation in which the re-bordering and reconstitution of urban governance as a ‘super-sized’ metropolitan authority is designed to deliver coordinated efficiency. They note that super-sizing is emerging as a (neoliberal) governance strategy aimed at achieving metropolitan efficiency, economic and environmental goals and activating community governance (2014: 138).

The council comprises elected councillors, the mayor and local boards all working with a range of council controlled organisations (CCOs), which provide core services (CCOs provide such services as property management, tourism and transport). The Local Government (Auckland Council) Act 2009 established a two tier governance structure, comprising the governing body and 21 local boards. Thirteen wards elect 20 councillors to the governing body. The governing body deals with decision-making at a strategic and regional level. The 21 local boards deal with:

- community-based engagement
- shaping and monitoring local services
- bringing local perspectives to region-wide policies and plans

Local boards are intended to enable the governing body to focus more effectively on regional issues. Decision-making responsibilities are shared between the two tiers. Both tiers are responsible and democratically accountable for the council's decision-making.

The Controller and Auditor General (2012) carried out a review of aspects of the merger. In relation to governance she found that:

- the governing body had not yet taken on its strategic and regional governance role but was still operating as an 'old-style' council; and
- local boards had not yet embraced their part in collective responsibility for the council's decision-making, and tended to act in a more limited community advocacy role.

She was also particularly concerned about the huge amount of reading expected of members of governing body committees and local boards.

With regard to savings, she found that though the Auckland reforms were not primarily carried out to reduce costs, economies of scale and opportunities to leverage buying power were anticipated from a larger council. The council has reported \$81 million of efficiencies in the first year and is forecasting \$1.7 billion of efficiency savings during the next 10 years. Efficiency gains have been made through the bargaining power brought by the council's scale in procurement. The council has consolidated multiple contracts with the same supplier for similar services throughout the region, and rationalised the numbers of suppliers of similar services, to improve value for money. For example, park maintenance contracts in the region were recently merged from 78 to 12 contracts, resulting in savings compared to previous contract costs.

Perhaps the main benefit she found was that unified and integrated direction has been achieved through the vision and plan for the Auckland region. The council and the Auckland region have benefited from integrated planning (Controller and Auditor General, 2012: 25):

We heard from everyone we spoke to about the unifying and focusing benefits of the Auckland Plan. The Plan has provided a coherent strategic regional direction, including

a sense of purpose, a sense of regional identity, and recognition of Auckland's national significance. This direction has a lot of organisational, stakeholder, and public support ... Many people we spoke to told us that the proof of the success of the amalgamation lay in the planning achievements of the Council in the last two years.

Plans for a similar merger of councils in the Wellington region were cancelled by the Local Government Commission in June 2015. The Commission cited a lack of public support for the plans.

Brisbane¹

Brisbane City Council serves a population of just over 1.1 million and derives from cities, towns and shires merged in 1925. Brisbane is often cited as the example of a successful major Australian city which is not characterised by a fragmented local government structure.

The city council is made up of 26 wards with a lord mayor and 26 councillor positions. All Brisbane city residents elect the Lord Mayor and elections are held every four years. The role of the Lord Mayor is defined in the 2010 Act to include the following: 'It is the responsibility of the mayor to provide a visionary and strategic role in the economic, social and environmental management of Brisbane. The mayor has additional responsibilities to lead as the first among equals. Only the mayor has the power to direct the CEO and senior contract employees.'

The councillors are elected on a ward basis representing approximately 30-35,000 people. They each have a ward office staffed by city council personnel who oversee delivery of local services. Extensive public engagement is a hallmark of the political role of each councillor. This is used to ensure an on-going engagement with local communities in the absence of local structures below that of the city council. Responsibilities of mayor, councillor and chief executive are clearly delineated in the City of Brisbane Act 2010.

One of the key 'weapons' of the mayor in Brisbane is that the council is a shareholder in the utilities supplying the region and in that role is represented on the relevant boards. This includes water and transport utilities and other development/investment vehicles for the region.

A further point of note from Brisbane is the application of long-term thinking to its development. The City economic strategy reaches out to the 2030's while its immediate local consent process is underpinned by a highly consultative process based on local neighbourhoods. In other words before the professional staff of the council prepare the plans they must engage in 'blue sky' thinking with local communities under the leadership of the relevant ward councillors. The City of Brisbane Act 2010 and associated regulations emphasise community engagement. The Act stipulates that the council must have a community plan and a community engagement policy.

