SHARED SERVICES
ACROSS LOCAL GOVERNMENT

Sharing International Experiences

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This research *Shared Services across Local Government: Sharing International Experiences* has been undertaken as part of the International Centre for Local and Regional Development's (ICLRD) EU-Funded initiative, CroSPlaN. Funded under INTERREG IVA, and administered by the Special EU Programmes Body, this programme promotes the development of a cross-border planning network by enhancing and promoting the opportunities that exist for collaboration and addressing identified areas of need.

Table of Contents

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Executive Summary

Introduction

The Sixth Annual ICLRD Conference in January 2011 focused on the challenges of 'Doing More with Less', a critical theme given the significant impacts of the financial crisis and the practical realities of reduced budgets on both central and local governments in the Republic of Ireland and Northern Ireland. Exploring the opportunities for shared services, including on a cross-border basis, was one of the central themes that the conference addressed.

The shared services agenda has become a priority for both administrations on the island of Ireland. The Fine Gael/Labour *Programme for Government,* published in March 2011, committed to a review of those services that could be converged between two or more local authorities, giving examples of human resources, technology support and fire services. In mainland Britain, the Coalition government announced plans in 2010 to address the budget deficit by asking councils to make over £780million in savings while, at the same time, making local government more responsive and cost-effective. The Northern Ireland Civil Service Reform Agenda includes a shared services agenda as a core element of achieving efficiency savings and improving productivity. Furthermore, a key rationale for the long-running reform of public administration is the achievement of economies of scale in the delivery of public services.

Environmental issues and economic development initiatives by their nature cross administration and / or jurisdictional boundaries, and require imaginative solutions and the sharing of resources and expertise. In this regard, the shared services agenda also directly supports EU policy initiatives (such as EU Agenda 2020) and the effective implementation of EU Directives that have cross-border implications. The agenda is also responsive to future funding programmes that emphasise the key role of 'territory', 'clustering' and the effective and efficient shaping and delivery of high quality services to citizens.

Currently, shared services focuses largely on 'back-office' functions that serve internal staff – for example, human resources and procurement and information technology. For example, Sligo County and Sligo Borough Councils share back office services in finance, information and communication technology and community services, among others. In Northern Ireland, clusters of councils share services in waste management and building control. In a cross-border context, Louth Local Authorities and Newry and Mourne District Council in the Newry/Dundalk twin city region have formally agreed to cooperate in emergency services, tourism, economic development and the green economy.

References in the wider government literature relating to experiences of shared services in the corporate domain over three decades show that the approach emerged from the business- and market-orientated environment. On closer inspection, it is clear that, shared services have not been without their costs, even within the private sector context. Management executives have noted concerns, for example, that 'the implementation costs and risks would outweigh the benefits' (Kearney, 2005: 2). Nevertheless, technological advances have served to refocus attention on the potential of electronically supporting the so-called 'next generation' of shared services and thereby to secure cost savings. The perceived urgency of this agenda has been given further fillip by the contracting economic environment and the public expenditure cuts facing local government, which has placed an additional emphasis on exploring a shared service model involving private and third sector partners, and individual institutions (SOLACE UK / CIPFA, 2010).

International Cases

Despite the considerable attention that shared services has received, it is generally acknowledged that there is relatively little by way of robust and comprehensive evaluation of shared services. Given that the concepts of shared values and cooperation underpin shared services, the ICLRD is addressing shared services across its portfolio of activities, that include training, case study documentation and applied research. Working with both central and local authorities, our aim is to identify practical ways to pursue the shared services agenda, with a particular focus on the Irish border region. ICLRD will strive to update our case studies as new information becomes available.

Recent commentaries have highlighted the importance of critical reflection as governments pursue different approaches of shared services. For example, the Scottish Government refreshed the national guidance on shared services in 2011 and highlighted the point that considerable guidance and case study evidence of shared services exist internationally. These experiences are especially important when considering the key role of local governments. In support of the island of Ireland's efforts to strengthen shared services, the ICLRD has developed the following four case studies on diverse international experiences and good practices in shared services:

- Shared Services in Scotland: Glasgow and the Clyde Valley
- Mancomunidades in Spain: The Asturias Region
- New York's Shared Services Programme; and
- Local Government Restructuring and Realignment in Ontario, Canada.

