ALL-PARTY PARLIAMENTARY GROUP
FOR DISTRICT COUNCILS

MINUTES OF PROCEEDINGS

at a

PARLIAMENTARY HEARING

held in

Committee Room 20, Houses of Parliament, London SW1A 0PW

on

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Before:

Mark Pawsey MP, in the Chair
Professor Colin Copus, De Montfort University
Matthew Hamilton, District Councils' Network
Nigel Mills MP
Baroness Pinnock

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THE CHAIRMAN: Good afternoon, ladies and gentlemen, and welcome to the third evidence session of the All-Party Parliamentary Group on District Councils taking evidence in our inquiry about collaboration between district councils and between district councils and other bodies. We have already had two sessions. The first one focused on how district councils can work together between themselves. We took evidence from councils that are not necessarily contiguous to one another, which was very interesting in our session one. In our last session a couple of weeks ago we took evidence from district councils on how they work with other bodies. So far we have had a combination of both officers and elected representatives talking to us and giving us the benefit of their knowledge and advice.

When I was a councillor—and I think each of us on the panel has at one time been a councillor—something that struck me often was as a council we spent a lot of our time kicking ideas around and working out how to do things, but very rarely thought, "Let's see what is happening in neighbouring authorities or another organisation. Let's see how they go about doing things". This session is borne a little out of that experience in that we thought it would be useful to find out what happens in an international context.

We have six witnesses before us today. Thank you very much for travelling to come to speak with us. We will be very interested to hear what your evidence tells us about what happens in your respective countries.

We have a couple of other MPs who will be joining me on the panel and coming and going. Baroness Pinnock may have to leave us for votes and it may well be that there will be votes in the House of Commons as well. You will hear bells ringing. I am sure you have been here before. That is not anything untoward but at that stage we will need to run downstairs, do our duty in the lobbies and then come back.

With that bit of housekeeping I would add that we have one final session in our evidence sessions which will be taking place on 28 March. We will then draw up a report and we will be very keen to show you some of the conclusions that we draw.

First, starting on my left, perhaps you could tell us where you are from, a little about the structure of local government in your country and we will then move on to the question-and-answer session. May I say to my colleagues if there is a question you want me to come to you on please indicate and at the same time if there is an obvious question that you are asked where you have some particular knowledge or expertise, please indicate to me and I will make sure we get a full discussion.

It is important to also say that we are recording today's session and we have a lady here who is taking a verbatim note of what is said. That will go into preparing a report. I need to say thank you to Colin Copus and his team from the Local Governance Research Unit at de Montfort University, who have been helping us by preparing a brief and will be helping us by drawing up a report. I would add we have a date for presenting the report. I think it is a date in May. We have had a commitment from the Secretary of State for Communities and Local Government to come and speak to our report when we come to present it. We have promised him an early sight of the report and it will be very interesting to get his response to the conclusions that we draw as a consequence of what we hear.

Mr Inglesias, perhaps you would tell us a little bit about your establishment, the structure of local government, and we will work our way across and then come up with questions.

ANGEL IGLESIAS: Thank you very much for the invitation. As regards Spain, we have more than 8,000 municipalities within the country with huge differences among them. Obviously, local government is embedded in a larger political system in which we have central government, regional government—the so-called autonomous communities—provincial government and, finally, municipalities. As I said before, there are many differences depending on the region of Spain, but the problem we have in general terms is that our municipalities are very small in size. Therefore, in order to deliver and design and implement local policies they have to collaborate. Apart from those 8,000 municipalities we have some 995 inter-municipal co-operation bodies and as from today I can say that the experience is a positive one. The main reason is that we have had a culture of collaboration mainly because of this multi-level governance system made up of four levels of government. Municipalities not only have to collaborate between themselves; they also have to collaborate with provincial, regional and central government. How much time do I have? Is it just an introduction because I could go on and on into municipal co-operation?

THE CHAIRMAN: That is what we want to hear about but we will pick out questions I think. Dr Vakkala?

DR HANNAH VAKKALA: I am Hannah Vakkala. I come from the University of Lapland. That is in Rovaniemi in the north of Finland. It is an honour to be here today. Thank you so much for the invitation.

At the moment in Finland we have 311 municipalities. There is a huge reform coming up. I will get back to that later. At the moment the municipalities organise public services. They have wide responsibilities and their tasks also include collaboration at a regional level with regional councils in economic development, for example. But of course, like in many other European countries, expenses are increasing at a local level. The expenditure in social and healthcare services have risen, so for years already co-operation between municipalities at county level has been financially and organisationally sensible and reasonable.

In Finland we have two main ways of collaboration: statutory and voluntary. It varies from a single provider of services to large joint municipal authorities, in healthcare for example. These joint authorities are governed by municipal legislation and they are independent legal entities steered by a joint council; not the municipal councils together but a joint council. Voluntary co-operation however takes many forms. It gives a flexible way to ensure services and cut costs, too. However, in Finland we have really strong local autonomy in municipalities, so the greatest difficulty for collaboration has been attached to political steering and mutual dependency between partners. This raises fears and doubts. Networks are accepted but only as long as collaboration stays at the general level. When it becomes deeper, gets more concrete and creates solutions that would affect municipalities' finances(?) or service production then criticisms are raised. However, in statutory collaborations—the joint municipal authorities in healthcare and special healthcare hospitals for example—the weakest link has been organisational borders between organisations and between different levels of healthcare. This is the problem that the Government and our current Prime Minister Sipilä are now tackling and they have proposed a reform of social and healthcare and regional government to put them all together at a regional level. This is going to be the biggest reform since the municipalities have been established so it will strengthen power at the council level. We are waiting to see what happens.

THE CHAIRMAN: Dr Quinlivan?

DR AODH QUINLIVAN: It is a pleasure and privilege to be with you today. Just to provide some context, the financial crash in 2008 had a profound effect on local government in Ireland. Unsurprisingly, the focus was placed on rationalisation, cost cutting, economies of scale and less so on issues such as local democracy, citizenship and participation. Staffing levels have been cut by 24% since 2008. Cost savings of around €900 million have been found as well. An entire tier of local government was abolished with the removal of our town councils. We went from two tiers to one and from 114 local authorities to 31; a 73% reduction. The number of councillors was nearly halved. Amalgamations and mergers were initiated. As a result of this slash and burn approach, our system, already highly centralised, became even more so, all of which might lead you to conclude that there is not a lot to be learned from Ireland. However, necessity being the mother of invention, a lot of local authorities have been quite innovative in recent years despite barriers in their way. Like most countries, and like Finland, this has been a combination of voluntary effort—that is councils coming forward themselves and initiating something—and compulsory effort where something is demanded by central government.