¹ This section is largely derived from O'Riordan, 2012

The French 'urban communities'²

One of the concrete examples for amalgamation of metropolitan level authorities in Europe is that of the French 'communauté urbaine'. Such organisations were created by the French Parliament in 1966 as compulsory associations of municipalities, with a formal administrative status. Originally there were only four (around Bordeaux, Lille, Lyon and Strasbourg), later others were also created, sometimes in much smaller urban areas.

The purpose of the urban communities was to achieve cooperation and joint administration and investment between large cities and their independent suburbs. The status of the urban communities was modified and the range of their competences enlarged by the Chevènement Law of 1999. The emphasis changed from top-down compulsory creation to a framework-legislation: if municipalities decide under given conditions to form an association, then this association has to fulfil obligations by the law while getting some additional financial resources for development. Three types of 'communities' were created, urban communities being the strongest ones. At the beginning of 2009 there were 16 urban communities in France with a combined population of 7.5 million inhabitants. All urban areas in France with more than half a million inhabitants became urban communities, except for Paris.

The method is notable for the following factors:

1. A council is formed at the urban community level, consisting of delegated members from all municipalities (e.g. 85 in Lille). The council makes decisions in a similar way to municipalities; some important functions are compulsorily transferred to that level, some others on a voluntary basis.
2. As a step towards indirect democracy (democratising the delegated system), communal councillors will be identified on the basis of direct elections, as people during normal elections have to identify which candidate they want to see representing the municipality on the urban community council.
3. In an important step some years ago, local business tax was equalised among municipalities and transferred to the community level, putting an end to much criticised tax competition. The business tax has been abolished recently.

Wales

A Commission on Public Service Governance and Delivery (2014) has reported on an examination of all aspects of governance and delivery in the devolved public sector in Wales. This included the issue of local government re-organisation. While no action has yet been taken on the report findings, the thinking of the Commission with regard to local government amalgamations is of interest.

The Commission find little evidence that small authorities provide worse services than larger ones. However, they find that the breadth and depth of capacity and particularly the resilience of smaller organisations can be a real challenge. They believe there are several

² This case is taken and adapted from EUROCITIES (2011)

areas where small scale creates critical and unacceptable risks to governance and service delivery. In particular they find:

...the focus in smaller organisations tends to be on simply providing day-to-day services in established ways. There can be neither the expertise, nor the funds, nor the leadership to do anything else. In particular, we agree with the main regulators that smaller organisations may lack the flexibility to anticipate and respond to emerging pressures; and to do so effectively and with the necessary pace and consistency. They can also lack the vision or capacity to develop and adopt innovative approaches to service provision and management. That is not a criticism of those involved: it is simply that when managing routine delivery is such a challenge, it is hard to find the space or resource to do anything more strategic or long-term (p. 80-81).

The existence of a large number of small organisations is found to increase competition between them to secure the best leaders, managers and professionals, and overall means that talent is spread too thinly.

They note that small organisations often seek to collaborate and share services so as to secure the capacity and expertise they need. But they heard evidence both that smaller organisations often find it harder to collaborate effectively, due to the need to devote significant management capacity to this, and that national and regional-level organisations find collaborating with so many other organisations difficult (pp. 81-82).

The Commission recommend merging the 22 local authorities into larger units:

This appears to be the best option for addressing the risks of small scale and indeed the only one that is both viable and deliverable in the short to medium term. Such a programme is necessary to maintain local democracy, deliver cost savings and create local authorities that are resilient and better able to withstand the challenges ahead. It is also the option that will allow for timely implementation and the least possible impact on the delivery of front-line services (pp. 87-88).

In June 2015 the UK government set out options for the possible reorganisation of councils in Wales that would see the number of councils cut down to eight or nine. This would include merging Cardiff with the Vale of Glamorgan and Swansea with Neath Port Talbot.

Northern Ireland

In Northern Ireland in April 2015 26 pre-existing councils were reduced to 11 local authorities with a range of additional functions. In the case of Belfast City Council the decision was taken to expand the city council to include the contiguous urban area to form a coherent urban authority. This boundary extension resulted in a population increase from 270,000 to 335,000. The new areas were formerly parts of Lisburn City Council, Castlereagh Borough Council and North Down Borough Council. Economic development was one of the main drivers behind the decision to extend the boundary. Knox and Carmichael (2015) note that the reforms in Northern Ireland, while devolving relatively minor additional functions

to local government, offer councils a significant role in community planning – the legal power to hold central departments to account for services provided by them in local areas.