This broad view of four very different cases offers insights for policymakers and practitioners in both central government departments and local government. The Scotland and Ontario cases demonstrate top-down processes driven largely by central administration, while the New York and Spanish mancomunidades cases illustrate bottom-up approaches where local governments are largely responsible for pursuing shared services.

Case I   Shared Services in Scotland—Glasgow and the Clyde Valley

Devolution in the UK provides an important context for examining public sector reform across the devolved nation-regions. There are 32 directly elected local authorities in Scotland. These authorities vary considerably in terms of geographical coverage and urban and rural context, and the scale and diversity of the communities they serve. The type of public services for which local authorities are responsible include cultural services, economic development, education, fire and police services, housing, leisure and libraries, planning and the environment, regulatory and protective services, roads and transportation, regeneration, social work, and waste management. Under devolution, considerable emphasis has been placed on the modernisation and reform of public services to improve efficiency and customer focus. Shared services form a core part of this political agenda to transform public services. This case study focuses on the Glasgow and Clyde Valley city-region in West Central Scotland that offers insights into sub-regional governance, bringing together a group of eight local authorities.

Glasgow and the Clyde Valley provides an example of an on-going and evolving set of shared service initiatives across a geographical area. The case study offers a particular spatial dynamic for considering sectoral and inter-organisational aspects of collaborative service provision. Moreover, Glasgow and the Clyde Valley have experienced a relatively long history of cooperation and joint working in order to address the concentrated and economic restructuring of the area, notably around statutory land use planning. Today, Glasgow and the Clyde Valley form the basis for the strategic development plan, one of four in Scotland that provides, in effect, a city-regional spatial planning framework. The Glasgow and the Clyde Valley Strategic Development Planning Authority is

responsible for planning Scotland's largest metropolitan city-region, which comprises more than a third of the country's economic activity and population, and 60 percent of its most deprived wards.

In recent times, the establishment of the Glasgow and Clyde Valley Community Planning Partnership provided the basis for rethinking, reorganising and strengthening selected services on a shared basis. The potential for increasing the sharing of certain services received considerable coverage in the media. Notwithstanding the shared history of different models of sharing services in the Glasgow and Clyde Valley context, the difficulties of implementing the vision set out in the Arbuthnott (2009) review illustrates that the practical realities of implementing shared services and gaining political agreement across different local authority boundaries should not be underestimated.

This case study is a timely example of the dynamics of rethinking public services and builds on the Scottish Government's explicit attempts to modernise and rationalise the public sector. On the one hand, the Glasgow and Clyde Valley city-region offers insights into the iterative ways in which reform might be put into place across a natural geographical area, comprising urban and rural settlements of different scales. On the other hand, it provides evidence of some of the institutional, organisational and political challenges of multi-level governance. It indicates that despite a history of joint working and practical examples of collaboration, shared services in other spheres of local authority working cannot be taken as a foregone conclusion.

Case II Mancomunidades in Spain: The Asturias Region

Foremost among the models of collaboration among local authorities in Spain are mancomunidades. This case study reviews the experience of mancomunidades in the Asturian Region where community-level services have been broadened and improved through inter-municipal collaboration. This region of Spain is similar to Northern Ireland in size and has a population of just over 1.1 million. This largely rural region includes 78 municipalities; three-quarters of which have populations under 5,000 residents.

Mancomunidades are voluntary associations that bring municipalities together to create a single structure. Once constituted, a mancomunidad subsumes the power of the constituent municipalities in defined areas, such as local service provision and / or infrastructure development. Mancomunidades are also formed to execute a joint-project, such as the construction of a community venue or the promotion of a tourism and heritage resource. Thus, they can be formed for a specific task and for a fixed period of time, or they may exist on a more permanent basis.

In the Asturias Region, there are 19 mancomunidades. At a minimum, the Asturian experience reveals issues and insights that are of relevance to the local services agenda on the island of Ireland. Mancomunidades demonstrate that collaboration across local government boundaries generates new synergies that enable innovation and the attainment of new and improved services and outputs. The experience of 65 municipalities cooperating through 19 mancomunidades in the Asturias Region illustrates how added value is generated for local communities, as new projects and services come on stream, particularly in rural areas with low population densities. By pooling their resources, local councils have been able to leverage complementary external funding and to respond to a range of local issues.