In some cases arrangements were very loose and informal and they have become more formal and institutionalised. A lot of the original informality stemmed from our irregular pattern of county boundaries intersecting with the equally irregular pattern of our road network, and so practical arrangements were made when roads weaved in and out of county boundaries. One part of the small peninsular of Galway Bay is in Country Clare and the peninsula is attached to the County Galway shore, so obviously they share

functions in that area. Some of our co-operative arrangements have come from attachment, tradition and history. On the more formal side the focus has been placed on back office functions and shared services. For example, Laois County Council now operates the payroll and superannuation function of virtually all of the local authorities.

There is a key distinction I would like to make—and we might come back to it later—and that is the progress we have made at the service and operational co-operation level and the lack of progress with regard to longer-term strategic co-operation in areas such as spatial planning. We have a report recently which spoke about the complete lack of co-operation when it came to issues around boundaries and conflicting policies and competition. I think competition in Ireland is a barrier to co-operation because the Irish local authorities are hugely financially dependent on commercial rates, therefore, it is all about what side of the boundary line a commercial development takes place, so the local authorities are competing rather than collaborating.

There is one interesting case though which ties back in with the idea of necessity being the mother of invention. The Government was looking at merging two local authorities Carlow and Laois, or at least shifting the boundary between them, and had commissioned a report. The two authorities came together and began to work very closely, which meant that the report concluded that the high level of co-operation between the two councils at both operational and strategic levels made a boundary extension or merger unnecessary. This is something I witnessed in France last year where I spent a lot of time. Economies were happy to cluster, to work together, enter into joint service agreements but no way would they allow themselves to be merged or abolished. Their identity and pride in the local area meant too much.

I have two quick final points. The Quadruple Helix is gaining prominence in Ireland where it is increasing collaboration between local councils, third-level educational institutions, business and civil society. There are success stories emerging all the time in terms of technology, economic development and job creation. I think the Irish councils have played a key role in lifting us out of recession.

The final point is regards trans-frontier co-operation. We have an All-Ireland Forum involving local authority managers from the Republic of Ireland and Northern Ireland to encourage co-operation. Some ad hoc arrangements have emerged over the years, for example, Donegal County Council shares a mobile library service with Derry, but this is an example of a cross-jurisdictional local authority co-operation and Brexit for example has the potential to make this kind of arrangement problematic if the hard border is reinstated.

Thank you for your time. I would be happy to answer some questions later on.

THE CHAIRMAN: Thank you very much. Simona Kukovic?

SIMONA KUKOVIC: I am glad to be here today with you and thank you for the invitation. I come from Slovenia and Slovenia is a very small country. It has only a little

more than 2 million people and a little bit more than 20,000 km^2. Slovenia is divided into 212 municipalities. The average Slovenian municipality has about 9,700 inhabitants. In Slovenia we have only one tier of local government so on the one hand it is central state government and on the other side municipalities, and there is not much love between them.

Since 1994, when there was a big reform of local government, the number of local municipalities in Slovenia has increased significantly. In 2014 at the last local elections, there were 212 municipalities, which means that the number of municipalities has increased by 342% in 20 years. Because there is no overall picture of small or large municipalities, of course there is a problem because all municipalities, regardless of their size, must perform the same tasks and have the same competencies. You can clearly imagine it: the smallest municipality has 240 inhabitants while the biggest, the capital city of Ljubljana, has more than 250,000 inhabitants but the same competencies and tasks. In recent years the possible merging of municipalities in Slovenia has been the subject of intense debate, especially among the politicians in the political arena because they have pointed out that a lot of municipalities, especially the smallest ones, cannot perform all these functions. Of course, Slovenian municipalities have found a way around it, so inter-municipal co-operation started here, especially since 2006 because the right-wing Government subsidised municipalities if they established a common municipal body. Right now we have 195 out of the 230 municipalities that are involved in at least one common municipal administration or common municipal body and this inter-municipal co-operation is seen as the way to avoid mergers or amalgamations in Slovenia.

THE CHAIRMAN: Thank you.

KRISTOF STEYVERS: Kristof Steyvers from Ghent University in Belgium. As you may know, Belgium is a country where there is an abundance of levels of government. We have three main levels of multi-purpose government, which is the federal or regional level with language communities and regions, and we also have a two-tier local government system consisting of ten provinces and 589 municipalities. I was going to say that was rather fragmented in terms of the number of municipalities but after hearing the Slovenian story, I do not dare to do so!

Our tradition is a southern European tradition where the range of functions that local government is conducting is rather limited. There is substantial central supervision but there is some good news for people representing local government because they can also partake in the Parliament. There is quite an extensive number of dual-mandate holders in Belgium. If that does not work, there are also party politics to work through.

It is the regions that are competent for local government. Also they can develop the constituency(?) framework on their local government and also on inter-municipal co-operation. The focus of my evidence will be mainly on Flanders, the region I come from, not only because I come from that region but because in that region I think you can reasonably say there is quite some dynamism in terms of inter-municipal co-operation.

There have been some changes and there is an ongoing debate on inter-municipal co-operation. Inter-municipal co-operation is situated between the first and second tier of local government, so between the municipalities and the provinces. It is also part of a wider layer of governance that is more area orientated where you have anything from co-ordination and deliberation that is voluntary up to structures that are imposed by the federal or regional government and where municipal governments have to partake or are obliged to partake.

As a last few words, there are three main lines that are being discussed. One of them is how we can legally anchor different forms of co-operation, from very light to heavier, and what kind of governance structure that implies. The second is how to ensure the democratic supervision of inter-municipal co-operation, especially for the councils who partake in it. The third is a little particular for Belgium, but I saw in the briefing you are discussing this as well, which is the kind of partners to involve and whether we should include private partners and private sector entities in municipal co-operation or wider forms of co-operation.

Those are the three main lines of discussion that are currently high on the agenda in Belgium.

THE CHAIRMAN: Thank you. Finally, Dr Linze Schaap from the Netherlands.

DR LINZE SCHAAP: Thank you very much. I also appreciate the invitation to come here and of course the fact that I have one and a half hours left for my contribution!

The Netherlands have a rather simple system, at least if you look at the constitution. The municipalities at the lower level number 387 at this moment. They play a rather significant role in almost every policy except of course foreign affairs and defence. There are 12 provinces mainly dealing with issues of physical planning, environmental policies and public transport. Then there is the national government, which goes without saying. In between we have the water boards, which are directly elected as well by the way. They are not multi-purpose bodies; they are responsible for water quality and water quantity. That probably sounds familiar because you also have parts of the country lying a little bit lower than sea level. That is why we have the water boards. The system is a uniform system. All municipalities have the same tasks, as in many countries, including Slovenia, so the smallest municipalities in the north, the romantic islands in the north have the same tasks as the larger cities of Amsterdam, Rotterdam, The Hague, et cetera. Uniformity is a characteristic of the system.

