

# The Provision of Public Services in Europe

Between State, Local Government and  
Market

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## 2. The multi-level institutional setting in Germany, Italy, France and the UK: a comparative overview

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This chapter reviews the multi-level institutional architecture of Germany, France, Italy and the UK. This ‘mapping’ provides institutional orientation and guidance for the following studies on the provision of public and social services in the four countries under discussion.

### GERMANY

#### **Federal Level**

Germany’s two-tier federal system comprises the federal level and 16 *Länder* or states, including three city states (Berlin, Hamburg, Bremen). The *Länder* have an average population of 5.2 million, ranging from 18 million (North Rhine–Westphalia) to 550 000 (Bremen) (see Table 2.1, line 1).

Under the Federal Constitution (*Grundgesetz*) of 1949, the ‘social state’ (*Sozialstaat*) revolves around ‘human dignity’ (*Würde des Menschen*) and the ‘equality’ (*Gleichheit*) of every citizen, and is at the core of the ‘democratic and social federal state’ (Article 20).<sup>1</sup> Federal legislation is constitutionally mandated (Article 72 II) to ‘ensure equal living conditions (*gleichwertige Lebensbedingungen*) on the territory of the Republic’. This has been widely interpreted as laying the foundations for what has been termed a ‘unitary federal state’ (*unitarischer Bundesstaat*) (Hesse, 1967).

Under the complicated constitutional distinction between exclusive legislative competence (assigned either to the federation or the *Länder*) and concurrent (*konkurrierende*) legislative powers (which the federal level has generally come to exercise), the federal level has attained and held the primacy in legislation and policy-making. However, federal predominance is somewhat curbed by a vertical division of power and ‘checks and balances’. For example,

Table 2.1 Intergovernmental structure (data for 2006–9)

County	Levels	Number	Population Ø
<b>1 Germany</b>	Federal	16 <sup>a</sup> (of which 3 city states: Berlin, Hamburg, Bremen)	Average 5.2 million
	Local	323	170 000
		(= kreisangehörige Gemeinden)	6 690 <sup>c</sup>
		12 196 <sup>b</sup>	
<b>2 France</b>		116	
		1 708 'administrative unions' (= <i>Verwaltungsge-meinschaften, Ämter</i> etc. <sup>d</sup> )	
	Intercommunal	21 + Corsica + 4 ( <i>d'outre-mer</i> )	2.3 million <sup>h</sup>
	Local	96 + 4 ( <i>d'outre-mer</i> )	550 000
		36 569 <sup>e</sup>	1 560
	Intercommunal	12 840 <i>syndicats</i> <sup>f</sup>	
		2 601 <i>communautés</i> ( <i>à fiscalité propre</i> ) <sup>g</sup>	
		20 (15 <i>statuto ordinario</i> + 5 <i>statuto speciale</i> )	2.9 million <sup>h</sup>
<b>3 Italy</b>	'Quasi-federal'	103	570 000
	Local	8 101	7 270
	Intercommunal	356 <i>comunità montane</i> (made up of 4201 <i>comuni</i> )	32 700
		278 <i>unioni di comuni</i> (made up of 1240 <i>comuni</i> )	16 700
		Numerous <i>consorzi and conveni</i>	

4 UK	‘Quasi-federal’	Regions	Scotland, Wales, Northern Ireland	Scotland 9%, Wales 5% England 85% of total UK population 720 000 140 000
	Local	(two-tier) counties Districts/boroughs (within counties) London boroughs (within Greater London Authority) Single-tier authorities	34 238 33 + Corporation of London  36 metropolitan councils 47 unitary authorities	

Notes:

- <sup>a</sup> Varying in size between North Rhine–Westphalia with 18 million inhabitants and Bremen (city-state) with 550 000 inhabitants.  
<sup>b</sup> Of which over 75% have fewer than 5000 inhabitants.  
<sup>c</sup> In North Rhine–Westphalia : Ø 45 000 inhabitants, in Rhineland–Palatinate: Ø 1700 inhabitants.  
<sup>d</sup> In Rhineland–Palatinate 95% of the municipalities are affiliated with an intercommunal body (such as *Verwaltungsgemeinschaft*), in Bavaria 62%, but in North Rhine–Westphalia and Hessen none.  
<sup>e</sup> Of which 93% have fewer than 3500 inhabitants.  
<sup>f</sup> As of 1 January 2009 comprising *syndicats à vocation unique*, SIVU; *syndicats à vocation multiple*, SIVOM, *syndicats mixtes* or *syndicats ‘à la carte’*.  
<sup>g</sup> As of 1 January 2009: 16 *communautés urbaines*, 174 *communautés d’agglomération*, 2406 *communautés de communes*, 5 *syndicats d’agglomération nouvelle*.  
<sup>h</sup> Varying in size between 124 000 (Valle Aosta) and 9.5 million inhabitants (Lombardie).

Source: Mainly Dexia (2008), own compilation + calculation, own table (Wollmann).

a constitutional peculiarity of Germany's federal system enables *Länder* governments to participate directly in federal legislation and policy-making through the upper chamber of parliament, the Federal Council (*Bundesrat*) (Wollmann and Bouckaert, 2006; Wachendorfer-Schmidt, 2004).

While the federation dominates in legislation and national policy-making, it is constitutionally almost entirely barred from maintaining field offices at the subnational level<sup>2</sup> (another speciality of the German federal system). As a result, federal public servants constitute only 12 per cent of the entire public sector workforce while almost 90 per cent are employed by the subnational levels: 53 per cent by the *Länder* and 35 per cent by local authorities (see Table 2.2, line 1).

### ***Länder***

The *Länder* hold exclusive legislative powers in education, police and local government, including local territorial reform. In a recent reform of the federal system (under the heading 'federalism reform I') designed to 'dis-entangle' intergovernmental decision-making, the *Länder* traded in some Federal Council-based veto powers in the federal legislative process for a significant extension of their exclusive legislative powers with respect, for instance, to universities, *Land* and local government personnel systems, and practical everyday matters such as shop opening hours. These constitutional changes have been hailed by some and criticized by others as a departure from the traditional 'homogeneous' federalism and the overture to a 'heterogeneous' or 'competitive' federalism (*Wettbewerbsföderalismus*) (see Wollmann and Bouckaert, 2006, p. 29).

Due to the vertical functional division between legislation, exercised predominantly by the federation, and administration, almost exclusively in the hands of the *Länder* and local authorities, a significant degree of functional interlocking and interdependence between the federal and *Länder* levels has ensued (see Benz, 2005), often referred to as 'cooperative federalism' (*kooperativer Föderalismus*), involving negotiation between multiple vertical and horizontal actor networks (*Verhandlungsföderalismus*). This institutionally 'untidy' situation at the federal/*Länder* interface has been characterized as 'co-financing' (*Mischfinanzierung*) and 'co-administration' (*Mischverwaltung*) and conceptualized as 'policy interdependence' (*Politikverflechtung*, Scharpf, et al., 1976).