3.2 COOPERATION AND COORDINATION

This approach is based on informal and voluntary cooperation and coordination. In some countries, central government provides a framework for such cooperation, in others initiatives are dependent on local authorities themselves.

Greater Manchester Combined Authority

The ten authorities in Greater Manchester were the first in the UK to develop a statutory combined authority which co-ordinates key economic development, regeneration and transport functions. The Greater Manchester Combined Authority (GMCA) was established on the 1 April 2011. It is important to note that the ten cooperating authorities remain, so it is not a merger or a boundary change, but a higher tier of government at the regional level. As a body, the GMCA comprises the Leaders of the 10 constituent councils in Greater Manchester (or their substitutes). It meets on the last Friday of every month.

The GMCA has the power to establish joint committees, committees, strategic commissions and agencies. These are designed to discharge the functions of the GMCA Executive Board in respect of particular areas of work such as:

- Greater Manchester Low Carbon Hub (formerly the Environment Commission)
- Greater Manchester Interim Health and Wellbeing Board (formerly the Health Commission)
- Planning & Housing Commission
- Transport for Greater Manchester Committee
- Manchester Family / Centres of Excellence

The leadership for the above is made up of a mixture of elected members and representatives from other partners, including the private sector, other public sector agencies and the voluntary sector. The representatives are not there to represent specific geographical areas, political groups or sectoral interests, but to perform a role for the city region as a whole; and are appointed based on skills and experience. Consequently, the intention is that not every local authority will have a representative on each of the above.

Under arrangements agreed with the Government a new, directly elected Mayor of Greater Manchester will receive the following powers:

- Responsibility for a devolved and consolidated transport budget.
- Responsibility for franchised bus services (subject to consultation by Greater Manchester), for integrating smart ticketing across all local modes of transport,

and urgently exploring the opportunities for devolving rail stations across the Greater Manchester area.

- Powers over strategic planning, including the power to create a statutory spatial framework for Greater Manchester. This will need to be approved by a unanimous vote of the Mayor's Cabinet.
- Control of a new £300 million Housing Investment Fund.
- Control of a reformed earn back deal, within the current envelope of £30 million a year for 30 years.
- Take on the role currently covered by the Police and Crime Commissioner.

The Greater Manchester Combined Authority (GMCA) will receive the following powers:

- Responsibility for devolved business support budgets, including the Growth Accelerator, Manufacturing Advice Service and UK Trade and Investment (UKTI) Export Advice.
- Control of the Apprenticeship Grant for Employers in Greater Manchester and power to reshape and re-structure the Further Education (FE) provision within Greater Manchester.
- Control of an expanded Working Well pilot, with central government funding linked to good performance up to a fixed DEL limit in return for risk sharing.
- Opportunity to be a joint commissioner with Department for Work and Pensions (DWP) for the next phase of the Work Programme.
- GMCA and Greater Manchester Clinical Commissioning Groups will be invited to develop a business plan for the integration of health and social care across Greater Manchester, based on control of existing health and social care budgets.

Helsinki³

Finland has no regional tier of government. In the Helsinki area, municipalities have joined forces to form their own political and administrative arrangements as needed for developing and managing the metropolitan area.

The Helsinki Metropolitan Area Advisory Board is a cooperation body of leading elected politicians of the four cities (Helsinki, Espoo, Vantaa and Kauniainen) in the Capital Region of Finland.

The activities of the Advisory Board are based on a cooperation agreement, a common vision and a joint strategy. The Advisory Board deals with issues concerning strategic cooperation and steering of the most important joint municipal organisations. The main pillars of the strategy are common welfare services, international competitiveness, land use, housing and transport. The activities of the Advisory Board are based on decisions made by the city councils of the cities involved.

³ This case is taken and adapted from EUROCITIES, 2011

Within the metropolitan area and for the wider Helsinki Region, which includes up to 10 additional municipalities, a number of joint agencies have been established for organising or coordinating strategic issues, such as transport, environment, economic development, hospitals and land use structures.