There are some developments. There has been significant decentralisation, I guess you would call it devolution, in 2015, especially of healthcare. Healthcare issues have been decentralised to the local level. There are some debates on further increasing the scale of at least municipalities and occasionally the scale of the provinces as well. I think in the Netherlands almost every solution to scale issues has been tried or at least has been discussed over the last 60 years. Few have been implemented, by the way.

That leads to the final thing I need to mention. Although we have a clear-cut system on paper, the practice is collaboration. Every municipality works together with, on average, some 20 other municipalities. The same holds to a certain extent for provinces and there is also multi-level co-operation.

A final point that I need to make that was mentioned by one of my colleagues is the development towards a more tripartite kind of co-operation and in some regions quadruple co-operation: with local businesses, universities and other institutions, sometimes with civil society, sometimes with significant citizen participation as well.

THE CHAIRMAN: Thank you for your introductions. One thing we have in common is it is something that is being looked at in all places. We have had two extremes: the big changes that took place in Ireland that were driven by finance and big ones that are about to happen in Finland. I would invite my colleagues to come in with questions first. Nigel?

NIGEL MILLS: I have two background questions to help my understanding. Dr Schaap, you said you have a uniform system in the Netherlands. To the rest of the panel: do you have uniformity across your country or, like here, do you have some areas with one council doing everything and some with two tiers? How many of you have uniformity? Belgium does, Finland does, Ireland does and Slovenia does.

SIMONA KUKOVIC: All municipalities have the same tasks, yes.

MR INGLESIAS: In Spain we have a general uniformity but because the regional governments have a say in local affairs, formal uniformity is, let us say, different depending on the region. There is a general law which is very broad and then the regional governments are able to legislate on local government so, formally speaking, there is uniformity, but in practice there is a lot of fragmentation.

NIGEL MILLS: It sounds wonderfully Mediterranean. Kristof?

KRISTOF STEYVERS: Could I add that in Belgium, especially in the region of Flanders, we are trying the carrot strategy now. That is to say, we are saying to municipalities, "If you amalgamate and if you become bigger you can have extra additional tasks and competencies". This is a very incremental slight step away from the uniform model. It is a way to move from co-operation to amalgamation. I guess it is more or less the same in the Netherlands?

DR LINZE SCHAAP: It is the rhetoric of give them more tasks if you amalgamate, if you have more scale, but it never happens.

NIGEL MILLS: My second question is: are your local governments self fund-raising? Do they have to raise local taxes to spend their money or do they get funding from central government or both? Perhaps if we start with Angel.

ANGEL IGLESIAS: In Spain, the local governments are very much dependent on central government funds and also regional funds. At the moment local expenditure accounts for more or less 12% of total public expenditure. They are not able to raise taxes other than small taxes and the collection of traffic fines and things like that. They are very much dependent on central funds. But not only that, local governments, obviously, are able to issue public bonds, finance and paid activities, but both the central and the regional governments could put a limit on that particularly now after the (?) case illustrated the measures imposed by the European Union and the International Monetary Fund. Those are issues which have mainly affected local governments.

DR HANNAH VAKKALA: In Finland it is both. Municipalities have a right to collect taxes, yes, but many small municipalities are also very dependent on state subsidies. It is accounted for according to how many sick people there are in the municipalities and how many elderly people to take care of, et cetera. So there are both.

THE CHAIRMAN: In your country health is a big part of local government?

DR HANNAH VAKKALA: Yes, it is. It is at the local level now but it is getting off.

DR AODH QUINLIVAN: Again, it is both. It works out at roughly 40% central government funding and 60% self generated, which sounds impressive at one level but the three forms of self-generating income, one is the local property tax, which just came in prior to 2008; one is development levies coming through planning permissions and then commercial rates. The commercial rates fell off dramatically after 2008 and so did development levies because there was no construction. When the Government introduced the local government tax, for the first two years they said, "We are keeping it", so we could have dispensed with the first word because it was not a "local" property tax, and since then they have allowed local authorities to keep 80% of what they raise in the local property tax. Central government decides to what level it will increase or decrease and they could decide next year that local councils keep 70% and the following year 60%. It is probably linked to the broader issue that Irish local authorities do not do a whole lot, so transport, tourism, policing, education, healthcare—none of those is a function of the local authorities so that is obviously linked to the financial discussion.

SIMONA KUKOVIC: In Slovenia it is the same as in Spain because the municipalities are under-financed, they collect only one tax of their own and they are highly dependent on central government funds.

KRISTOF STEYVERS: In Belgium, it is a combination that is more or less similar to the one you have heard in Ireland, which is about half of all the income, on average, is from local taxes. There is a supplementary tax if you have a property and income taxation. It is its own tax but supplementary to what the regional or federal government has said, which limits of course the authority of its own taxes. You have a municipal fund and lots of earmarked granting which together comprise about one-third of the income and the remainder of about 15% to 20% is fees, charges, dividends from the energy sector and utility sector where municipalities used to participate extensively. This

has now been reduced but they still get the dividends from those sectors.

DR LINZE SCHAAP: At local level about 40% comes from a general grant from central government, and "general" really means that and so the municipalities have a discretion to spend the money any way they want to—within the limits of the law of course. Slightly less than 40% are specific grants as well from central government, for policing, social subsistence and the like. And the rest—about 20%–is local taxation, property tax as well and miscellaneous sources of local income.

AMANDA MILLING: I have loads of questions so I will have to try to filter them into some order. I was fascinated by listening to the situation in Ireland, where you have had big reforms taking out a tier of local authority, then moving to Slovenia, where you have lots of them on a much smaller scale. I want to explore a little more how you got to where you did in Ireland and what the barriers are. I can hypothesise some of these but is there something to be said about a critical mass or scale in terms of a local authority where it does not make sense and therefore you need to make it bigger? I think you mentioned it, but to what extent did you redraw boundaries? Some of our boundaries go back a long way. I am not suggesting I get rid of my county before anyone suggests that, but you might not necessarily design them in the same way now as you did hundreds of years ago. To what extent is that an opportunity as well? I want to explore the real differences between your two models.