The Asturia Mancomunidad members note that the micro-regional scale (i.e. an average population of 27,000 with geographical cohesiveness) is conducive to inter-municipal collaboration. This localised approach is highly participatory and has enabled mancomunidad services to be targeted at a local level and also towards marginalised sections of society. Importantly, mancomunidades have successfully captured and cultivated local identity and heritage, and have worked with communities

and the private sector to valorise local resources. For example, in Asturias, they developed tourism projects that draw on the region's mining heritage, mountainous topography and gastronomy.

The case illustrates how mancomunidades can effectively connect to regional, national and EU government programmes and policies. In Asturias, mancomunidades have been successful in bringing external funding into the region, while preserving their financial autonomy by ensuring that their core functions and services are funded by their own resources.

While mancomunidades are common throughout most of Spain and are growing in Latin America, there have been few formal evaluations of their work. The general consensus at the local level in Asturias is that municipalities and their citizens have benefited from their participation in mancomunidades in the following ways:

- Economically, through reduced costs for service provision;
- Socially, through access to new and increased services; and
- Environmentally, through conservation projects that put a value on the environment and improve the local quality of life.

While there is a clear contrast between Ireland, Northern Ireland and Asturias with respect to the scale of local authorities, all three locations are characterised by vibrant local civil society activities. There are many examples on the island of Ireland that demonstrate how inter-community collaboration across local, administrative, county, regional and state boundaries have improved local quality of life and economic competitiveness (Creamer et al., 2009). The lessons from both contexts reveal the benefits of collaborative approaches.

Case III   New York's Shared Services Programme

In the United States, the delivery of services within states can be the responsibility of thousands of local entities, such as counties, municipalities, towns, villages, school districts. New York State, for example, has 3,175 local government entities along with 1,113 special purpose groups such as public libraries, regional planning boards, and soil and water conservation districts. Shifting demographic patterns, characterized by the growth in the number and size of urban areas and the establishment of metropolitan areas made up of numerous local governments, have served to fragment service delivery.

Reductions in federal and state aid, which represent on average 40% of local government budgets, have created incentives to gain efficiencies through cooperation

Spectrum of Collaboration Options
(for definitions, see Annex 3)

EASIER

Easier Options

1. Informal Cooperation
2. Interlocal Service Contracts
3. Joint Powers Agreements
4. Extraterritorial Powers
5. Councils of Governments
6. Federally Encouraged Single-Purpose Regional Bodies
7. State Planning and Development Districts
8. Contracting
9. Regional Purchasing Agreements

Harder Options

10. Local Special Districts
11. Transfer of Functions
12. Annexation
13. Special Districts and Authorities
14. Metro Multipurpose Districts
15. Reformed Urban County
16. Regional Asset Districts
17. Merger/Consolidation

HARDER

Source: Parr et al., 2006

with neighbouring local councils. A 2006 National League of Cities report classified local government collaboration in the United States into 17 categories that span a wide spectrum of options. The report insightfully distinguishes these options by their ease of implementation, with informal being the easiest, and mergers or consolidations being the most difficult.

This case study explores New York State's efforts to support shared services and consolidation at the local level, and how two communities in the state merged their police departments, one of the more contentious services to consolidate. It also analyses the impact the state program has had on local activities and cost savings. Based on state and local experiences, the study concludes with a set of lessons learned that merit consideration when considering a shared services agenda. In summary these include:

- *Benefits from Shared Services Can Be Unbalanced*; while there can be overall savings to shared services or the more difficult option of consolidation, the discrepancies in taxes and savings can favour one party making political buy-in difficult.

- *Strong Relationships and Leadership Are a Critical Building Block*; a key to successful service integration is cooperative and trusting relationships between key community leaders who are dedicated to the cause of integration and efficiency.

- *Money Isn't Everything – Stakeholder Engagement is Needed from the Beginning*; the early involvement of stakeholders can help target proposed strategies to priority issues and shape solutions that will be more readily acceptable to the community.

- *The Savings are There, but May Not Be Substantial or Immediate*; on average, consolidation has resulted in cost savings of 2 to 5 percent per year, and the greatest total cost savings have accrued from shared services in public safety, while the greatest reductions in household tax payments have come through shared water and sanitation services.