### **Local Government Levels**

In 2006, Germany's two-tier local government structure (see Table 2.1) comprised:

Table 2.2 Public employment by levels of government (in %)

Country	Central/ federal			Regional/ <i>Land</i>			Local			Special sector			Distribution within local level (100%)
	85	94	05	85	94	05	85	94	05	85	94	05	
1 Germany	9.9	11.6	12.0	55.6	51.0	53.0	34.5	38.1	35.0				Municipalities 37.2 County-free cities 32.8 Counties 25.6 Intermunicipal 4.7 <i>Régions</i> 0.7
2 France	54.9	48.7	51.0				27.1	30.7	30.0	<i>Hôpitaux</i> 18.0 20.6	19.0	16.3	<i>Départements</i> 16.3 <i>Communes</i> 68.7 Intermunicipal 10.3 <i>Province</i> 13.0 <i>Comuni</i> 87.0
3 Italy		63.0	54.7			3.8		14.0	13.6	<i>Aziende</i> <i>Sanitarie Locali</i> 17.0	19.0	20.3	
<i>Enti pubblici</i>													7.6

Table 2.2 (continued)

Country	Central/ federal			Regional/ <i>Land</i>			Local			Special sector			Distribution within local level (100%)	
	85	94	05	85	94	05	85	94	05	85	94	05		
5 UK	21.9	21.4	16.8				55.0	53.0	56.0	National Health Service	20.8	26.0	Counties Metropolitan Councils London boroughs Unitaries	36.0 25.6  12.0 19.0

Sources: Data from Dexia (2006), pp. 202 and 167; Dexia (2008), p. 64; data for 1985: Lorenz and Wollmann (1999), p. 505; for Italy 2007: Ministero dell'economia e delle finanze, conto annuale 2008, for distribution between *province* and *comuni* courtesy Luigi Bobbio, data for distribution between counties etc. for England 2004, Wilson and Game (2006), p. 280, own compilation + calculation, own table (Wollmann).



- 12 312 (two-tier) municipalities (*kreisangehörige Gemeinden*, municipalities 'within counties'), with an average population of 6690;
- 323 (two-tier) counties (*Kreise*) – averaging some 200 000 inhabitants;
- 116 (single-tier) 'county-free' cities (*kreisfreie Städte*, combining county and municipal functions like English single-tier 'county boroughs').

### Territorial Reforms and Intermunicipal Bodies

During the 1960s and 1970s, the German *Länder* embarked upon territorial reforms on the county and municipal levels in line with the contemporary wave of territorial reform particularly in England and Sweden. The German *Länder*, being solely responsible for local government matters, shared a common 'carrot and stick' approach, initiating the reform drive with a 'participatory' and 'voluntary' phase during which the views, cooperation and agreement of local authorities were sought. Where their consent was obtained, the *Land* government introduced the planned reforms by, as it were, coercive legislation.

The *Länder* adopted two different strategies (see Wollmann, 2004).

In some, for instance North Rhine–Westphalia, the large-scale amalgamation of municipalities produced local authorities with an average population of some 40 000. In opting for large municipalities, these *Länder* adopted what has been termed the 'North European' pattern (see Norton, 1994, pp. 40 ff.). Most *Länder*, by contrast, opted for a 'two-pronged' strategy providing for little or no amalgamation of the municipalities while establishing a new layer of intermunicipal bodies (*Verwaltungsgemeinschaften*, *Ämter* etc.) in which, again in a 'carrot and stick' approach, small municipalities were induced to obtain the administrative resources they lacked. Rhineland–Palatinate offers a good example, where municipalities have an average population of 2800 inhabitants and 97 per cent belong to an intermunicipal body. After German Unification in 1990, four out of five of the newly established East German *Länder* also retained small municipalities and introduced a layer of intermunicipal bodies, again in 'carrot and stick' fashion.

Recently, some East German *Länder* have begun to reverse this reform strategy, abolishing intermunicipal bodies and establishing territorially enlarged, 'unified' municipalities (*Einheitsgemeinden*). The reason has been growing concern about the lacking political and operational viability of intermunicipal bodies; they are judged to have produced 'institutional overcrowding' and economically inordinate coordination and transaction costs, while the small member of municipalities have been steadily

bleeding dry politically and demographically. The German *Länder* thus appear to be intent on further local government amalgamation (for details and further references see Wollmann, 2010).

### Functions

German local government traditionally follows a ‘dual-task’ model, with local authorities performing both local self-government functions and tasks delegated to them by the state (that is, the *Land*).

On the one hand, the delegation modality has widened the functional scope of local authorities, encouraging *Länder* to reduce the number of local field offices and to retreat to some extent from the local administrative space by transferring further public functions to the local authorities (see Kuhlmann, 2009a, pp. 119 ff., 2009b). On the other hand, it has had the problematic effect of making local authorities, in the conduct of delegated business, subject to comprehensive (merits/opportunity) technical supervision (*Fachaufsicht*) – and merely legal supervision (*Rechtsaufsicht*) by state authorities, thus almost integrating them into state administration and, thus, to a certain degree ‘etatizing’ them (*verstaatlichen*) (see Wollmann, 2008a, pp. 33 ff., 2008b, pp. 38 ff.). Of the local government

*Table 2.3 Subnational public expenditure in 2005 by economic function (in %)*

Function	Germany <sup>a</sup>	France	Italy <sup>b</sup>	UK <sup>c</sup>
1 General public services	11.4	19.2	14.6	8.1
2 Social protection	32.2	15.8	4.6	29.0
3 Education	11.0	16.2	8.3	30.0
4 Health	1.8	0.6	43.0	0.0
5 Economic affairs	21.0	13.0	14.0	8.2
6 Culture, recreation	8.9	10.2	3.0	3.3
7 Housing	12.1	15.2	4.7	5.9
8 Public order	6.2	2.8	1.5	10.0
9 Environmental protection	0.0	6.9	4.6	4.5
Total 100%	100.0	100.0	100.0	100.0

*Notes:*

<sup>a</sup> Germany: municipalities + counties (without *Länder*).

<sup>b</sup> Italy: *comuni*, *province* and *regioni*.

<sup>c</sup> UK: two-tier county and district/borough levels as well as single-tier unitary authorities.

*Source:* Data from Dexia (2008), own compilation + calculation, own table (Wollmann).

functions dealt with in this volume, the provisions of social services have traditionally been writ large (see Table 2.3, line 2 for a somewhat rough indicator).

The provision of social services has traditionally been a prime responsibility of local government that can be traced back to medieval times. Under the so-called 'subsidiarity principle', rooted in nineteenth-century Catholic social teaching and confirmed by the Federal Social Assistance Act of 1961, local authorities largely bear an 'enabling' responsibility (to use current NPM terminology), with personal social services (elderly care, kindergartens etc.) being primarily delivered by non-profit organizations (so-called 'free welfare organizations', *freie Wohlfahrtsverbände*) (see Bönker and Wollmann, 2006, 2008; Bönker, Hill and Marzanati, Chapter 4 in this volume). In a consequent shift of policy under the 1994 Federal Care Insurance Act, the provision of care for the frail and disabled has been opened to market competition with private/commercial providers now increasingly entering this market.

In the provision of health services, the role of the local authorities is all but minimal as Germany's health care system is premised on a ('Bismarckian') contribution-based insurance scheme under which primary (outpatient) health care is essentially delivered by private general practitioners, while secondary (inpatient) health care is provided by hospitals operated by a whole array of institutions, including cities and counties. For the rest, local authorities, particularly counties and county-free cities, are the site of health offices (*Gesundheitsämter*), responsible for epidemic disease prevention, food control and preventive health measures. By and large, however, the operational and financial involvement of local authorities tends to be low (see Table 2.3, line 4) (see Chapter 6 in this volume).

Furthermore, since the nineteenth century, municipalities have been deeply involved in the production and supply of public utilities (*Daseinsvorsorge*), including water, sewage disposal, waste management, public transport and energy (see Wollmann, 2003). In the past, public utilities were predominantly provided (directly or indirectly) by local authorities themselves, particularly in the organizational form of (municipally owned) 'city works' (*Stadtwerke*). In a recent development, also prompted by EU market liberalization policies, the provision of public utilities has been increasingly corporatized, outsourced, or even, under budgetary pressure, sold entirely to private companies (asset privatization) (see Chapter 10 in this volume). There are recent indications of a trend, for instance in the energy sector, towards remunicipalization, with *Stadtwerke* staging a 'comeback' (see Chapters 8 and 11 in this volume).