DR AODH QUINLIVAN: I suppose the starting point in Ireland, possibly similar to the UK, is a top-down model of local government, so a very highly centrally controlled system to begin with. For example, in 2013 we had a proposal to abolish the second national chamber. It could not have happened without a referendum because all of our governmental bodies are protected in the constitution and people voted to keep the Senate and yet local government is not protected in our constitution, so at the stroke of a pen a full tier of local democracy was removed without reference to the people. There is a fundamental lack of respect at the outset from central government to local government, particularly when it came to the abolition of the town councils. The Minister who abolished them said it is because they do very little and have no powers. That was a neat argument because government had gradually taken over those powers over the previous decade. It would have been fascinating whether people would have voted to keep the town councils. Had it gone to a referendum, I think they would have.

Historically, the towns in Ireland which had town councils had the swimming pools and had the libraries and were better resourced than towns that did not have them. There was quite a campaign in the other direction to return the town councils, to bring back a model of local democracy. Most of the political parties, including the party which ultimately abolished the town councils, are now talking about reinstating them. It has gone back and forth in some ways but the main barrier to co-operation in Ireland is the weakness of the system itself. It is that central mentality in contrast with what Linze was saying, the money that comes from central government to local authorities here is specific grants; it does not come as a block grant to say, "Spend it as you wish". It comes as specific grants to say, "You are spending it on this, this and this". There is very little local autonomy

and it makes it very hard for people to invest emotionally or otherwise in local government. There were no protests on the streets when the town councils were abolished and yet very many people now are saying, "It's a shame we did not realise the significance of the town hall because rather than having a town council in my area which could give €500 to the local football team or to the Tidy Towns committee now you have to go to a big body with 55 councillors and fight for that slice of pie. There is a growing realisation of that.

On the boundary issue, unfortunately, we have gone more for amalgamations. We have had a lot of reports about boundary extensions, but it is extremely problematic, partly because of issues of one local authority being accused of a land grab, and our county structure is hugely vested in history and, more importantly, our Gaelic games—hurling and football—so changing the boundaries is a very emotive issue.

THE CHAIRMAN: Can I ask on that whether the concern was an emotional one or an economic one? One of the issues we have come across is the emotional ties to place that people have. They may understand that services might be delivered more efficiently by bigger units but there is a lack of identity with bigger units.

DR AODH QUINLIVAN: I think it is more an emotional one for the people concerned. For central government, while they are happy to look at merging local authorities, ironically enough, they are not going to get involved in boundary extensions. They know politically that would be very, very problematic for them. Where I am from in Cork, there is a big debate as to whether the Cork County Council and City Council should be merging and there are particular problems there for a rural and an urban authority merging. Again they have commissioned loads of reports and the Government, and particularly the Department of the Environment, which is the central government Whitehall-type body involved, is really pushing an agenda to have few local authorities.

THE CHAIRMAN: Sorry, Amanda, I interrupted you.

AMANDA MILLING: Can we look at the other side of the coin which is just lots of municipalities but there is a reluctance and resistance to making them larger.

SIMONA KUKOVIC: Yes, in Slovenia, fragmentation started mostly because of the development of these smaller parts because when the municipalities that are today autonomous municipalities were a part of larger municipalities these parts were very under-developed. They stagnated and when they decided that they wanted to become autonomous municipalities, development increased a lot. This is especially so in rural areas. People stay there and there is no more migration to the larger municipalities in the cities, and this is how the rural areas are still alive and people still live there.

Of course, the problem is not only the lack of human resources in these smaller municipalities but mostly lack of financial resources. The problem is that central government—it does not matter if it is left or right—is not in favour of the devolution of powers, especially the current Government which wants to merge these smaller

municipalities, but in terms of local democracy this is actually impossible because people will fight for these small municipalities. They are very connected.

AMANDA MILLING: Can I pick up on something? In essence, because there are so many and they are so small does that mean that central government can retain as much power and control as possible because they cannot, realistically, devolve powers and expect the equivalent of our local councils to have the resource or to have any greater powers?

SIMONA KUKOVIC: That was plain also from previous Governments, so the smaller municipalities that are dependent on the state government are also dependent on state financial resources, and, I do not know, in four, five or ten years they must do something such as enter into a merger or find another way to survive. Inter-municipal co-operation is currently a really good way to survive and to develop and not only inter-municipal co-operation but also cross-border municipal co-operation because in Slovenia out of 212 municipalities, 72 are border municipalities and they are very closely connected with Austrian, Croatian, Hungarian and Italian municipalities. There are a lot of projects funded from the European Union. They help to develop these border parts of the country.

DR LINZE SCHAAP: May I add that we are not on one of the extreme sides but we do have, as your country has, a gradual process of increasing the scale of local government by way of decentralisation. In 2015, decentralisation was a transfer of tasks to every municipality, not just the large ones. The smaller municipalities of, let us say, 1,000 inhabitants are also able to cope with their new tasks by finding ways of collaborating with other municipalities. That is one thing I would like to add.

Secondly, thanks to the fact that in the Netherlands amalgamation is a gradual process, quite a number of evaluation studies have been conducted, some of them serious, some of them not that significant. Over and again, the results show that scale, size and number of inhabitants is not the most important factor. The conclusion as well is that local democracy weakens after amalgamation, the governing strength and the service delivery does not improve and there are hardly any efficiency gains, thus scale is not a factor.

THE CHAIRMAN: Where amalgamations take place, I am assuming that in each of your countries, as in the UK, the local government is run by political parties where you have democratically elected councillors or representatives who in turn are members of different political groups. One piece of evidence we took in an earlier session is whether or not that presented problems. If you have two adjacent authorities where it made sense to work more co-operatively together, they may be from different political groups and there may be a lack of trust between them. The evidence we got was mostly, "We can be grown up about this. We can put political differences on one side and two different authorities can work together in the best interests of their residents". How does the political dimension work in each of your countries? Is there any evidence of political parties not wanting to get on with one another and becoming an obstacle to collaboration?

ANGEL IGLESIAS: It is not only that. Obviously, different political sensibilities have

to reach consensus. That requires much more time. Obviously, there are already problems in the case of Spain. In many cases some of these inter-municipal co-operation instruments have been dismantled because of political differences, but this is not only differences between different political parties (which in many cases have been overcome) but the interests of local councillors or players who are part of a particular body of inter-municipal co-operation because obviously they are elected for a short period of time—four years—with a short-term vision.

THE CHAIRMAN: How many years?

ANGEL INGLESIAS: Four years.

THE CHAIRMAN: That is interesting. Perhaps if each of you could tell us how long your councils sit for in your answers.

ANGEL IGLESIAS: Municipal co-operation bodies are created to endure; not only for a period of four years. In some cases the interests of that inter-municipal co-operation body may be against the short-term interests of a particular council so there is not only this conflict between different political sensibilities but conflict of our councillors being a member of his local government and also a member of the inter-municipal co-operation body.