Eindhoven City Region⁴

Eindhoven city-region is one of the voluntary regional associations allowed by Dutch law. Such associations can be formed bottom-up and the law gives them a legal basis for cooperation. These regions have statutory policy competences, such as economic development, transport and environment. Differently from similar associations in the Netherlands, the municipalities around the cities of Eindhoven and Helmond decided to also create a separate body, the Eindhoven city-region. The participating 21 municipalities further decided to create a joint fund to strengthen the economic structure of the area. This led to the creation of the Brainport Foundation, which developed into an action programme and city marketing strategy. Based on the initial successes, cross-border strategic cooperation has been initiated with knowledge-based industries in Belgium, Germany and France. The voluntary cooperation between governments in the border region is supported at the national level.

Co-operation among Rural Municipalities – Insights from Spain⁵

Mancomunidades are voluntary associations of municipalities, with the core objective of providing services, offers an alternative means of promoting bi-lateral and multi-lateral cooperation among groups of local governments.

The term 'mancomunidad' refers, in a legal sense, to a voluntary association or coming together of municipalities where the municipalities voluntarily delegate functions and competencies to the association. Municipalities are the smallest and most localised unit of government, and the formation of a mancomunidad generally requires the participating municipalities adjoin each other. The municipalities must also agree on clear objectives and terms of operation. The new entity has an independent budget and financial autonomy from the participating bodies. The municipalities themselves continue to exist and retain competencies in line with mancomunidad formation agreements. Thus, rather than being subsumed into a superior authority, municipalities become partners in a collaborative structure.

A mancomunidad is considered as a discrete legal entity in respect of the functions ascribed to it. They may exist for a defined timeframe or indefinitely, depending on the terms agreed by the constituting municipalities. Therefore, mancomunidades represent a formal mechanism for horizontal cooperation and the attainment of inter-jurisdictional collaboration at the local level. The creation of such structures, while initiated and steered from the bottom-up, has been enabled and strengthened by legislation put in place at national level and by the autonomous communities for regional tier of government.

The bottom-up impetus towards the formation of mancomunidades has been motivated by a desire to improve service delivery to citizens by pooling resources to realise more cost-

⁴ This case is taken and adapted from EURO CITIES, 2011

⁵ This case is taken from O'Keeffe, 2011

effective service delivery. Owing to their successes in this respect, mancomunidades have progressively become involved in rural development, social inclusion and territorial planning.

Charlotte – Mecklenburg incremental approach⁶

The Charlotte-Mecklenburg, NC, experience has been described as 'functional consolidation' of city-county services, as contrasted with 'political' consolidation. In essence, for the past 60 years, increasing amounts of the major services of the city and county have been provided across the county either by Charlotte or by Mecklenburg County. In an incremental process, Charlotte-Mecklenburg has instituted a set of inter-local service agreements in service areas that span parks and recreation to public transit. In all, more than 20 major public services have been consolidated. This incremental process of service consolidation followed several failed attempts at political consolidation.

⁶ This case is taken from O'Donnell, 2012

4.

CONCLUSIONS

As noted above there is a general trend towards a smaller number of larger local authorities in several OECD countries. The arguments in favour of amalgamation mainly relate to issues such as improvements in the strategic capacity of organisations, the limitations of benefits of shared services and cooperation, and the opportunity to enhance the skill base of a smaller number of local authorities due to less competition between them. There is limited evidence of significant savings or economies of scale, or performance improvement from such mergers and amalgamations.

In the Irish context, in the last few years, and largely driven by the financial crisis, there has been a consolidation of local government as in many other countries. Town councils have been abolished, and mergers taken place in the cases of Waterford City and County Council, Limerick City and County Council and Tipperary County Council. Local authorities have also been active in pursuing collaborative activities and shared services. Local government committees convened in 2015 have considered amalgamation or boundary extension options for Cork City and County and Galway City and County.

Future pressures on a number of fronts, economic, environmental and social, are likely to give rise to further consideration of the most appropriate structures for local government in Ireland. The governance of metropolitan areas and their hinterlands and the role of city-regions in place shaping will be a growing feature of interest. So too will be the needs of rural areas and the best means of supporting broad rural development policies. An important element in the discussion, particularly in the light of comparisons with other countries identified in Chapter 1, will be the range of functions carried out by local government and the size of local authorities. The role of municipal districts and how they 'bed-down' in the system will also be a crucial element in determining thinking about future arrangements.

This review of international trends has identified two main strategies being adopted to address such trends: amalgamation and more structured cooperation and coordination. The degree to which either or both should drive change is ultimately a political one, but one that should be determined to the extent possible by careful consideration of the options. Lessons can be learned from international experience, but it is not a case of simply transferring practice. The local context must set the scene.