- *Financial Incentives and Technical Assistance*; given local budget limitations and the fact that the costs of transitioning to shared services and consolidation may take years to recoup, financial support for feasibility studies and implementation from regional government agencies is often necessary to catalyse local action. Even consolidation studies that do not result in dissolution of government often lead to new efforts to cooperate.

- *Research Institutes Can Help Build Evidence Base*; the New York Case shows that research institutions and universities have been instrumental in the development of model practices for shared services and consolidation, evaluation of past initiatives, and case-by-case studies of potential opportunities. They have served as neutral, third-party technical experts in conducting the feasibility studies, as well as developed best practice manuals, guidance documents, assessments and evaluations that have served as resources for local governments.

This case study considers the lessons learned for the island of Ireland from New York State's efforts to promote and implement inter-council collaboration, noting both the opportunities and challenges that arise in pursuing such an agenda. A key characteristic of the case is the State's   strong financial and policy support for local implementation, including for cities to conduct feasibility studies and provide early retirement and other benefits to alleviate the most controversial aspects of government streamlining.

Case IV   *Local Government Restructuring and Realignment in Ontario, Canada*

The goal of achieving efficient, cost-effective, territorially rational and service-appropriate local government has driven restructuring and transformation in municipalities in the Canadian Province of Ontario for a number of decades. This challenge, similar to that faced by both administrations on the

island of Ireland, has been the basis of continual assessment and reassessment of the day-to-day and strategic operations of local government in Ontario.

A series of agreements at the Federal and Provincial levels over past decades, particularly since the 1970s, established a number of arrangements that aimed to improve and streamline service delivery between Provinces and their municipalities in Canada, and increase co-operation at the inter-municipal level. Starting in the mid-1990s, the Progressive Conservative-led government (1994-2003) implemented a series of measures that called for greater efficiencies in the delivery of local government services, including in particular a process of 'Local Service Realignment' (LSR) that resulted in efforts among some municipalities to engage in inter-municipal cooperation.

A key objective of the LSR was the achievement of more efficient and cost-effective government in Ontario, and was first proposed in 1997. The goals of LSR were:

- Greater accountability to the taxpayer;
- Protecting priority services and maintaining critical standards;
- Streamlined service delivery;
- Capitalising on local expertise and innovation with greater autonomy for local government; and
- Reducing duplication and waste between levels of government.

In particular, the process introduced amalgamation and/or cooperation, and transferred powers from provincial government to local government.

This case study outlines the hierarchy and structure of municipalities in Ontario, with an emphasis on the southern part of the province and the Greater Toronto Area (GTA). The structure of government in this part of Ontario province bears a relevance to governance and organisational hierarchies on the island of Ireland. It is particularly useful to review the impact of the LSR programme initiated in 1996 in Ontario given similar proposals for local government change on the island of Ireland. In addition, these local government transformations were initiated at a time of fiscal austerity in Ontario and provide comparative context for analysis given the current economic situation in Europe.

At the time, the core idea driving inter-municipal cooperation, as shared services are referred to in Canada, was largely ideological as opposed to based on in-depth evidence and guaranteed cost savings. The Ontario case study illustrates that, assumed cost savings and efficiency achievements are less likely to be realised when the appropriate groundwork is not put into place prior to the commencement of agreements.

Key Findings

Savings and Effective Service Delivery. The cost savings of sharing services and merging local authorities are usually less than expected. For example, Audit Scotland (2011) noted that: "sharing services may not necessarily reduce costs although they may provide more effective service delivery". Additionally, the up-front costs can be significant.

In the case of New York State, it has been found that cost savings in regards to consolidation of local governments, the most difficult option to pursue, have been on the order of two-to-five percent. "Study after study makes it clear that consolidation is not a magic bullet for drastically reducing costs and can't provide the 10 percent to 30 percent immediate savings that taxpayers want" (C. Zetteck, DemocratChronicle.com 2010). Overall, the New York's Local Government Efficiency Program (LGEP) found that among 64 completed projects for shared services and municipal consolidation, the average savings on the local government tax levy is 4.6 percent. In Ontario Province, reviews of the

significant local government restructuring initiated in 1999 note that there are mixed results in savings on capital and operating costs.