DR HANNAH VAKKALA: In Finland's case, the last three Governments have all presented a new reform of local governance so the municipalities and regional people are accustomed to the fact that a new Government a coming so there will be a new reform coming up. I must say the last Government failed to do any reform of the local government structures. They wanted to support mergers and force mergers and collect healthcare together into bigger units. Because of emotional reasons and because municipalities and politicians hold the power that they have, they failed in those reforms. Now the Government want to just focus on health and social care so the big issue, the big emotional thing is local autonomy where they say, "Cool down. We are taking away 55% of your functions, but don't worry; you can stay on your own and live happily ever after now that we have taken all your responsibilities".

The concerns of the political powers and power games are always visible in any reforms. It is also a matter of which political parties the national governments are in. Those parties that are in opposition nationally also oppose reform at a local level. The power games come up and at the moment I believe quite strongly that the reform that will be decided this spring is going to happen. It is really likely that it is going to happen. Right now the biggest fears are who will be elected to the regional councils at a regional level because municipalities are going to lose more than half of their decision-making powers in local services.

THE CHAIRMAN: Is it common for one politician to be a member of more than one tier of government?

DR HANNAH VAKKALA: No, it is going to be a new election.

THE CHAIRMAN: Do you have politicians who occupy posts at different levels or is that not permitted?

DR HANNAH VAKKALA: It is allowed.

DR AODH QUINLIVAN: Local politics is not that big an issue in Irish local government partly because of the electoral system PR STV which means you do not have one big party group dominating anyway; you get coalitions and a lot of independents. Your annual vote for mayor or your annual budget meeting might be political, but most votes tend to be geographical, so politics is not that big an issue. The electoral cycle is every five years. You are not allowed to have a dual mandate so you cannot sit on the council and the national Parliament and we do not have directly elect mayors.

SIMONA KUKOVIC: In Slovenia the strongest actors at a local level are not the political parties but independents. More than half of our directly elected mayors are independent and around 45% of local councillors. The interesting fact is they see the municipality like a private business; so not a public entity but a private business. Surveys show that, on a local level, coalitions exist between left and right political parties. That never happens at national level.

Regarding the collaboration, it is totally voluntary and usually the councillors or the mayor says, "It does not matter which what kind of colour you are; we need a new school so we must co-operate and do it together for the good of the municipality".

THE CHAIRMAN: That is the evidence we got in the UK; that people put aside any political differences to make something happen. Kristof?

KRISTOF STEYVERS: I guess that is not really the case in Belgium. Belgium is a textbook case of partocracy, so party politics matter a lot in Belgium. I think there is a difference here. If it comes to amalgamation, which is a voluntary process in Belgium, which some municipalities are indeed taking up, I think it depends on how you shape the process, and whether you say to municipalities, "You must" or "You can amalgamate but you can choose your partners". Other countries do the same. I think the reform in Denmark was along the same lines. They had to amalgamate but they could choose their partners. I think you will see that political parties are more or less in line with one another and the same political parties tend to co-operate with two small municipalities than one big city.

THE CHAIRMAN: Can I interrupt you? You used the words "collaborate" and "amalgamation" interchangeably and we see them as very different things. An amalgamation is where two bodies become formally one body and a collaboration is where two separate bodies decide to work together on a particular issue. Is it collaboration or amalgamation?

KRISTOF STEYVERS: The point I wanted to make is it depends on whether you are discussing amalgamation, so the merger of municipalities. It is still voluntary; you can decide who you want to merge or to amalgamate. On the other hand we have lots of collaboration, but the idea is that collaboration should not only be voluntary and decision making should also work in consensus. It is a principle that is set forward which obviously means that this works quite easily if you have technical matters such as the pooling of services or resources where there is only one good solution. It is easy to agree politically on that. When it comes to, let us say, planning, area development, redistribution, then there is a clear limit to voluntary collaboration and then you see that consensus renders to some actors a veto position.

THE CHAIRMAN: Dr Schaap, we shall come to you on that issue of political parties. The green bell is ringing and that means there is a vote in the Commons. We will be away for some minutes; I am not sure how long we will be, but please accept our excuses.

The Session suspended for a Division in the House of Commons.

NIGEL MILLS: Shall we restart and let Mark catch with us? We were talking about collaboration and amalgamation and were we on to you, Dr Schaap.

DR LINZE SCHAAP: If I remember correctly, the question was whether inter-municipal collaboration is being hindered by different majorities of adjacent municipalities. Was that the original topic?

NIGEL MILLS: Yes.

DR LINZE SCHAAP: That does not happen in the Netherlands because all councils are fragmented councils. There is no council being run by one majority party. There are even councils with 12 parties. Party politics does not matter as it does at a national level. We even have coalition governments in municipalities consisting of left-wing Socialists and right-wing Liberals, for instance: left-wing Labour work together with right-wing Conservative. That is difficult to imagine, I guess, but it happens in the Netherlands at a local level because local issues are not as politically and ideologically important as national issues are even then; but that is a different discussion. It is not really a problem to co-operate with your political adversaries at a local level. It is not difficult to work together and collaborate with different parties in other municipalities either. It simply does not occur.

NIGEL MILLS: Can I go back to collaboration versus amalgamation. How do you handle democratic accountability in these situations? I suppose my real question is if you have councils collaborating on their key functions that are of most value to the local residents, how do you make sure that if local residents do not like what is being done they can vote them out and change what is happening. It strikes me as being a bit hard here where I am electing something down here and then ten councils get together and the decision is taken up here. I can change the guys down here but what happens up there

may not change. Is that a problem that people recognise? Are there clever ways around it? I think, Kristof, you touched on this in your submission.

KRISTOF STEYVERS: I mentioned it in my introduction. This was highly debated almost a decade ago in Belgium when we were thinking about reforming into municipal co-operation. The strategy we tried to use then was to develop a number of instruments to ensure good representation and good accountability. I can give you some examples of that, such as determining how long an inter-municipal co-operation could endure—maybe ten years—and after that we would discuss again whether it is still worth while continuing or to give information to the councils that are participating in two or three meetings a year. We invented a lot of instruments but even with those instruments, and they have been added and added and added to over the last ten years, it still felt that both representation and accountability were quite problematic.

I think the debate is now going more in the direction of how we can create a culture of accountability and good representation. It is not about having a lot of instruments to try to render accountability. It is more about a good culture, guidelines and best practices that need to be developed in order to enhance the democratic supervision. There is also an ongoing debate. We have heavy governance structures, especially for the larger forms of inter-municipal co-operation. There is a managerial committee, governing boards and a general assembly. There are lots of local politicians represented on all those bodies, which is the strategy we use to ensure that local interests are represented. Some of those organs do not know very well how they should behave against one another. The governing board should be about strategy and the general assembly should be about representing the interests of the municipality and the body where accountability is rendered to, but they have mixed their roles with one another. If there is one problematic issue in inter-municipal co-operation in Belgium it is exactly the issue of democratic representation and supervision. We are looking at different strategies for how to tackle that.

