

Local government ■ Collectivités locales

11-12 October / octobre 2010

Responses to recession across Europe
Réponses à la récession en Europe



Local Government
and Public Service
Reform Initiative



COUNCIL
OF EUROPE
CONSEIL
DE L'EUROPE

CDLR/LGI INTERNATIONAL CONFERENCE

Local Government: Responses to Recession Across Europe

11–12 October 2010

Strasbourg
Council of Europe

Organised by
the European Committee on Local and Regional Democracy (CDLR)
and the Local Government and Public Service Reform Initiative
of the Open Society Foundation (LGI)

Introduction

At the 16th session of the Council of Europe Conference of Ministers responsible for local and regional government, held in Utrecht in November 2009, a debate on the impact of the financial/economic crisis on local government was held, and Ministers adopted a statement and a number of policy guidelines in the Utrecht Declaration. The Utrecht Declaration called for:

- continued monitoring of the financial situation,
- a review conference in the second half of 2010, and
- a review of the overall impacts and responses at the next Ministerial Conference in Ukraine in 2011.

The Conference “*Local Government: Responses to Recession Across Europe*”, organised jointly by the CDLR and the Local Government and Public Service Reform Initiative of the Open Society Foundation (LGI), will be held in Strasbourg on 11 and 12 October (morning).

The objectives of the Conference will be to:

- give an updated analysis of the financial impacts of the crisis on local government in 2010,
- exchange experience on policy responses to the crisis by member states against the backdrop of the guidelines identified in the Utrecht Declaration,
- identify possible themes for deliberation by Ministers in 2011.

In addition to governments’ representatives in the field of local government institutions and finance, participants will include representatives of local government associations, other international organisations and technical specialists contributing to workshops, as well as the Congress and the Parliamentary Assembly. The OECD, World Bank, CEMR and the Assembly of European Regions were identified as partners in or contributors to the activities planned to address the challenge of monitoring and responding to the financial crisis.

The conclusions of the Conference will be presented to the CDLR for consideration in the planning of the next Ministerial Conference in 2011.

Interpretation into English, French and Russian is insured in the plenary sessions. Two rounds of the each workshop will be organised, one on Monday afternoon, the other on Tuesday morning. In this way, participants will be able to follow two out of the four workshops enabling country delegations to rotate and be exposed to the experiences presented in all workshops. Interpretation in English and French will be provided in two workshops out of four at a time. The other two workshops will be English only. Russian interpretation will be provided in one workshop.

A conference website has been set up for participants to find working documents, details and practical information about the conference:

http://www.coe.int/t/dgap/localdemocracy/Financial_crisis_conference_en.asp

Programme

10 October 2010

Arrival of participants

19.00 – 21.00 **Welcome Buffet Dinner**
in Maison Kammerzell Place de la Cathédrale
<http://www.maison-kammerzell.com/>

11 October 2010

Morning Session

Palais de l'Europe, Second Floor, Room 5

9.00 – 9.30 **Registration and coffee**

9.30 – 11.00 ► **Opening of the Conference**

- Mr Gaspar Zarrías Arévalo
Secretary of State for Territorial Cooperation, Spain
- Mr Jean-Louis Laurens
Director General of Democracy and Political Affairs
- Mr Andreas Kiefer
Secretary General of the Congress of Local and Regional Authorities
- Mr Thomas Hammarberg
the Council of Europe Commissioner for Human Rights
- Ms Nawel Rafik-Elmrini
Deputy Mayor of Strasbourg

► **On the road from Utrecht to Kyiv**

- Mr Gaspar Zarrías Arévalo
Secretary of State for Territorial Cooperation, Spain

► **An overview of the situation of local government in Council of Europe member states in times of crisis.**

- Mr Kenneth Davey
Senior Adviser, Local Government and Public Service Reform Initiative

► **Debates**

11.00 – 11.30 **Coffee Break**

11.30 – 12.30 ► **The situation of local government in Council of Europe member states in times of crisis. Introduction to workshop topics.**

- Mr Sorin Ionita
Financial analysis
- Mr Pawel Swianiewicz
Doing more with less: promoting efficiency
- Mr Gabor Peteri
Local government contributions to economic recovery and sustainable development
- Mr Laurie Joshua
Coping with the social impacts of recession and demographic change

► **Debates**

12.45 – 14.15 **Break for Lunch**

Afternoon Session

Palais de l'Europe, First Floor, Rooms 2, 5, 7, 9 (details hereafter)

14.30 – 16.00 ► **Workshops A, B, C, D on policy responses. Round 1**

16.00 – 16.30 **Coffee Break**

16.30 – 18.00 ► **Workshops A, B, C, D on policy responses. Round 1 continued**

18.15 – 19.30 ► **Reception**
hosted by the Secretary General of the Council of Europe and LGI.

- **Launching of the Book "The Impact of the Economic Downturn on Local Government in Europe".**
Council of Europe Palais, Restaurant Bleu

12 October 2010

Morning Session

Palais de l'Europe, Second Floor, Rooms 2, 5, 7, 9
Palais de l'Europe, Second Floor, Room 5 (Plenary Session)

- 9.00 – 10.30 ▶ **Workshops A, B, C, D on policy responses. Round 2**
- 10.30 – 11.00 **Coffee Break**
- 11.00 – 12.00 ▶ **Workshops A, B, C, D on policy responses. Round 2 continued**
- 12.00 – 13.00 ▶ **Plenary Session: Summary of workshops and Conclusions**
- Mr Sorin Ionita
Financial analysis
 - Mr Pawel Swianiewicz
Doing more with less: promoting efficiency
 - Mr Gabor Peteri
Local government contributions to economic recovery and sustainable development
 - Mr Laurie Joshua
Coping with the social impacts of recession and demographic change
- ▶ **Conclusions**
- Kenneth Davey
Senior Adviser, Local Government and Public Service Reform Initiative
- ▶ **Closing remarks**
- Alan Meale
Chairman of the Committee on the Environment, Agriculture and Local and Regional Affairs of the Parliamentary Assembly of the Council of Europe

Workshops on Policy Responses

WORKSHOP A.