In sum, German local government has a comparatively broad,

Table 2.4 Subnational expenditure in 2005

	Germany			France		Italy		
	Municipalities <sup>a</sup>	Land counties	Land	Communes	Départements	Régions	Comuni	Province Regions Single-tier <sup>b</sup> Counties
1 Per capita expenditure (€)	1498	314	3150	1211	790	286	1040	200 2320 3930
2 Total subnational expenditure per capita (€)		4967 (without Länder)			2286			3590 (without regioni) 1240
3 Level expenditure in % of total public expenditure	11.7	2.4	24.6	8.2	5.4	1.9	8.8	1.6 19.6 29.5
4 Subnational expenditure in % of total public expenditure		38.7 (without Länder)			15.5			30.2 (without regioni) 10.4
5 GNP per capita (€)		27 200			27 300			24 200 29 600

Notes:

<sup>a</sup> Municipalities (within counties, *Kreisangehörige Gemeinden*) + county-free cities (*kreisfreie Städte*).

<sup>b</sup> Single-tier local authorities (unitaries and so on) + two-tier districts, boroughs.

Source: Data from Dexia (2008), own compilation + calculation, own table (Wollmann).

multifunctional profile. Average per capita spending by municipalities (including county-free cities) amounts to €1500, notably higher than in French *communes* (at €1211) and very much more than in Italian *comuni* (€1040) (see Table 2.4).<sup>3</sup>

## Personnel

Local government personnel constitute 35 per cent of the total public sector workforce as compared to the *Länder* with 53 per cent and the federal level with 12 per cent (see Table 2.2, line 1). The fact that county-free cities and counties combined employ almost 60 per cent of all local

*Table 2.5 Development of total number of public sector personnel by level of government over time (in %, respective period in parentheses)*

Country	Central/ federal	Regional/ <i>Land</i>	Special sector	Local	Total public sector personnel
1 Germany	–24	–18		West German local authorities: –30.0 <sup>a</sup> East German local authorities: –53.3	–23
	(91/04)	(91/04)		(91/04)	(91/04)
2 France	+7		+15 <sup>c</sup>	+24.0	+13
	(94/03)		(94/03)		(94/03)
3 Italy	–11		+5 <sup>d</sup>	–16.0 <sup>b</sup>	–7
	(92/04)		(92/04)	(92/04)	(92/04)
4 UK	–36		+16 <sup>e</sup>	–5.0	–4
	(90/03)		(90/03)	(90/03)	(90/03)

### Notes:

<sup>a</sup> Data from Kuhlmann and Röber (2006), p. 101.

<sup>b</sup> *Regioni, province, comuni* (Dexia, 2006, p. 167).

<sup>c</sup> *Hôpitaux publics*.

<sup>d</sup> *Aziende Sanitarie Locali e enti ospedalieri* (local health agencies and hospital units).

<sup>e</sup> National Health Service (NHS).

Source: Data from Dexia (2006), own compilation + calculation, own table (Wollmann).

government personnel shows the salient role they play as the ‘workhorses’ of local government.

Since the early 1990s, local government personnel have seen dramatic reductions that reflect the financial straits of local authorities and the determination of local politicians to cut costs. While cutbacks in West German *Länder* amounted up to 30 per cent between 1991 and 2004, the figure was no less than 53 per cent in East German *Länder*, where, following the restructuring of public administration and local government after 1990, an ‘avalanche’ of personnel from the former German Democratic Republic’s state administration and state economy had to be absorbed by local authorities.<sup>4</sup>

## FRANCE

### Central Government

Historically, France offered an example of a unitary (‘Jacobinist’) and centralist (‘Napoleonic’) state (*république une et indivisible*) in which Paris was the uncontested national hub of policy-making and where public tasks were essentially carried out by the vertically organized state administration. The 89 *départements* and some 36 000 *communes* (*collectivités territoriales*) at the local government level were under comprehensive supervision (*tutelle*) by *préfets* appointed by the central government. However, until the First World War, local government played a far from minor role in the performance of government functions, and local expenditure was even higher (compared with central government expenditure) than in the 1950s. Specific to the French case is that administrative developments generated by the new public functions have been absorbed by the state administration or withdrawn from local government, or subjected to pervasive central government control even where although local government has taken the initiative (e.g. in social assistance, education, roads). The development of the welfare state and the leading role assumed by the State in the economy have consolidated this evolution (Bernard, 1968; Bourjol, 1975; Delorme and André, 1983). The constitution of the Fifth Republic of 5 October 1958 upholds the unitary, centralist and ‘republican’ tradition of government in proclaiming that ‘*La France est une république indivisible . . . , démocratique et sociale. Elle assure l’égalité devant la loi de tous les citoyens*’ (Article 1).

Two waves of decentralization (1982–6 and 2003–04) have profoundly changed French intergovernmental structures (Kuhlmann, 2009b, pp. 82 ff.).

In 1982, 22 regions (*régions*, with Corsica becoming a *sui generis* local

government in 1991) were introduced as a third, upper level of local self-government (*collectivités territoriales*). There was agreed from the outset that *régions* should be placed on the same legal footing as *départements* and *communes* without giving them any institutionally 'elevated' position, let alone any sort of federal status.

The *préfets* heading state administration at the level of the *département* have been deprived of their power of *a priori* supervision (*tutelle*) of local government bodies. In several steps, they have received full authority over subnational branches and offices of state administration (*services extérieurs*), which have lost in substance through several waves of personnel transfer to *départements* and *régions* and whose functions have been redesigned (see Hoffmann-Martinot, 2003, pp. 160 ff.).

A crucial component of the second decentralization reform has been the constitutional amendment of 2003 that explicitly recognized that the French Republic is 'decentrally organized',<sup>5</sup> a rather symbolic change considering the previous wording of article 72 of the constitution and constitutional jurisprudence before and after this amendment (Marcou, 2005).

Whereas the general competence clause had already been recognized at all local self-government levels (*commune*: 1884; *département*: 1926; *région*: 1986), the constitutional amendment of 2003 has also introduced a subsidiarity-like provision, according to which local governments are 'entitled to take all decisions on tasks that can be better performed at their level' (Art. 72, par. 3). This enables several local government units to take up a certain task not assigned to a specific authority at the same time and side by side. Following the same organizational logic, no local government level, including the *régions*, can exercise oversight over another level (*non-tutelle*).<sup>6</sup>

The amendment has provided a constitutional guarantee for the regulatory power (*pouvoir réglementaire*) of local government authorities to carry out their responsibilities. More controversial was the possibility given to local governments for regulatory experimentation, giving them the power to replace legislative provisions by local regulations. This could endanger the principle of the unity of the law and the principle of equality before the law. However, this possibility, which is in any case conditional on specific enabling legislation, has not been used except for government reform of the minimum income allowance, for example for measures applicable only temporarily to a beneficiary.

Notwithstanding the two rounds of decentralization (*Acte I* and *Acte II*), 51 per cent of public sector personnel are still state employees (see Table 2.2, line 2). The French state still appears to embrace the principle (and 'Napoleonic' legacy) of 'carrying out its policies directly on the local level' (Marcou, 2004, p. 239).

## Régions

The 22 *régions métropolitaines* and 4 *régions outre-mer* (in France and overseas) with an average population of 2.4 million are responsible for regional economic development, secondary school (*lycée*) construction and upkeep, and regional public transport. Moreover, the regions play an important role in co-programming and co-financing local projects financed by EU structural funds and in partnership with the French state (*contrats de projets Etat-région*). Per capita expenditure amounts to an average €286 (as compared to €1211 by *communes*; see Table 2.4, line 1), most of it capital investment (see Dexia, 2008, p. 309). By the end of 2009, *région* personnel, quite limited until 2006, will on average have tripled with the transfer of about 43 000 from the ministry of education (Doligé, 2007; Kuhlmann, 2009a, p. 95).