The Scottish case concludes that the prevailing economic climate and fiscal constraints necessitate innovative thinking and new forms of service provision, though the models adopted need to be appropriate and sustainable. The Chairman of the 2012 Commission on Reform of Ontario's Public Services, echoed these comments: "we must be students of history and history shows that simple cost cutting by governments too often generates fiscal improvements that peter out after a few years as pressures build" (Public Services for Ontarians: A Path to Sustainability and Excellence 2012:p. iii). This same report notes that,

> *"The imperative to restrain spending should instead be an opportunity to reform programs and service delivery. Simple cost-cutting can be effective in hitting near-term deficit reduction targets, but it does not encourage longer-run fiscal stability or allow for reforms that will generate more value for money spent."*

The Ontario case study of government reform in 1999 shows that change simply for the sake of it rarely works if evidence had not been provided to ensure that the appropriate transformations are taking place, and that there is sufficient fiscal support and policies to back them.

Shared Services Are Also About Quality Improvements. The stark reality of budget cuts at both central and local government within both administrations on the island of Ireland has focused the discussion of shared services on achieving cost savings. However, there is a also strong case to be made for emphasizing improving the quality of services and achieving efficiencies over the long-term rather than the short-term objective of cost savings (Queensland Government, 2008). It has been noted that debates on implementing shared services in Scotland has focused "too much on the solution as an end in itself rather than a means to achieving better outcomes for service users and residents" (McKinlay, 2011:45). This point was also raised in discussions in the Scottish Parliament in 2011, that shared services need to be evaluated as a function of the services provided, rather than the form it takes.

Proximity Creates Opportunity. Geographic proximity and even adjacency can create opportunities for sharing assets and delivering local services with possible cost savings. For example, in New York State, the most significant cost savings were obtained by consolidating adjoining town and village police forces, sharing a utility network such as water and sewerage facilities, or merging fire fighting services. In Spain, the mancomunidades offer a legal framework for geographically cohesiveness municipalities providing services that they could not otherwise afford to provide on their own, such as primary care clinics, fire brigades and ambulance depots. In Scotland, it has become evident that the operationalization of shared services must be undertaken sensitively with respect to the specific conditions of place, time and context. The long history of cooperation among the local authorities in the Glasgow and Clyde Valley has led to the sharing of development planning and specialists through a Strategic Development Authority as well as other partnering initiatives. In Ontario Province, the recognition that two separate transit systems serving adjacent urban centres needed to link up eventually led to a major inter-municipal agreement to merge the two transit systems.

As noted in the Scottish Case, understanding shared services as a network of collaborative working offers a relatively more fluid, flexible and outcome-focused interpretation of the shared services agenda. Shifting demographics within smaller and larger regions can also be a driver for shared services. In Spain, rural municipalities experiencing population decline find they have to work together to maintain services and proactively develop economic strategies.

Strong Relationships and Leadership. All four cases note the key role of leadership and good working relationships in developing a shared services programme. The review of experiences in New York State show that the ultimate key to successful service integration is cooperative and trusting relationships between key leaders and personnel who are dedicated to the cause of integration and efficiency. Pursing a shared services agenda is much aided by the presence of long-standing relationships within and between the departments; with trust not only paving the way for future cooperation, but also addressing the emotional, cultural, policy and fiscal factors that can affect programmes.

The Spanish Mancomunidades also illustrate this point with Councillors playing a key role in organising and providing leadership. In both Ontario and Scotland, central government leadership resulted in the implementation of shared services and, in the case of Ontario, the more difficult consolidation of local authorities. In Scotland, the case has been mobilised and sustained, in part, by central government taking a leadership role and aligning shared services with national priorities. In Ontario, the political leadership was instrumental in pushing the local service realignment process through the provincial and local government administration and political systems.

Buy-in Is Key. Common to all cases is the importance of stakeholder involvement, including end users and those responsible for planning and delivering the services. In Ontario, the political push for shared services from the province led to limited opportunities for the involvement of the municipal officials who were going to be impacted by the changes. The municipalities' concern for 'downloading' responsibilities and costs become a reality after the implementation of local service realignment in 1999. Less than ten years later, in an agreement between the province and local governments in 2008, Ontario Province agreed to begin 'uploading' municipal costs.