Inter-governmental Finance

Room 5

Rapporteur: Mr Sorin Ionita

Speakers: Mr Paul Bernd Spahn
Mr Markku Mölläri
Mr Aleksandar Bucic
Ms Camila Vammalle

The Utrecht Declaration detected a general contraction in local government revenues, frequently with a simultaneous growing demand for expenditure, particularly on social assistance and debt service. It predicted that this squeeze would continue in the short term due to cutbacks in national government support, time lags in revenue decline and increasing demand to support economic recovery and to address demographic change. It also noted that the assignment of more volatile tax bases, such as corporate profits and value added, to local governments with a high degree of regular operational commitments deserved reconsideration. It nonetheless cast doubt on the capacity of national budgets to offer local government increased budget support, except for short-term fiscal stimulus, as they tended to be under even greater strain.

The workshop will discuss to what extent changes are being made or considered in:

- ▶ the assignment of revenue sources to local government,
- ▶ the scope or scale of local expenditure responsibilities,
- ▶ the volume and distribution of inter-governmental transfers and shared revenues,
- ▶ the freedom of local authorities to vary the incidence and rates of their taxes and charges,
- ▶ access to credit.

It will also appraise the quality of dialogue and negotiation between national and local government over these issues.

WORKSHOP B.

Doing More with Less: Promoting Efficiency

Room 7

Rapporteur: Mr Pawel Swianiewicz

Speakers: Mr Tony Travers
Mr Peter Gorm Hansen
Ms Hanna Birna Kristjánsdóttir
Ms Susanne Caarls

The Ministerial Conference concluded that the squeeze on local budgets was likely to continue for the foreseeable future, and that local governments would be challenged to find long-term ways of making resources go further in the delivery of public services.

A number of contemporary approaches to increasing efficiency were identified at Utrecht, and experience in their application will be discussed by the workshop. These include:

- ▶ *Benchmarking, performance audit, value-for-money review, performance budgeting,* etc. How widely are such processes used? How sensitive are they to exogenous differences in needs and costs? How and to what extent do they succeed in attracting local officials?
- ▶ *Outsourcing.* Is the crisis leading to an increase in contracting private sector provision of public services? Have cost savings been achieved, and if so, through competition or economies of scale? How can transparency be ensured? Can the advantages of competition for the initial award of contracts be safeguarded against subsequent erosion when service specifications require amendment?
- ▶ *Territorial reorganisation.* Has there been any acceleration of territorial amalgamation or inter-municipal co-operation?
- ▶ Are there significant differences between types of local government in the adoption of contemporary approaches? Which types act as leaders of change?

WORKSHOP C.

Local Government Contributions to Economic Recovery and Sustainable Development

Room 9

Rapporteur: Mr Gabor Peteri

Speakers: Mr Robert Hermann
Mr Robert Hertzog
Mr Bruno Willhelm
Mr Olivier Becht

After recessions in the 1990s, many local governments developed an active role in promoting local economic activity and employment. How relevant do they remain in the current economic circumstances, and to what extent are they being diversified or reinforced?

- ▶ Did improvements in local physical infrastructure benefit both from domestic and European Union stimuli and investment programmes? How has the crisis affected the appetite and capacity of private enterprises to engage in joint public sector investments? In which sectors do the benefits of its management expertise and scale economy outweigh the costs of fragmented management and more expensive capital? Were there any changes in the general public attitude and the technical approach towards private sector involvement in municipal service provision?
- ▶ Which indirect tools and interventions, such as supportive physical planning regulations and processes, more attractive physical and cultural environments, active municipal land policies and human skills development, were used for supporting local economic development?
- ▶ In several countries, fiscal stimulus programmes are being specifically directed to projects designed to counter climate change. Examples include improvements in energy efficiency through insulation of public buildings and social housing, changes in local planning regulations, renewal of street lighting, urban transportation, etc. What is the practical experience of such efforts and which are the most efficient ways of intervention?

WORKSHOP D.

Coping with the Social Impacts of Recession and Demographic Change

Room 2

Rapporteur: Mr Laurie Joshua

Speakers: Ms Barbara Wieckowska
Ms Kateryna Maynzyuk
Mr Zsolt Burgarski
Mr Mihail Peleah

The burden and cost of social provision have increased markedly in the short term as a consequence of the recession, but will also continue to rise in the long term because of demographic trends in Europe. The fiscal aftermath of the financial crisis will limit the ability of the State (central or local) to shoulder extra burdens, and increasing co-operation with other actors will be imperative.

The division of responsibility between national and local government for social assistance and care varies enormously between European countries. What is the added value of local government participation? Do local knowledge and preferences enhance effectiveness and resources or distort equity? Are divisions of responsibility (including those between tiers of local government) biased towards more expensive solutions to individual needs?

Both commercial and social enterprises are expanding rapidly their social sector roles. Are their activities sufficiently incorporated into an overall regulatory and financial framework? Family care remains the bedrock in most communities - how far and how well does local government support rather than supplant it?

Overall, how can this mixed economy of social provision be made to work more efficiently and equitably?