REFERENCES

- Andrews, R. and G.A. Boyne (2011), 'Structural change and public service performance: the impact of the reorganization process in English local government', *Public Administration*, 89 (4): 1-15
- Aulich, C. M. Gibbs, A. Gooding, P. McKinlay, S. Pillora and G. Sansom (2011), *Consolidation in Local Government: A Fresh Look*, Broadway, NSW: Australian Centre of Excellence for Local Government
- Blom-Hansen, J., K. Houlberg and S. Serritzlew (2011), 'Scale effects in local government? Evidence from local government amalgamations in Denmark', paper presented at the XX NORKOM conference in Gothenburg, Sweden, November 24-26
- Callanan, M., R. Murphy and A. Quinlivan (2014), 'The Risks of Intuition: Size, Costs and Economies of Scale in Local Government', *The Economic and Social Review*, 45 (3): 371-403
- Chatry, I. (2015), *Recent trends in territorial reforms in the OECD*. Presentation to European Committee on Democracy and Governance. Paris: OECD
- Commission on Public Service Governance and Delivery Full Report (2014), Cardiff: Welsh Government
- Controller and Auditor General (2012), *Auckland Council: Transition and Emerging Challenges*, Wellington: Office of the Auditor General
- Dollery, B. and M. Kortt (2013), *Bigger Is Not Always Better: An Evaluation of Future Prosperity of the Hawkes Bay Region and Potential Costs and Savings of Local Government Reform in Hawkes Bay*, New England Education and Research Proprietary Limited
- Dollery, B. (2014), *Getting it Right: Structural change in Perth Local Government*, City of Subiaco
- EUROCITIES (2011), *Cities cooperating beyond their boundaries: evidence through experience in European cities*. Background paper EUROCITIES Working Group Metropolitan Areas. September.
- Hansen, S. W. (2014), 'The democratic costs of size: how increasing size affects citizen satisfaction with local government', *Political Studies*, 63 (2): 373-389
- Kjaer, U., U. Hjelmar and A. L. Olsen (2010), 'Municipal amalgamations and the democratic functioning of local councils: the case of the Danish 2007 structural reform', *Local Government Studies*, 36:4, 569-585
- Knox, C. and Carmichael, P. (2015), 'Local government reform: Community planning and the quality of life in Northern Ireland', *Administration*, 63 (2): 31-57
- Miljan, L. and Spicer, Z. (2015), *De-amalgamation in Canada: Breaking Up is Hard to Do*, Fraser Institute, fraserinstitute.org

Mouat, C. and J. Dodson (2014), 'Reviewing the Auckland 'super city': towards an ongoing agenda for evaluating super city governance', *Australian Planner*, 50 (2): 138-147

Oates, W. E. (1972), *Fiscal Federalism*, New York: Harcourt Brace Jovanovich

O'Donnell, O. (2012), *Strategic Collaboration in Local Government*, Local Government Research Series Report No. 2, Dublin: Institute of Public Administration

OECD (2014), *OECD Regional Outlook 2014: Regions and Cities: Where Policies and People Meet*, Paris: OECD Publishing

O'Keeffe, B. (2011), *Collaborative Communities: Co-Operation among Rural Municipalities - Insights from Spain*, International Centre for Local and Regional Development (ICLRD)

O'Riordan, S. (2012), Brisbane and Auckland: Possible models for Dublin?, <http://seanoriordain.ie/brisbane-and-auckland-possible-models-for-dublin/>

Dye, T. R. (2001), Liberty, Markets and Federalism, in Racheter, D. P. and Wagner, R.E (eds.), *Federalist Government in Principle and Practice*, Springer Science + Business Media, LLC

Tiebout, C. M. (1956), 'A Pure Theory of Local Expenditures', *Journal of Political Economy*, 64 (5): 416-24.