Introducing shared services will often mean that politicians and residents as ratepayers are concerned with the loss of cultural and community identity as well as potential reductions in the levels of service. In New York State, experience has shown that the early involvement of stakeholders can help target proposed strategies to priority issues and shape solutions that are more readily acceptable to the community. In Spain, mancomunidades have been characterised as extremely open and participatory; political collaboration occurs across political and affiliations and administrative borders with needs, resources and opportunities identified at the local level. The ambition of shared services 'signals a willingness to transcend organisational boundaries and inherent partisan barriers in order to join up services with greater benefits for users (Grace and Higgins, 2011:3).

Supporting the Implementation of Shared Services. Developing shared services requires financial support for feasibility studies and also covering the cost of merging services. Since 2006, the New York State's Local Government Efficiency Programme has provided technical assistance and research grants to local authorities to undertake feasibility studies and fund costs related to the merging of functional services. According to local leaders in New York, the financial incentives have been the most useful part of the Local Government Efficiency Program, although the programme's capacity building workshops, online resources and technical assistance out of branch offices have also been helpful. Of the $44.7 million in grants distributed among 295 projects from 2005 to 2010, 32 percent of the funding went to water, sanitation and utility project, and 30 percent to transportation. The balance funded public safety, education and reorganisation and services.

The cases also illustrate the role of legislation in supporting shared services. In both the Spain and New York State for example, legislation is in place that allows municipalities to associate and enter into agreements to jointly provide services. In Ontario, given the far-reaching changes set out by the

government to realign local governments and services, provincial legislation had to be put in place to give the provincial government the authority to restructure municipalities. This legislative underpinning must be considered for different shared services, some of which (such as town mergers and consolidations) may lead to complex legislative requirements and lengthy and politically contentious processes. Simpler forms of sharing services can be based on informal agreements, contracts for services or inter-municipal agreements that can work within existing legislation. In New York State, evaluations of the shared services programme showed that many local governments were already cooperating on a variety of services.

Case I   Shared Services in Scotland: Glasgow and the Clyde Valley

Introduction

Devolution in the UK provides an important context for understanding the reform and modernisation of public services. Since the establishment of the Scottish Parliament in 1999, there has been an explicit effort to create a world class public sector in Scotland, to improve the efficiency and effectiveness of public services, and to sharpen the focus on users.

This political ambition was consistent with the UK Government's White Paper, *Modernising Government* (Cabinet Office, 1999), which, though it did not explicitly advocate shared services, asserted the case for more joined-up, accountable and responsive services that were both more efficient and cost effective. The Gershon Review (2004: 43) concluded that potential advantages of shared services included: enabling an organisation to focus on the core business; access to "ready-made services"; and the "avoidance of the need to self design" services. The reviewed identified potential shared services that could be grouped by location (serving a number of organisations in a given area), or by organisational similarity. Issues of particular concern with respect to shared services included the "risk of creating a monopoly provider; and the risk that ineffective implementation of shared services arrangements could impact adversely service delivery [... and...] a concern over the lack of capacity to deliver change at the local level" (*ibid.*).

In parallel to the central government's advocacy of shared services, the private sector has also been pressuring to enhance performance and transform public service delivery (see, for example, Confederation of British Industry, 2009). It is perhaps unsurprising then that shared services as a "managerial solution" have become "a mantra for public services efficiency and improvement [...and...] in some triumphs of rhetoric over reason [...] even appear capable of resolving the local government resource crisis at a stroke" (Grace and Higgins, 2011: 3).

The creation of the Scottish Parliament in 1999 provided a political opportunity for a fresh start and to advance a transformative agenda for public service delivery across all aspects of the public sector, including health, higher education, and local and central government. It is evident that sharing services is identified as an integral part of seeking efficiencies and improving outcomes for service users (Scottish Parliament Local Government and Communities, 2009). Significantly, the period since 1999 has been characterised by reform in all sectors of Scottish public life providing for a relatively turbulent time in terms of policy development and new practices, but also offering the potential for aligning political aims and objectives.