## Départements

In the wake of decentralization in 1982 (*Acte I*), the 96 *départements*, with an average population of 630 000, were the main addressees and beneficiaries of devolution. Primarily social service provision (*aide sociale légale*), previously in the charge of *département* state administration, was transferred to the departmental self-government level and council (*conseil général*) and council-elected *président*. When in 1988 the *Revenu Minimum d'Insertion* (RMI), a new social benefit scheme for the elderly, was introduced, the *départements* were put in charge of implementing the scheme; it was extended in 2004 to labour-market-related *insertion* activities (see also Bönker, Hill and Marzanati, Chapter 4 in this volume, for details, see also Wollmann, 2008a, pp. 428 ff.). Social policy has consequently become a prime responsibility of the *départements* (see also Table 2.3, line 2).<sup>7</sup>

While, thus, the *départements* have been assigned crucial and growing responsibilities in social policy, they have relatively little to do with health, with the exception of specific tasks such as mother and child health protection (see Table 2.3, line 4) due to the specificity of the French health system (see Chapter 6 in this volume). Public hospitals constitute a separate structure, employing 19 per cent of the public sector personnel (see Table 2.2, line 2).

While benefit and service entitlement is, in principle, regulated by national legislation, since 1983 the *départements* have regulatory powers (*pouvoir réglementaire*) of their own (see Kuhlmann, 2009b, p. 84) by virtue of which each *département*, through its elected council (*conseil général*), can modify the entitlement scheme to be applied on its territory; the *département's* own regulation must not fall below national criteria, but may go



beyond them (but not for RMI). As a result, noticeable differences and disparities in social assistance have emerged between *départements*. This has triggered a debate about the compatibility of decentralized decision-making by way of *département*-specific *règlements* with its potential for interregional disparities and the constitutional – and traditional ‘republican’ (*républicain*) – imperative of equality (*égalité*) (see Hassenteufel and Loncle-Moriceau, 2003).<sup>8</sup>

The devolution of social policy responsibilities from the state to the *département* self-government and the *conseils généraux* in 1982 unleashed a rapid expansion of administrative units and professional personnel, most of whom state employees from the state units in the *département* and people already employed for budgetary purposes by the council but integrated in state units. *Département* staff now amounts to 16.3 per cent of the entire local level personnel or some 5 per cent of total public sector personnel (see Table 2.2, line 2, last column).

While the *départements* have used their own staff to perform their new functions, including the provision of social services, they have also not only cooperated with the *communes* but, abandoning their anti-clerical and anti-associational stance,<sup>9</sup> begun to outsource service delivery to both non-profit (*non-lucratif*) providers, including church organizations, and for-profit providers (*associations*) (see Borgetto and Lafore, 2004, p. 137).

### ***Communes***

Despite the high degree of urbanization of the French population (over 80 per cent), the 35 569 *communes* have an average population of 1720 (see Table 2.1, line 2) – the vast majority (95 per cent) having fewer than 5000 inhabitants and only 0.1 per cent more than 100 000, including Paris (2 100 000), Marseilles (795 000) and Lyon (468 000). The boundaries of most municipalities date back to before the French Revolution, if not to medieval times, and have remained largely unchanged ever since.

When, in line with the zeitgeist, national legislation was adopted in 1971 to induce *communes* to embark on voluntary amalgamation, this initiative failed almost entirely – making France the epitome of extremely fragmented local government structures, categorized as the ‘South European’ pattern (see Norton, 1994, p. 43).

### ***Intercommunalité***

To remedy the problems caused by the small size of municipalities (*communes*) and their lack of administrative capacity, national legislation was

introduced as early as 1890 to provide them with an institutional frame (*établissements publics de coopération intercommunale*, EPCI) for single-purpose, intermunicipal cooperation (*syndicats à vocation unique*, SIVU). In 1959 national legislation on multiple-purpose intermunicipal cooperation for the provision of public services followed (*syndicats à vocation multiple*, SIVOM). In 1966, central government, conspicuously deviating from the ‘*volontariat*’ principle, decided to establish obligatory *communautés urbaines*, amalgamating big cities with neighbouring municipalities, in four metropolitan areas (Lyon, Marseilles, Lille, Strasbourg); other metropolitan areas followed suit on a voluntary basis (for details see Marcou, 2000). In order to simplify the maze of intermunicipal bodies (*intercommunalité*), the legislation of 1999 (*Loi Chevènement*) sought to encourage municipalities to regroup in three types of community (*communauté*), depending on size and settlement characteristics. To strengthen them functionally and make them more attractive to join, the *communautés* have been given the right to levy their own local taxes (*à fiscalité propre*).

Hailed by some as an ‘intermunicipal revolution’ (Borraz and LeGalès, 2005), the 1999 *Loi Chevènement* has been remarkably effective in inducing municipalities to regroup. By 1 January 2009, 2601 *communautés (à fiscalité propre)* comprising 16 *communautés urbaines* (the big cities and their metropolitan hinterland), 174 *communautés d’agglomération* (in urban agglomerations) and 2406 *communautés de communes* (in urbanized areas) had been established, covering 87.3 per cent of the entire population. The advent of the *communautés* pursuant to the *Loi Chevènement* has organizationally strengthened and territorially structured intermunicipal cooperation in a number of important local activities, in intermunicipal planning and public service provision. Some 10 per cent of local government personnel are now employed by intermunicipal bodies (ECPI) (see Table 2.2, line 2, last column, and Kuhlmann, 2009a, p. 95).

### **Reforming the Subnational Space**

France’s subnational space has always been characterized by functional overlap (*enchevêtrement*), cross-financing (*financement croisé*) and personnel duplication (*doublon*); although no precise estimate of the last is available – indeed it is difficult to evaluate beyond samples – it should not be overestimated. As a result, the French state resembles ‘a loosely coupled network’ (Thoenig, 2006, p. 43). Contracts (*contractualisation*) intended to achieve cooperation and coordination between horizontal and vertical actor networks have thus become a key feature and ‘trademark’ of France’s subnational space and intergovernmental world (see Gaudin, 1999, 2004).

Against this background, the Comité Ballardur was appointed by

President Nicolas Sarkozy (October 2008) to make recommendations on the reforming subnational self-government (*pour la réforme des collectivités locales*). The report that the Comité presented on 25 February 2009<sup>10</sup> identifies, among other crucial issues, the indiscriminate assignment of the general competence clause (*clause de compétence générale*) to all three local government levels as a main reason for serious malfunctions (functional overlap, cross-financing, personnel duplication etc.). Consequently one of the key recommendations<sup>11</sup> proposes assigning general competence only to municipalities (*communes*) and specifying the competences given to *départements* and *régions*.

In another remarkable proposal,<sup>12</sup> the Comité Balladur suggests turning municipal agglomerations, beginning with existing *communautés urbaines* (note: by way of binding legislation, *par la loi*), into so-called ‘metropolises’ (*métropoles*) as the institutional point of departure for further innovations, such as creating new municipalities or reassigning *département* functions. This may point the way to generating integration through ‘single-tier’ local government on the lines of Germany’s county-free cities. Furthermore, the Comité has suggested financial incentives to encourage, if not pressure, intermunicipal bodies to restructure territorially and organizationally to form ‘new municipalities’<sup>13</sup> – and hence to achieve territorial reform.

Furthermore, in addressing the thorny issue of the democratic legitimacy of intermunicipal bodies, the Comité Balladur recommends that the councils of intermunicipal bodies (*communautés*) should be elected along with the councils of member municipalities, so that some councillors are members of both.