Wollman, H. (2008), Decentralisation and territorial local government reforms between local democracy and operational efficiency – some comparative observations and conclusions in the European context, in Council of the European Municipalities and Regions, *Balancing Democracy, Identity and Efficiency: Changes in Local and Regional Structures in Europe*, Brussels: CEMR, 82-91

APPENDIX 1 COMPARATIVE INFORMATION ON SELECTED INTERNATIONAL LOCAL GOVERNMENT ARRANGEMENTS

Country	Functions	Layers	Local government revenue as % of GDP 2014 (Eurostat)	Local government expenditure as % of GDP 2014 (Eurostat)	Local government tax revenue as % GDP 2013 (OECD. Stat)
Austria	Social services; Public order; Urban planning and land development; Water; Sewage; Roads and household refuse; Urban transport; Safety; Culture; Health	Municipalities and regions	8.6	8.6	1.3
Belgium	Public order; Registry office; Spatial and urban planning; Housing; Water and sanitation; Environment; Waste management; Road management and mobility; Culture, sports and youth; Social policy; Local economy; Employment; Education; Local finance and taxation	Municipalities, provinces, regions and communities	7.3	7.4	2.1
Denmark	Social services; Child care; Eldercare; Healthcare (outside hospitals); Libraries and other cultural facilities; Integration and language lessons for immigrants; Support services for the employed and unemployed; The local road network; Participation in regional transport companies; Nature, environment and planning; The utility sector (partly privatised) and emergency services; Local business service and promotion of tourism; Citizen service regarding taxes and collection in cooperation with the state tax centres	Municipalities and regions	36.7	36.5	12.9
England	Education; Social services; Highways and transport; Strategic planning advice; Fire; Waste disposal; Libraries; Local planning; Housing; Licensing; Building control; Environmental health; Waste collection; Park and leisure services	Single tier in some places; two tier (county and district) in others	11	11.1	1.6
Estonia	Education; Social welfare; Health services; Culture, leisure and sports; Social housing; Urban and rural planning; Tourism; Public transport; Water supply, sewage, public lighting and central heating; Environment; Waste collection and disposal; Road and cemetery maintenance; Local taxes	Municipalities	9.2	9.2	4.2
Finland	Health care (primary, secondary, and dental services); Social services (child day care, services for the aged and the disabled); Education (pre-school, primary, secondary, vocational training, adult education and libraries) ;Culture and leisure; Sports; Territorial planning; Building and maintenance of technical infrastructure and environment (roads, energy, water and sewage, waste, harbours and public transport); Business and employment; Independent taxation rights and finances	Municipalities, joint municipal authorities and regions	23.1	23.9	10.3

France	Registry office functions; Electoral functions; Social work; Education; Maintenance of municipal roads; Land development and planning; Local public order; Urban planning; Economic development; Housing; Health; Culture	Municipalities, departments and regions	11.6	11.8	5.8
Germany	Urban planning; Municipal taxation; Public security and order; Municipal roads; Public transport; Water supply and waste water management; Flood control and management; Fire-fighting; Social aid and youth; Child care; Housing; School building and maintenance; Cemeteries	Municipalities, counties, regions	7.8	7.9	3
Ireland	Housing; Planning; Roads; Water supply; Sewage collection and treatment; Environmental protection; Recreation facilities and amenities	Counties and regions	3.6	3.6	1
Latvia	Water and heating supply; Waste management; Public services and infrastructure; Public management of forests and water; Primary and secondary education; Culture; Public health; Social services; Child welfare; Social housing; Licencing for commercial activities; Public order and civil protection; Urban development; Collection of statistical information ;Public transport; Training for teachers	Municipalities	9.8	10	
Lithuania	Budget; Pre-school, primary and secondary education; Civil protection; Culture; Environment; Sanitation; Housing; Transport; Labour market measures and promotion of entrepreneurship; Primary health care; Public services and municipal property management; Spatial planning; Local development; Sports; Tourism	Municipalities	8.1	7.9	
Netherlands	Urban planning; Housing; Tourism; Civil engineering; Transport; Health; Primary education; Employment; Childcare; Social services; Law and order; Culture and sport	Municipalities and provinces	13.6	13.9	1.34
Norway	Primary and lower secondary school; Nurseries/ kindergartens; Primary healthcare; Care for the elderly and disabled, social services; Local planning, agricultural issues, environmental issues, local roads, harbours; Water supply, sanitation and sewer; Culture and business development	Municipalities and counties	14.6	15.4	5.38
Portugal	Health; Environment; Culture; Management of municipal assets; Public works; Urban planning	Parishes, municipalities, regions	6.4	6.1	2.33
Sweden	Social services; Childcare and pre-school; Primary and secondary education; Care for the elderly; Support for the physically and intellectually disabled; Primary healthcare; Environmental protection; Spatial planning; Refuse collection and waste disposal; Rescue and emergency services; Water supply and sewerage; Road maintenance	Municipality and county/region	25	25.4	15.87