The potentially transformative agenda for public sector reform has focused particular attention on the capacity for shared service provision at the local level. Traditionally, individual local authorities in Scotland have had primary responsibility for the delivery of a wide range of public services, including: cultural services, economic development, education, fire and police services, housing, leisure and libraries, planning and the environment, regulatory and protective services, roads and transportation, regeneration, social work, and waste management. Conventionally, individual departments within local council areas have delivered these services. The shared services idea, however, provides a new context for the design, management and delivery of such public services and invites consideration of the sharing of services both within (intra-) and between (inter-) local authorities. In moving towards a practical concept of governance, it also suggests the potential for the involvement of other agencies, bodies, charities, and the private sector.

Shared services can take different forms in practice, which stems, in part, from the absence of a published definition of shared services. However, it is apparent that any business case for shared services should be predicated on a shared understanding of what such services comprise, and a sound appreciation of context, intentions, delivery mechanisms, and the potential added value. In the context of this research, the following definition of the shared services approach is used: "**any co-operative arrangement** that is designed to deliver services as efficiently as possible to meet customers' needs" (Scottish Parliament Local Government and Communities Committee, 2010, col. 2349, emphasis added).

Shared Services in Perspective

This case study was undertaken as a desk-based exercise involving a review of the available documentation, including policy statements and consultation papers, government reports, surveys, media and press statements, and professional and trade union critique. A limitation of the study is that it does not complement the documentary evidence with additional qualitative interviews to get 'under the skin' of shared services.

Published evaluations provide some relevant insights. On the one hand, Audit Scotland (2011) highlighted that there is evidence of successful collaboration at the national level, such as the Public Information Notices Portal, and a (non-exhaustive) list of some 2,000 examples of collaborative working across Scotland relating to 27 local authorities (McInlay, 2011). On the other hand, shared services initiatives have stalled or not gone ahead "due to disagreements over funding and governance" (Audit Scotland, 2011, para. 99) or "barriers" such as "organisational structures, compatibility of systems, staff terms and conditions, and funding streams" (para. 100). It is generally acknowledged, however, that there is relatively little by way of robust and comprehensive evaluation of shared services.

Statements at the time of drafting this case study suggest the need for a cautious approach to considering shared services. Audit Scotland (2011), for example, noted that, "Sharing services may not necessarily reduce costs although they may provide more effective service delivery. Shared services should be considered by councils and their partners as **one option** in an approach which considers the range of options for service delivery" (para. 102, emphasis added). The Commission on the Future Delivery of Public Services, also known as the Christie Commission (2011: 66), also noted that, notwithstanding a number of positive examples of collaborative working, "evidence from national audit bodies, unions and business groups suggests overall progress on shared services has been slow and success difficult to verify".

These are important caveats to the debates around the potential of shared services in different contexts and localities. Such comments suggest that the state of the art of shared services in the public sector are at an immature stage of development and continue to evolve in practice. Nevertheless, local authority witnesses to the Scottish Parliament Local Government and Communities Committee (2009) highlighted positive evidence of co-operative work in practice. Two remarks are pertinent. First, the absence of a single definition means that cooperative models of joint working may not necessarily have been characterised as a *shared service.* Second, it follows that this invisibility means that certain shared activities may not be identified and / or celebrated as contributing to improving service users' experiences and contributing to efficiencies.

Local Government in Scotland: An Overview

At present, there are 32 directly elected local councils in Scotland with 1,222 elected councillors serving a total population of approximately 5.2 million.[1] Local government elections are held every four years. The geographical coverage and size of population served by Scotland's different local authorities, however, vary considerably. This reflects the spatial distribution of Scotland's geography, economic history and infrastructure. This is distinguished by a concentration of the population living in the Central Belt between the largest city, Glasgow, to the west and Edinburgh to the east. A third of Scotland's population live in small- and medium-sized towns, including the sparsely populated and relatively more remote communities of the Highlands and Islands (Scottish Government, 2009). The city of Dundee, the smallest local authority in terms of the 24 square miles it covers, serves some 144,000 people, whilst Highland Council, one of the most sparsely inhabited regions of Europe, extends to 10,000 square miles and serves 208,000 people. Orkney Islands Council is Britain's smallest local authority and serves just over 20,000 inhabitants, whilst the Glasgow City Council area alone has a population of almost 600,000.