Finally, the Comité has tackled the problem that, ‘after 25 years of decentralization’, the number of people employed by the state, far from being reduced, has increased (see Table 2.3, line 2), and proposes that state field offices be abolished.<sup>14</sup>

It remains to be seen whether, when and to what degree these and other reform proposals will be put into practice. A framework bill is expected in September 2009 to implement most of them. The government has undertaken to reorganize its field administration, but it is highly unlikely that it will be abolished, depriving the state of major capacities for implementing national policy (Marcou, 2009).

### **Functions of Municipalities (*Communes*)**

Rooted in the historical ‘general competence clause’ (*clause de compétence générale*), municipalities (*communes*) have traditionally been responsible for matters of local relevance and ‘closeness’ (*proximité*), in particular ‘voluntary’ social assistance and social services (*aide sociale facultative*,

which is meant to complement *aide sociale légale*) for which the *départements* have been responsible at the local level since 1982. In many places, *communes* have been involved in operating ‘centres communaux d’action sociale (CCAS)’, which are municipal public-law corporations for the provision of local social services.

Traditionally, the *communes* have also been responsible for providing public utilities (‘public services of industrial and commercial character’, *services publics industriels et commerciaux*, SPIC). Owing to the lack of operational resources, many municipalities have largely ‘outsourced’ (*gestion déléguée*) service provision since the nineteenth century (water, electricity etc.) (see Lorrain, 1995; and Chapter 10 in this volume).

Although some competent observers have described the *communes* as having been ‘forgotten’ (*territoires oubliés* – Borraz, 2004), international comparative data on per capita spending show that they have achieved a respectable functional profile (see Table 2.3). In 2005, French *communes* spent an average €1211 per head of population, less than their German counterparts (€1498) but more than Italian municipalities (€1040). It should also be noted that per capita spending by French municipalities is almost twice that of *départements* (€790), which have often been considered the prime beneficiaries of decentralization, playing a functional role similar to that of the *Landkreis* in Germany.

It should be taken into consideration that in some respects, especially socioeconomic, France is a country of ‘two speeds’ (*à deux vitesses*), with economically active and prosperous metropolitanized and urbanized zones in strong contrast to peripheral and rural areas. Average per capita spending in big and middle-sized cities, particularly in *communautés urbaines* and *communautés d’agglomération*, can plausibly be assumed to be much higher, whereas rural *communes* are often socioeconomically and administratively deficient, constituting an ‘administrative wasteland’ (*véritable friche administrative* – Jegouzo, 1993).

## **Personnel**

The entire local government sector (*communes*, *départements*, *régions*, as well as the intermunicipal bodies) employs about 33 per cent of total public sector personnel (late 2006; see DGCL, 2008), while 51 per cent are still employed by the state (including teachers) and 19 per cent work in the public hospital sector (see Table 2.3). Within the local government sector, some 70 per cent are municipal employees, an indication of the functional importance of municipalities compared with *départements* (18 per cent). The proportion of public sector personnel employed by intermunicipal bodies (especially *communautés urbaines*) has risen to some 10 per cent.

Notwithstanding the decentralization of France's intergovernmental system, the percentage of state personnel has remained as high as 51 per cent (see Hoffmann-Martinot, 2003, pp. 159 ff.). This reflects the persistence of the 'Napoleonic' state tradition and 'dualism' (*dualisme*) under which central government continues to carry out 'its policies directly on the local level' (Marcou, 2004, p. 239).

While the other three countries under discussion have reduced public sector personnel at all levels of government over the past 15 years (particularly in Germany), the public sector workforce in France has grown by 13 per cent (see Table 2.5). Whereas decentralization can plausibly explain a 15 per cent increase in local government personnel, the 7 per cent increase in the state workforce is remarkably high.

## ITALY

### Central State Level

Following the collapse of the Fascist regime after the war and the abolition of the monarchy by general referendum, a democratic Italy was established by the constitution of 1948 in the 'Napoleonic' tradition of the unitary state, a 'one and indivisible' (*una e indivisibile*) republic in obedience to the 'unitary' (*unitario*) principle that 'all citizens have equal social dignity and are equal before the law'<sup>15</sup> and committed to 'political, economic and social solidarity'.<sup>16</sup> On the other hand, formally abandoning the centralist tradition, the constitution of 1948 established a decentralized structure based on newly defined regions (*regioni*), provinces (*province*) and municipalities (*comuni*), of which the constitution undertook to 'recognize and promote the local autonomy'.<sup>17</sup>

Of the two types of regions (*regioni*) stipulated, the five 'special statute regions' (*regioni a statuto speciale*) and the 15 'ordinary statute regions' (*regioni a statuto ordinario*), only the former, based on cultural, geographical and ethnic particularities, were created at brief intervals,<sup>18</sup> whereas the step-by-step-establishment of the latter took until well into the 1970s.

Italy embarked on real decentralization and regionalization only from the 1990s, when the collapse of the scandal-ridden political party system opened the door to profound political and institutional change that was finally engineered in the late 1990s under a centre-left coalition. The so-called Bassanini reform of 1997 (Law no. 59) prepared the ground for 'administrative decentralization' (*decentramento amministrativo*), the transfer of state functions to regions, provinces and municipalities. The constitutional breakthrough came with the constitutional reform of

2001, which declared that the republic consisted ‘of the municipalities, the provinces, the regions and the State’,<sup>19</sup> thus putting the three sub-national levels on a constitutionally equal footing with the state. The most important move and novelty of the 2001 constitutional reform was probably to have constitutionally elevated and upgraded the *regioni*, in particularly endowing them with legislative powers in their own right – in contrast to France, where the regions have retained ‘ordinary’ local government status. It is especially this regional administrative and legislative autonomy that has transformed Italy into what has been called ‘a quasi-federal state’ (Bobbio, 2005, p. 29). However, the ‘unitary’ nature of Italy’s post-1947 governmental system has continued to be emphasized by certain influential authorities, not least the constitutional court (Corte Costituzionale).<sup>20</sup>

The Constitution (Article 117) distinguishes between ‘exclusive’ competences (*legislazione esclusiva*) vested in either central or regional government and ‘concurrent’ legislative powers (*legislazione concorrente*). Under concurrent powers in relation to matters enumerated by the constitution, the central government level may define the framework and the ‘essential level’ (*livello essenziale*) while regional legislation fills in the details (see Balboni, 2007; Balboni et al., 2007). This constitutional arrangement is fraught with tensions – typical of a federal, quasi-federal or regionalized system – between the ‘unitary’ (*unitario*) principle and correlations such as ‘equality’ (*uguglianza*) and differences and disparities as defined by regional legislation. Such tensions also arise between Italy’s Napoleonic unitary tradition and the political will and competence of the regions to define matters for themselves. The frictions inherent in Italy’s new and developing quasi-federal system have surfaced in a number of decisions by Italy’s constitutional court, which, ruling on regional legislation containing regional differentiations and disparities, proved a staunch advocate and guardian of a unitary interpretation, declaring such regional legislation unconstitutional<sup>21</sup> (for a detailed account and analysis of this controversy see Groppi, 2008).

### ***Regioni***

The 22 regions (five special statute and 15 ordinary statute regions – the latter becoming ‘operative’ only in the late 1970s) differ substantially in size<sup>22</sup> and population,<sup>23</sup> with a deep economic divide running between them, especially between those in northern and southern Italy.<sup>24</sup>

In 2000, the direct election of regional presidents was introduced, lending political momentum to the regions in the intergovernmental setting. The constitutional reforms of the early 2000s, giving quasi-federal

status to the regions, endowed them with important intergovernmental powers and responsibilities.

In particular, they have the right to fill in the framework legislation (such as *livello essenziale*) passed by central government. This has produced significant variance between regions as to whether and how each has made use of its legislative competence. Furthermore, the regions have come to play an important role in financing and coordinating policy in the subnational space. By contrast, the administrative tasks assigned directly to the regions are limited, as indicated by the fact that only about 4 per cent of public sector personnel are employed by the regions (see Table 2.2).