ANGEL IGLESIAS: We have some 995 inter-municipal co-operation bodies and the number of factors involved varies from two actors—two municipalities—to 60, in which there are not only public bodies, regular governments and municipalities but also private companies.

Apparently the larger the inter-municipal board the less democratic equality but there is no empirical evidence for that. Generally speaking, the instruments of accountability are, first of all, councillors receive instructions from the local council in order to proceed with the board. There are also reports.

There was a Division in the House of Commons

NIGEL MILLS: We are voting again. We will leave you in Baroness Pinnock's hands.

BARONESS PINNOCK: You continue. I am listening very carefully.

ANGEL IGLESIAS: The councillors receive instructions from their particular council on how to proceed within that particular board and also, periodically, they have to report to their local council and in some cases there are instruments of citizen participation whereby local civic associations have a say within their municipal board. Then there is an equilibrium between those large municipalities, which, obviously, have more votes within the board because those large municipalities are normally outnumbered by small municipalities. Those are, generally speaking, the main accountabilities which I have identified.

BARONESS PINNOCK: It works? You get decisions?

ANGEL IGLESIAS: I think it works because five years ago we had 800 inter-municipal bodies and now we have nearly 1,000, so the number is increasing. Citizens are not normally asked about their opinion about the inter-municipal bodies, but the legitimacy in general terms of local government is very high in terms of participation. The number of citizens that participate in local elections is much higher than in general elections.

BARONESS PINNOCK: That sounds as if it works then. You said that the local civic society can get involved in the decision-making.

ANGEL IGLESIAS: Yes, in many cases. It all depends on the, let us say, political culture of the different regions. For instance, in Catalonia, in most inter-municipal bodies, there is a representation of civic society through civic associations. In some cases, there have been amalgamations of those civic associations from different localities in order to be represented in those inter-municipal bodies. There are different instruments of civic participation. It all depends on the region of Spain and the democratic tradition, but, normally speaking, civic associations are represented within those inter-municipal bodies. You have to take into account that out of 8,000 municipalities we have 6,000 municipalities that participate in those inter-municipal bodies.

Going back to this debate on amalgamation, inter-municipal co-operation in Spain has been an alternative to amalgamation because for identity reasons it is not possible to amalgamate. The idea is to keep diversity and plurality within a more uniform way of doing things through those inter-municipal bodies. It a way to maintain the equilibrium. This participation is highly practised within most of the inter-municipal co-operation bodies.

BARONESS PINNOCK: Thank you. That is very, very interesting. I do not know where we had got to with anybody speaking. Who wants to contribute next or do we need to move on to another issue?

KRISTOF STEYVERS: Can I add something before my colleagues come in? One of the critical issues is not so much that we are doing all kinds of things within inter-municipal co-operation in order to inform or govern better; one of the problems, I think, is if you are a member of a municipal council or district council, it is very difficult to follow what is

happening in all those different forms of collaboration. You do not have an overview. Maybe you are involved in one of them and you more or less know what is going on there, but you are not involved in many other collaborations that you do not know very well and you only hear what the representative is saying about it. What we have tried to do, but it did not work, is we established a specific committee within the council to take care of all forms of collaboration. There is information given about every form of collaboration that may exist but it does not work at all because there is nobody among the councillors who is even able to understand all the decisions that are being taken in all these forms of inter-municipal co-operation. I do not know if it is specific to Belgium—probably not—but that is a big issue: how can you as a member of a council have an overview of what is happening in all these forms of collaboration.

BARONESS PINNOCK: That reduces accountability I guess.

KRISTOF STEYVERS: Yes, of course. You have only one or two people who know what is going on and it very much depends on what they are doing and whether they are rendering account, how informative they are and how willing they are to open up discussion to members of their own council. It is very dependent on the person and from a systemic point of view that does not work really.

BARONESS PINNOCK: So for the residents it is quite a confused picture?

KRISTOF STEYVERS: Very much so. There are lots of functions that are not conducted at the level of the council but at the level of the collaboration and they do not know who to hold to account.

BARONESS PINNOCK: I do not know where we had got to.

DR LINZE SCHAAP: I guess for citizens it is equally difficult to understand how a city such as Amsterdam is being governed, although there is one board, one council, et cetera. Government in our towns is complicated. I do not think that is only a result of municipal collaboration. In addition to that, some of the collaborations, at least in my country, are on technical issues, for example joint HRM staff and I would say, as a citizen, who cares? Citizens do not need to understand what is going on there, as long as there is a budget and annual reports and accounts for the results of it.

As Kristof said in Belgium, in the Netherlands as well we have developed many instruments to increase the role of the council. Sometimes at the beginning of decision-making procedures we have an open agenda which makes transparent what is going on in the collaboration, giving councils the opportunity to have a say and to express their preferences and the like. At the other end of the decision-making processes it increases accountability as such.

There is a debate on what exactly we mean by democratic legitimacy. Does it always imply that councils need to have the first and last say or are other actors important as well? For instance, when it comes to concrete service delivery, you might say citizens as

customers are equally important and maybe with complaints sheets or customer councils and the like you can do very much or even more and more important work than if you always need to go to the council. There are different means for enhancing democratic legitimacy, I would say.

There is one example in the Netherlands where they did succeed in making the councils stronger and that is in the south of Rotterdam, in Dreistaden(?). A number of medium-sized municipalities collaborated in a rather structured way and they have created a regional council. It has not been elected directly. It consists of councillors from each of the collaborating municipalities. Of course, formally they represent their own municipalities in the collaboration but they act as if they were a regional council. Members of the same party sit together in a party instead of being a representative of the councils. That seems to function quite well.

Another point—and after that I will stop my monologue—is one of the questions was whether there are some UK examples that might be inspiring for our countries. I know that is not the purpose of our meeting.

BARONESS PINNOCK: Good question!

DR LINZE SCHAAP: I found interesting what was being discussed, and I was not sure what is being implemented, in the Greater Manchester Combined Authority. I guess it is a result of a package deal, et cetera, but having 11 autonomous municipalities with their leaders and/or mayors and a directly elected regional mayor. I would say that is a potentially wonderful means to enhance democratic legitimacy in regional governance. That is one of the things I will bring back to the Netherlands.