The functional profile of the *regioni* was greatly broadened in 1995 when they were assigned major financial, regulatory and coordinating responsibilities in running the national health service (Servizio Sanitario Nazionale, SSN).

Health care is a case in point. In 1978, the SSN, a major policy innovation, was introduced in the form of a tax-based ('Beveridgean') public health system, *tutela della salute* (see Chapter 6 in this volume). It is under the supervision of the national ministry of health and operates through 171 local public agencies (*aziende sanitarie locali*, ASL) and independent public hospitals, while the regions play a key role in regulating and also co-financing the system. While the central government defines the 'essential level' (*livello essenziale*) of health care provision,<sup>25</sup> detailed regulation is largely left to each region. In employing their regulatory discretion, the regions show significant interregional differences, which has evoked political and judicial controversy about the constitutional compatibility of such disparities.<sup>26</sup>

Operating the SSN is a major financial commitment for the regions, reflected by the average per capita spending of €2320 as compared with €1040 by *comuni* (see Table 2.4). Eighty-four per cent of *regioni* spending is current expenditure (see Dexia, 2008, p. 411), primarily – it can plausibly be assumed – on health care.

From the organizational and staffing point of view, the SSN is a self-standing structure, including local ASLs and independent hospitals employing some 20 per cent of public sector personnel, counted separately for statistical purposes from regional and local government (see Table 2.2, line 3).

While the regions have thus gained significant functional salience, particularly in connection with the SSN, many consider that they have largely failed to meet the great expectations set for them in the early 1990s as agents for revitalizing democracy and for renewal in the subnational space (see Balboni, 2007, p. 4).

**Province**

The 106 *province*, with an average population of 550 000, were established in 2000<sup>27</sup> as a new level of local self-government with an elected council and directly elected president, while continuing in the Napoleonic tradition to serve as the lower administrative level for deconcentrated state administration under the direction of the central-government-appointed prefect (*prefetto*). Employing 13 per cent of local government personnel, less than 2 per cent of the public sector workforce (see Table 2.2, line 3), and spending an average of only €200 per capita (see Table 2.3), the provinces (*province*) have remained ‘the weakest link in the chain of local government in Italy, enjoying the scantest powers and feeblest popular support’ (Balboni, 2007, p. 3).

**Comuni**

Italy counts 8101 municipalities (*comuni*) with an average population of 7270. Seventy-one per cent have fewer than 5000 inhabitants and only 1.8 per cent more than 50 000 (see Table 2.1). While fragmentation is enormous in northern Italy (‘pulverized municipalities’, *comuni-polvere*), municipalities in the South are much larger (see Dexia, 2008, p. 404).

In 1990, national legislation was introduced to encourage the voluntary amalgamation of municipalities and provinces. But the results were ‘derisory [as] the number of municipalities has not decreased and the number of provinces has even increased’ (Bobbio, 2005, p. 38).

In 1993 the direct election of mayors (*sindaci*) was introduced, which has all but ‘revolutionized’ local politics (see *ibid.*, pp. 40 ff.).

**Functions of Municipalities**

The provision of social services is a responsibility of Italy’s *comuni* that dates back to medieval times and was mostly met by local charitable organizations, primarily affiliated with the Catholic Church (for a recent excellent historical overview and analysis see Marzanati, 2009). This essentially charity-based scheme was confirmed by the *Legge Crispi* of 1890, which remained in force practically until the national legislation of 2000 (see Balboni, 2007; see also Bönker, Hill and Marzanati, Chapter 4 in this volume). As the latter has so far failed to define county-wide, binding ‘essential levels’ (*livelli essenziali*), it has largely remained up to the regions to adopt and apply schemes of their own. Again, this has produced considerable inequalities between regions and municipalities.<sup>28</sup>

Social services are delivered locally partly by local authorities themselves,



particularly in the case of larger cities. For the most part, however, they continue to be delivered by non-profit (charitable) providers in line with the traditional pattern (see Bobbio, 2005, p. 43).

The provision of public utilities (water, sewage disposal, waste management, public transport, energy) has also been a time-honoured local government task in Italy. Traditionally, municipal corporations (*municipalizzate*) were established, often with a multi-utility profile, to provide public services (for details see Chapter 10 in this volume).

Whereas decentralization has significantly changed the intergovernmental position of regions since the early 2000s, raising them to quasi-federal status, the continuing fragmentation of municipalities and the 'the extreme discrepancy in scale between the large communes and the thousands of small rural communes' (noted by Norton, 1994, p. 203) has proved an obstacle to effective strengthening of the municipal level, leaving them in a territorially 'pulversized' (*polvere-comuni*) and functionally weak state.

The limited functional profile of municipalities is reflected in comparatively low per capita spending: €1040 compared with €1211 in France and €1498 in Germany (see Table 2.3).

### Intermunicipal Bodies

Responding to the high degree of territorial fragmentation, particularly in northern Italy, the *comuni* have resorted to various forms of intermunicipal and inter-organizational cooperation to cope with tasks beyond the individual municipality's range and capacity.

Intermunicipal bodies (*consorzi*), both single-purpose and multi-purpose (comparable to France's *syndicats*) have become a familiar and much-used feature of intermunicipal cooperation in the subnational space (for details see Norton, 1994, pp. 205 ff.). Because municipalities in the North tend to be small, *consorzi* are much more numerous there than in the South, for example in Puglia, where municipalities are considerably larger.

Central government has encouraged intermunicipal cooperation by providing a legislative framework (141/1990 and the 267/2000)<sup>29</sup> (on the following see Dexia, 2008, p. 409).

Framework legislation proposes several forms of intermunicipal cooperation, including unions of municipalities (*unioni di comuni*) (somewhat similar to French *communautés*) and mountain communities (*comunità montana*).

Between 2000 and 2008, the number of voluntary *unioni di comuni* rose from 50 to 278, covering over 3.9 million inhabitants and 1240 member municipalities. *Comunità montane* are meant to promote the development of mountain areas by sharing management structures among several municipalities.

There are currently 356, covering 10.8 million inhabitants and 4201 municipalities. All these and similar organizations are financed by the contributions of member municipalities and fees collected for services provided.

In 1994, national legislation (*Legge Galli*) was adopted to overcome territorial and organizational fragmentation in water supply by creating so-called 'agencies of optimal territorial scope' (*autorità di ambiti territoriali ottimali*, ATO) (see Chapter 9 in this volume). The ATOs can be seen as a conceptually innovative variant of mandatory intermunicipal cooperation of the *consorzi* type designed to put water supply on a territorially, technically and economically optimum footing. As of 2006, 91 ATOs, generally covering *province*, have been put in place (see Chapter 9 in this volume). In 2006, the ATO scheme was extended to waste management (see Ianello, 2007; Citroni and Lippi, 2009; see also Chapter 7 in this volume).

By 2003, a total of 87 per cent of municipalities managed their services through a form of intermunicipal cooperation (see Dexia, 2008, p. 409).

### **Personnel**

Although Italy has engaged in decentralization since the 1990s, the share of local government personnel (*comuni* and *province*) in total public sector personnel amounts only to 14 per cent, significantly less than in the other countries. At the same time, the share of central government in the public sector workforce is still 54 per cent (see Table 2.2, line 3), leaving aside the 20 per cent share of the health sector (SSN). This figure, higher even than in France (51 per cent), relates to the persistence of a Napoleonic and dualist governmental tradition, with subnational central and local government structures persisting side by side.

In recent years, the public sector workforce has been shrinking in Italy, probably in reaction to budgetary pressures. Cutbacks in local government personnel (minus 16 per cent) have been even higher than in central government employees (minus 11 per cent), suggesting that decentralization has not only been stagnating but even receding.

### **Cooperation in the Subnational Space**

Since decentralization has, however, deprived central government of a great deal of clout, and networks of lower-level actors have expanded, coordination in the subnational arena has been an increasingly important issue in Italy, too. As in France, 'one of the most characteristic features of the decade was the development of contracts between public administration (local governments, regional governments, ministries and other public agencies) to put in place projects of joint interest' (Bobbio, 2005, p. 39).

Such agreements have been concluded between different levels and actors, such as central and regional governments (*intese istituzionali di programma*) or to establish 'territorial pacts' (*patti territoriali*) between municipalities, public authorities and private stakeholders (for details see Bobbio, 2005, p. 39; Norton, 1994, p. 161).

## UK/ENGLAND

### Central Government

The UK emerged over time in a series of territorial enlargements. England annexed Wales in 1536 and united with Scotland in 1707 to form what was called Great Britain. In 1801 Ireland was added to the other three parts to constitute the United Kingdom (UK). Throughout this development, the country was ruled by a unitary government embodied in 'Crown in Parliament' and based on parliamentary sovereignty – with the Crown presiding 'over a multi-national kingdom' with 'four nations under one Crown' (Rose, 1982, pp. 6 ff.). Scotland, in particular, has retained important differences from England since union in 1707, maintaining separate legal, educational and local government systems. This means that the description of the system of government in the UK as 'unitary' needs to be understood in relative terms. Eighty-five per cent of the UK population live in England, 9 per cent in Scotland, and 5 per cent in Wales.

Notwithstanding the underlying multinational scheme, the UK has shown a conspicuous 'anti-territorial bias' (Sharpe, 2000, p. 70) over the centuries when it came to establishing administrative functions at the regional level. Unlike most continental European countries that adopted the Napoleonic concepts of prefect and prefecture at the regional level, the British government refrained from creating such functionally comprehensive, territorial administrative units. Instead, (central) government departments were administratively responsible for the entire country. Government departments operated at the subnational level through a structure of regional offices differently defined for each department without any attempt at institutional or territorial coordination (see Chandler, 2001, p. 29).

### 'Quasi-federalization', Regionalization

It was only in 1997 that the newly elected New Labour government embarked upon a radical programme of 'devolution' for Scotland, Wales and Northern Ireland, the outcome of which has been described as having

‘changed not just the content of the British constitution but its very nature: Britain is now effectively a quasi-federal state’ (Wilson and Game, 2006, p. 81). The referendums that were to decide on the creation of ‘regional parliaments’ were held in September 1997, that in Wales succeeding ‘by the very narrowest of majorities’ (ibid., p. 84).

Following on from this devolution, the government was set to upgrade the political and functional status of the eight English regions. The aim was essentially to establish directly elected regional assemblies as the political precondition for substantive devolution. In line with the previous moves in Scotland and Wales, the decision to adopt this scheme was to be taken by referendum in each of the regions. When the first was held in the North East on 4 November 2004, it was rejected by an overwhelming majority of the regional electorate (see Wilson and Game, 2006, pp. 89 ff.). The government has since abandoned holding referenda in other regions for the foreseeable future.

Hence political decentralization in the UK has taken a strikingly asymmetrical course. While Scotland and Wales have obtained quasi-federal status, the eight English regions continue to be technical and administrative entities that essentially serve to implement central government policy (on planning, infrastructure etc.) in the subnational space (see Table 2.1, line 4).

### **Executive Agencies**

Following the ‘Next Steps’ Report of 1988, the Conservative Thatcher government introduced ‘executive agencies’. Basically devolving individual executive functions from Whitehall to self-standing administrative units, the agencies operate under powers delegated by ministers and government departments. They vary considerably, but all follow the standard model of an administrative unit headed by a chief executive personally accountable for performance against targets in a framework of delegated responsibility (see James, 2001, p. 17). Most agencies are funded by their parent department and, although required to publish separate accounts to be submitted to Parliament, these accounts are an integral part of the parent department’s accounts.

### **Local Government System**

Dating back to the Municipal Corporation Act 1835, England’s modern local government system underwent massive territorial reforms in 1888 and 1894, which, creating a two-tier (county/district) structure, laid the territorial and institutional groundwork for the Victorian model of local

self-government with its broad, multifunctional profile. While based on the ‘ultra-vires’ principle, reflecting the basic principle of parliamentary sovereignty (see Stewart, 2000, p. 37) and according to which a local authority may exercise only those responsibilities explicitly assigned to it by parliamentary legislation, local authorities have come to be endowed with a wide range of local tasks, including social services (following in the ‘poor-law’ tradition), primary and secondary health care, education and public utilities (energy, water supply, waste management etc.) (see Hill, 2003; see also Chapter 4 in this volume).

Functions were distributed between central and government relations to constitute a ‘dual polity’ (Bulpitt, 1983), with central government responsible for ‘high politics’ (foreign policy, trade policy, legislation) and local authorities in charge of ‘low politics’, an array of local responsibilities in accordance with parliamentary legislation. Local authorities enjoyed a significant degree of autonomy not least because they had had the right since 1835 to levy local taxes (the legendary ‘rates’) to cover expenditure.

This Victorian phase (‘golden age’; Norton, 1994, p. 352) of English local government, so admired by other European countries, lasted well into the 1930s. Since then the traditional local government system has undergone fundamental changes in both functional and intergovernmental status.

The first major shift came after 1945 when the functional model was largely redefined in developing the national welfare state. Local government lost some historical responsibilities, which were ‘nationalized’, that is, transferred to state agencies.

- Health care was taken over by the National Health Service (NHS), established in 1948 (and reorganized in 1974) as a autonomous public agency, leaving local authorities with responsibility only for environmental health.
- In 1948, responsibility for social assistance (social benefits) was transferred to the new National Assistance.
- In 1947, local power plants and private energy companies were transferred to a single nationalized industry. In 1957, a unified public system for the generation and transmission of electricity across the UK was created.
- In 1974, water supply – another traditional local government task – was transferred to new, regional water authorities.

On the other hand, local responsibilities have been greatly expanded in education, social services and social housing. From being an active producer of public utilities (electricity, gas, water etc.), British local

governments now became primarily social service providers, supporting and implementing central government policy on social services (Chandler, 2001, p. 53) and education.

The next radical change took place after 1979 under the Conservative Thatcher government, but also after 1997 under the New Labour government, a combination and sequence of central government measures that cannot be dealt with in detail at this point (see Wilson and Game, 2006, pp. 353 ff.; Wollmann, 2008b, pp. 131 ff.). They included:

- Curtailment of traditional local authority budgetary autonomy.
- Reduction of local government responsibilities and the influence of local government by outsourcing service delivery (compulsory competitive tendering) and ‘quangoization’ – creation of quasi-non-governmental organizations (‘quangos’) to carry out public tasks outside local government proper (see Skelcher, 1998, 2005). Some 5000 such organizations were established at the local level (for an account see Wilson and Game, 2006, pp. 143 f.).
- Strengthening direct central government intervention and control over local government operations, for instance in local planning (see Wollmann, 2008b, pp. 227 ff. for an account).
- The introduction under New Labour of a central-government-defined and-controlled performance management regime (‘best value’ etc.) to monitor local government operations (see Wilson and Game, 2006, pp. 361 ff.).

In short, England has been transformed ‘from a unitary de-centralised into a unitary highly centralised country’ (Jones, 1991, p. 20).

### **Territorial Reform**

In response to rampant industrialization and urbanization, England embarked, as early as 1838 and 1894, on large-scale territorial and organizational reform of local government without parallel in contemporary Europe. While in England an entirely new two-tier structure (counties/districts) of elected local councils was created and the traditional parishes practically eclipsed, other European countries retained the small-scale format of towns and parishes within centuries-old boundaries. This ‘separated developments in England from much of Europe where the commune remained the basic unit of local government’ (Stewart, 2000, p. 31).