NIGEL MILLS: I suppose the question is whether people care about this in your countries. Is it an issue that people think their local government is not democratic enough or are people pretty disinterested in most of this? Our turnout for local elections is half what a general election would be. Is that the same for you or are people keenly interested in your local elections?

DR HANNAH VAKKALA: There is the same problem in Finland as well. This morning a study revealed that only 15% of Finns think that municipalities work effectively and more than two-thirds of Finns thought that local democracy and local councils' decision-making is distant. Only one-third of people feel they know what is happening or what is going on.

In Finland we have turned the discussions more from collaboration and co-operation towards co-production and taking people in with the design of services. For example, in Lapland where the distances are really huge—you can live right up the north and have to travel 300 or 400 kilometres to the closest doctor or closest healthcare centre—in that case we really have to be innovative with services. We use e-services, consultant services quite a lot and that is expanding into common use really fast now. In those innovations and service developments we are not struggling with the questions and

difficult things such as structures and political powers, et cetera. We are developing things to be more cost-effective and more co-productive towards more sustainable, client-orientated solutions.

NIGEL MILLS: Are the 9,000 people in each municipality in Slovenia excited at the quality of their local councils?

SIMONA KUKOVIC: Slovenian citizens of municipalities are actually quite patient and very participative in what the local council is doing. Surveys show that in small municipalities this participation is even more intensive. The smaller the municipality is, the more people are engaged in local affairs and things such as that. We have one mechanism—and I do not know if it is the same in other countries—of popular initiative. This is left over from the previous Communist system and the small municipalities are still quite often in use. That means that citizens write a suggestion or recommendation or they evaluate some decision and then collect 30% of the population's signatures and that means that the local authority must decide on this recommendation, suggestion or something like that. It is obligatory so at the next session, the next meeting the local authority must decide on this specific issue and they must answer publically how they decide and why they have decided like this. This is something that we still have from the previous system.

DR AODH QUINLIVAN: To answer the question, I think in Ireland most people, unfortunately, do not care who the service provider is, whether it is a town council, a county council or central government if the service is provided properly. Interestingly, our turnout is quite high—we average around 60% for local elections—but the elections are rarely about local government. It is about giving a kicking to the central government at the time. They are very political.

THE CHAIRMAN: Nothing changes?

DR AODH QUINLIVAN: The other thing is for citizens it can be a little confusing to draw a demarcation line between local and central government because most of our Members of Parliament are glorified county councillors so they obviously get elected from their small constituencies. They have to be there a lot. They are lobbying to get the roads fixed, to get the planning permission fixed so people will go to a Member of Parliament more so than a councillor for a local issue. The Members of Parliament are overlapping on to the central government competencies and your local authority could have a debate on Syria. They are going totally outside of their range of competence as well so it can be confusing for the citizen.

DR LINZE SCHAAP: In the Netherlands I think the trust in local councils is higher than in the national Parliament. People have knowledge about what municipalities are about and, by the way, municipalities do significant tasks for local people. If we look at voter turnout, at national elections—as we will see next week—it is about 75% and local elections are about 60%, which is still slightly above your voter turnout, I guess. To be honest, most people vote for national issues at local elections, although it seems to be

changing. About two years ago people started thinking about local affairs as well when they considered their vote but that might be a temporary thing because of the discussions over the decentralisation of tasks, so we need to wait for that.

BARONESS PINNOCK: I am very interested in how much autonomy the municipalities have from central government? Our local government is very much determined by central government requirements.

DR LINZE SCHAAP: Well, municipalities in the Netherlands have a general competence. That is autonomy. They may do everything unless it is forbidden by law. That is the formal statement.

BARONESS PINNOCK: We have that but we do not have the money to go with it.

DR LINZE SCHAAP: In practice, it means that most of the tasks and most of the things municipalities do is the result of national legislation but, within that legislation, municipalities have quite a lot of policy discretion which, in essence, in practice, is more important than autonomy I would say.

BARONESS PINNOCK: So the critical issue—because that is very similar—is the funding. Are local services totally funded locally?

THE CHAIRMAN: We have covered that already.

BARONESS PINNOCK: When I was not here. I will read what it says then in the report.

THE CHAIRMAN: Can I can go back and explore a bit more the collaboration—voluntary versus mandatory—in Ireland. You are saying it is the financial imperative which drove that to happen. To what extent in each of your countries is it a voluntary thing where councillors determine that they can deliver services more effectively by working together compared to government really giving it a nudge? In the absence of a government nudge, would nothing happen and things simply stay as they are, or do councillors or local representatives look at the services they are delivering and whether they could deliver them more efficiently by combining with somebody else, whether public or private?

KRISTOF STEYVERS: Inter-municipal co-operation is voluntary as it is stipulated in the decree. You mentioned one of the important rationales. You can improve your services or reach a certain level of services if you pool your resources and personnel but that is an instrumental reason and I think it is only one of the reasons in the context of Belgium. There are two other important reasons why they collaborate voluntarily. One is territorial. If you have problems that exceed the borders of the municipality you are more or less forced to work together. There is a strong impetus to work together. There is also a strategic reason. Some of them try to co-operate to be sure that on the area or regional level—and I am a bit hesitant to use regional because it is a layer of

government—it is a way to have a say or to have a stake because that is a possibility.

THE CHAIRMAN: But in a bigger organisation that may be diluted. What is the trade-off there between having lots of control over a tight area and a more modest influence in a bigger area?

KRISTOF STEYVERS: Because I know that things will happen. Private and public partners will come together and try to establish other forms of collaboration with different judicial forms. They know if they do not have a stake in that they do not collaborate and they start to discuss a common interest they will be left out of this discussion and there will be lots of things decided for them. On the other hand next to the voluntary co-operation sometimes it is imposed. The federal or regional government says that the municipalities are obliged to co-operate in safety matters or with the fire department. There are also areas where there is a very strong financial impetus to co-operate. You can choose whether you co-operate or not but if you co-operate you will have one member of staff funded by regional or federal government that you can use at your leisure to develop policy in that area. It is also a carrot strategy for local government so they work together because they have additional staff working for them.

THE CHAIRMAN: Anybody else on the voluntary versus mandated?

DR HANNAH VAKKALA: The big things are mandatory: health care and regional development, for example. They just have to do that. The previous question is connected to this one of how much the state is steering and whether the state is steering a municipality a lot and it is really tight and there is also financial steering.

If I take a really small, quick example, in a small municipality with 3,500 inhabitants called Paltamo, there are nine different collaborative networks there. Three of them are mandatory and six of them are voluntary. In a really small rural municipality that may lead to scattered services it enables service connectivity. For example, you need to have veterinary services available in all municipalities but all municipalities cannot afford to have a veterinarian there, so it is just a way to ensure the gap is being filled. For politicians and managers the entity becomes harder to manage, becomes scattered and then political steering of that whole complex entity becomes much harder. That is one of the reasons why this mandatory collaboration is now heading to the regional level.