In 1974, a further major round of local government territorial and organizational reform raised the average population of districts/boroughs to 130 000 and of counties to 700 000 (see Norton, 1994, p. 40). This was

again in strong contrast to other ‘North European’ countries, which had also introduced territorial reforms during the 1960s and 1970s, such as Sweden (where the average population of municipalities rose to 31 000) and in some German *Länder* (see above), let alone to ‘South European’ countries like France and Italy, where, in the absence of territorial reforms, small local government entities were retained. In subsequent territorial and organizational reforms, the 36 single-tier metropolitan councils/districts (comprising most big cities) were restored in 1986 and a growing number of unitary authorities was created from the 1990s, combining county and borough functions and covering most of urbanized England (for details see Wilson and Game, 2006, pp. 64 ff.; Wollmann, 2008b, pp. 64 ff.; see also Table 2.1, line 4).

The demographic and territorial format of local government in England as it has developed notably since 1976 has been criticized for ‘sizeism’ (Stewart, 2000, p. 66), for demographic ‘oversize’ which, in the judgement of many observers, has a great deal to do with the participatory and democratic shortcomings of English local government, for instance low identification of local citizens with their locality and low voter turnout.

The local government system comprises (see Table 2.1, line 4):

- 34 (two-tier) counties
- 36 (single-tier) metropolitan counties/districts
- 46 (single-tier) unitary authorities
- 238 shire districts/boroughs (within two-tier counties)
- 33 London boroughs (within the two-tier Greater London Authority)
- The (two-tier) Greater London Authority.

## **Functions**

Notwithstanding functional curtailment after 1979 (outsourcing, quantization etc.), local government ‘still is very big business’ (Wilson and Game, 2006, p. 118).

This is evidenced by comparative data on local government expenditure (see Table 2.4, column 4). Measured by local government per capita expenditure (€3930) and by share of local expenditure in total public sector spending (29.5 per cent), English local authorities have a much higher functional profile than French, Italian and German authorities (in Italy and Germany excluding *regioni* and *Länder*). Expenditure (see Table 2.3, column 4) is highest on education (30 per cent) and social security (29 per cent).

## Personnel

Only 16.8 per cent of public sector personnel are employed by central government as compared to 56 per cent by local government. Twenty-six per cent work in the National Health Service (see Table 2.2, line 4). Hence, notwithstanding functional losses, local government is still 'very big business' (Wilson and Game, 2006, p. 118).

Counties have the largest share (with 36), followed by metropolitan councils (comprising big cities) with 25.6 per cent, and unitary authorities (in urbanized areas) with 19 per cent.

Over the past decade or so, there have been major cutbacks in public sector employment – with central government taking a conspicuous lead, with a reduction of 36 per cent between 1990 and 2003, followed by local authorities with a 5 per cent cut. The NHS, in contrast, saw a steep, 16 per cent increase in personnel (see Table 2.5, line 4).

## NOTES

1. '... ist ein demokratischer und sozialer Bundesstaat'.
2. With the important exception of the Federal Agency for Labour.
3. The comparative ranking looks different if the two local government tiers in the individual countries are counted together. Then the UK local government levels come first, followed by Italy, France and Germany. The picture and ranking change again if one adds up the subnational levels. In this perspective Germany tops the list (with the *Länder* looming large) and France trails the field (see the data in Table 2.4).
4. In interpreting these at first sight strikingly high reduction rates, it should also be taken into account that, as a result of 'corporatization' (see Chapter 10 in this volume), a significant share of local government functions have in the meantime been transferred to organizationally self-standing (still municipally owned) corporations whose personnel are, in statistical terms, not counted as local employees proper.
5. '*La République . . . son organisation est décentralisée*', article 1, as amended by the constitutional law of 28 March 2003.
6. Article 72, section 5, constitution 2003: '*Aucune collectivité territoriale ne peut exercer une tutelle sur une autre.*'  
<sup>9</sup> Article 72, section 3: '*Dans les conditions prévues par la loi, ces collectivités s'administrent librement par des conseils élus et disposent d'un pouvoir réglementaire pour l'exercice de leurs compétences.*'
7. In Table 2.3 the expenditure data pertain to the 'subnational levels', that is, in the French case, to all three levels. The spending on 'social protection' essentially relates to the *départements*.
8. The Conseil Constitutionnel, which was called upon to decide on the constitutionality of the amended RMI legislation of 2003 (on the grounds that it violated the principle of nationwide equality, *égalité*) ruled on 18 December 2003 that it did not recognize any incompatibility between the constitutional imperative of *égalité* and the constitutional principle of 'self-government/administration' (*libre administration*).
9. For an intriguing historical analysis of the origin and persistence of the traditional 'anti-associational' and 'anti-clerical' bias social policy which amounted to a 'principle of inverse subsidiarity' (*principe de subsidiarité inversée*) see Archambault (1996), p. 17.



10. See Comité Balladur (2009), Comité pour la réforme des collectivités locales, [www.reformedescollectiviteslocales.fr/propup/?mode=news&id=75](http://www.reformedescollectiviteslocales.fr/propup/?mode=news&id=75).
11. See proposition no. 11.
12. See proposition no. 8.
13. See proposition no. 9: '*permettre aux intercommunalités de se transformer en communes nouvelles en redéployant, en leur faveur, les aides à l'intégration des communes*'.
14. Proposition no. 13: '*Plus d'un quart de siècle après les grandes lois de décentralisation l'Etat n'en a pas encore tiré les conséquences en termes d'organisation de ses services déconcentrés*'.
15. '*Tutti i cittadini hanno pari dignità sociale e sono eguali davanti alla legge*'.
16. '*... politica, economica e sociale solidarietà*'.
17. '*... riconosce e promuove le autonomie autonomie locali*'.
18. Sicilia, Valle Aosta, Friuli-Venezia, Trentino-Alto Adige/Südtirol.
19. '*La Repubblica è costituita dai Comuni, dalle Province . . . , dalle Regioni e dallo Stato*'.
20. See Schefold (2007), p. 27. Notwithstanding the broad legislative competences assigned to the regions (*regioni*), the Constitutional Court, in a ruling of 20 April 2002, has typically refused to call the regional assemblies 'parliaments' as this term is reserved for the national parliament of an, in the Court's view, essentially 'unitary' (*unitario*) state. See also the following note.
21. See, for instance, the ruling handing down by the Constitutional Court in 2007 (sentenza n. 365 del 2007): 'It is well known that the debate in the Constituent Assembly was absolutely firm in ruling out concepts that might be related to models of the federalistic type or even federal type' ('*E ben noto che il dibattito costituente . . . fu assolutamente fermo nell'escludere concezioni che potessero anche solo apparire latamente riconducibili a modelli di tipo federalistico o addirittura di tipo confederale*') (quoted from Groppi, 2008, p. 1, n. 1).
22. Between 3300 km<sup>2</sup> in Valle Aosta and 25 800 km<sup>2</sup> in Sicily.
23. Between 124 000 in Valle Aosta and 9.5 million in Lombardia.
24. In 2004, per capita GDP in the richest regions was 65 per cent higher than in the eight poorest regions in the Mezzogiorno (see Dexia, 2008, p. 404).
25. The current definition of essential-level assistance in health was issued by Decree of the President of the Council of Ministers of 29 November 2001 (see Balboni, 2007, p. 8).
26. See above, note 22.
27. *Testo unico delle leggi sull'ordinamento degli enti locali*, Tuel.
28. In 2003, in social service provision, the per capita expenditure was, on average, €91.3: it amounted in the richest region (Autonomous Province of Bolzano) to €417.4 and in the poorest (Calabria) to €26.9 (see Balboni, 2007, p. 7).
29. *Testo unico delle leggi sull'ordinamento degli enti locali*, Tuel.

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