THE CHAIRMAN: Simona?

SIMONA KUKOVIC: In my country co-operation is totally voluntary. Why? They co-operate I would say mainly because of two reasons: first, to simplify the performance of municipal tasks and services and, on the other hand, to strengthen and empower themselves against the central government.

ANGEL IGLESIAS: Collaboration is generally based on voluntary agreement by the municipalities but in some cases there are also important incentives and inducements from the regional government, indirectly through financial incentives, to local

governments to collaborate. We still receive important structural funds from the European Community. The relationship with the European Community in a way encourages local governments to collaborate in order to receive those structural funds.

THE CHAIRMAN: So even if there are financial incentives to collaborate, sometimes for reasons of local autonomy there are those who would resist that pressure?

ANGEL IGLESIAS: That is right. Formally speaking, it is always a voluntary agreement but, obviously, if you do not agree, you do not establish a kind of network to receive additional finances.

THE CHAIRMAN: So there is a bit of a carrot and a stick involved?

ANGEL IGLESIAS: That is right.

THE CHAIRMAN: My apologies for having lost so much time but are there any issues or things that have happened in respect of collaboration in your respective countries that you want to add to what we have already heard? From what you know of the UK, are there any elements of the way our authorities work together that might be of interest to local authorities in your countries? Is there some reciprocation? Is there something you can see here that might work for you? One of the issues that Nigel raised was the fact we do not have any uniformity at all. We have different organisations in our urban areas. We have two-tier authorities in some counties and other counties have switched to unitary authorities. There is no uniformity. A citizen moving around the country might be quite shocked to find the variation that exists. They may know that a service delivered by one tier of the council in one area is completely different. If there are any concluding remarks you might like to let us have that would be really interesting. (No response) There is nothing to be learned from the UK?

NIGEL MILLS: To be fair, while you were out Linze mentioned elected mayors in regional authorities. Can I ask one question? We have been very keen to find a way of bringing local businesses and job creators effectively into the system so we can try and convince councils to be a bit more commercial and a bit less bureaucratic. Have any of your countries tried to formally involve or consult local businesses and give them a say in decision making and how has that worked?

DR LINZE SCHAAP: I guess the best example from the Netherlands is the Eindhoven region in the south east of the country where during the last but one most recent economic crisis in the 1990s all the headquarters of Philips, et cetera, more or less disappeared so the then mayor decided to start discussions with two universities in the south of the Netherlands and local enterprises. In the end, they established a tripartite foundation consisting of some of the adjacent municipalities, the two universities and some of the larger enterprises. Effectively, they decide on public investments, economic development and technological innovation. They decide on projects. That is the most structural example I can think of in the Netherlands. It is quite successful because the region has become the third pillar of the economy in the Netherlands. Next to Schiphol

as the main port and Rotterdam as the real port, Eindhoven is the second pillar of the economy, so it is quite successful.

THE CHAIRMAN: But did that body have powers? Did it influence things or did it actually have spending powers?

DR LINZE SCHAAP: You might say that the city of Eindhoven more or less transferred its decision-making powers, not in a formal sense but in practice, to the foundation. There is an executive body and there is an organisation underneath the board of that organisation.

THE CHAIRMAN: Have the business people that have been involved in that continued to be engaged? We have set up organisations called Local Enterprise Partnerships which were intended to pull business people in but there is some evidence that business people are frustrated by the rate of change of local government and perhaps in some areas, not all, but in one or two areas are starting to become disengaged and the politicians who are better able to manoeuvre in that environment are taking a bigger lead than they would have done at the outset. Is there any evidence of that happening in any of your countries?

DR AODH QUINLIVAN: Just to say that in Ireland obviously the story is not positive but one thing we did five years ago was establish Local Enterprise Offices, probably quite similar to yourselves, and they are working quite well in terms of the local authority being a hub and trying to generate local employment and give support to local businesses. Probably one of the reasons it has worked is that it is based on incentives for business so if they are a start-up company they might get their commercial rates waived for the first three years or they might get some break in terms of planning permission and different things. They are incentivised and it is working quite well, I think.

ANGEL IGLESIAS: In Spain there are cases in which private companies participate within those inter-municipal boards, but I am not in a position to say whether it has been a success or not. If I may make one additional point, I would like to mention that in many cases those inter-municipal bodies have been used in Spain as an instrument for modernisation of the local public administration we have talked about here, which is important. There are cases where there has been success in that the public administration of those municipalities that participate has been modernised and there is less bureaucracy. The fact that there are some representatives of private business in those bodies contributes to, let us say, the bureaucratisation of the administration. On the other hand, there are also cases of failure. In some cases those inter-municipal bodies have become more bureaucratic. There are cases of success and failure.

KRISTOF STEYVERS: In Belgium there is an ongoing discussion on the extent to which private partnerships should be involved in inter-municipal co-operation. We have come from a situation where it was rather clear-cut and inter-municipal co-operation was only municipalities working together and the private sector was kept out and they could perhaps act as an adviser but nothing more. We are now moving back in the direction of including private actors but in areas such as energy distribution and waste disposal.

Those are large-scale areas which require economies of scale and require a lot of capital. We are moving back in the direction of including private partners there, but there is always this tension between to what extent do you let private partners decide on public policy and to what extent can you have a form of democratic control. The case that you describe would not be possible in Belgium. One would be highly reluctant to move in that direction. It is an ongoing discussion.

THE CHAIRMAN: Reluctant to move because it excludes from the democratic process and people would not accept it?

KRISTOF STEYVERS: Yes. I think the idea is that if you include private partners to too large an extent and let them co-decide or maybe even determine what is going to be done, you will lose the idea that it is the municipalities and the public sector that takes public decisions. People are very reluctant to move in that direction.

DR HANNAH VAKKALA: The same thing. There are a lot of discussions about privatisation of public services and now the incorporation of producers as well. We are solving the problem of representatives in the councils by privatising the services.

KRISTOF STEYVERS: It is the same discussion: is it better to privatise or keep it public; but it is in between.

THE CHAIRMAN: We probably need to draw to a conclusion now. Can I first apologise for the disruption to our evidence session. That is just the way this place works from time to time, I am afraid. We are very, very grateful to you for, first, the written representations that you sent in originally. It was the interest that we had in what you wrote and told us about that caused us to invite you to come along and I am very grateful to you for coming some distance and assisting us with our deliberations. With that we will bring our meeting to a close.

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