Rationale and Context for Shared Services in Scotland: A National Perspective

Outlining the central governance context and main drivers underpinning the shared service agenda in Scotland clearly indicates that there is an evident 'top-down' impetus to provide shared services. In generic terms, the political ambition to reform and modernise the public sector at large in Scotland has involved consideration of the business management (managerialist) idea of shared services that was held to have provided positive benefits in the public sector in Australia, New Zealand, Canada and the United States. It is important to recognise, however, that this particular agenda reflected and articulated principles of neo-liberal economics that are generally suspicious of government engagement in economic management (Dollery, *et al.*, 2009). Yet, the recent abandonment of high profile examples of public sector shared services experiments, such as the Western Australian State Government (Ovum, 2011) indicates that it is important to appreciate shared services may not always be sustainable, despite the existence of some successes.

References in the wider government literature relating to experiences of shared services in the corporate domain over three decades show the provenance of this approach in a business- and market-orientated environment. Interestingly, on closer inspection of the work cited, it is clear that, whilst experimentation with shared services may be traced to the late 1980s, the turn to shared services has not necessarily been implemented perfectly or without costs – even within the private sector context. Management executives have noted concerns, for example, that 'the implementation costs and risks would outweigh the benefits' (Kearney, 2005: 2).

Moreover, shared services are viewed more positively from a North American business perspective rather than in a European policy context (Kearney, 2005). Following Rose (1993), for example, this suggests that it is important to be sensitive to the transferability of shared services both across sectors and international borders. Nevertheless, technological advances have served to refocus attention on the potential of electronically supporting the so-called 'next generation' of shared services and thereby to secure cost savings. The perceived urgency of this agenda has been given further fillip by the contracting economic environment and the public expenditure cuts facing local government, which has placed an additional emphasis on exploring a shared service model involving private and third sector partners, and individual institutions (SOLACE UK / CIPFA, 2010).

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[1] Statistics are taken from the General Register Office for Scotland and are based on 2010 data.
http://www.gro-scotland.gov.uk/statistics/at-a-glance/council-areas-map/index.html

Local Government under a Scottish Parliament

Local government under a Scottish Parliament has experienced a particular emphasis being placed on rationalising 'support services' that were identified as having potential to generate efficiency savings through processes of standardisation, realising economies of scale, and sharing best practice. Under the Labour-Liberal Democrat Coalition Government (1999-2007), this thinking underpinned the Efficient Government Initiative. An explicit concern was reducing the transaction costs associated with what were perceived as overly complex administrative processes and an encouragement to shift from paper-based to electronic systems. This Initiative highlighted the need to tackle the perceived "waste, bureaucracy and duplication in Scotland's public sector" (Scottish Executive, 2006a: iii).

Under this initiative, potential 'common' activities included procurement, payroll, HR, IT, and finance, in addition to some legal, tax collection and communication services. Within the broader public sector context, generic public sector services, such as the police and fire services, as well as the National Health Service and eProcurementScotl@nd, have similarly sought to implement integrated service delivery and governance. Central government has similarly adopted the shared service ethos. This breadth of organisational reach serves to illustrate the ubiquitous application of the shared service concept as part of a complex matrix of horizontal and vertical relations that may criss-cross organisational, professional, disciplinary and cultural boundaries and flow across jurisdictional borders.

Demonstrating the high prioritisation of the central government ambition, the Scottish Executive' established shared services as a central work stream of *Building a Better Scotland – Efficient Government Plan* (Scottish Executive, 2004) under the Efficient Government Initiative. This complex agenda involved attempts both to 'join up' services and to improve accountability. Specifically, a consultation paper on a national strategy for shared services, *A Shared Approach to Building a Better Scotland* (Scottish Executive, 2006a) set out the following priorities, which advocated adopting shared services in order to:

    i.   Identify and realise opportunities for efficiency savings and service improvements, thus freeing resources for investment in front line services; and

    ii.   Promote processes and systems that are (relatively more) resilient to changes in service delivery structures and boundaries and better able to meet the needs of joined up public services.

Following this broad efficiency savings agenda, a number of mechanisms were put into place during the 2000s to foster change and to fund specific efficiency focused projects. This was not only presented as offering opportunities to release savings to invest in front-line services, but also to drive up service quality standards and consistency and to better serve individual customer needs. Distinctions were made between two sets of services. The first are back-office functions, such as HR, payroll, accounting, procurement and ICT, that effectively serve core business operations and that are internal to the organisation. The second are frontline services, such as specialist healthcare, social care, or educational support that deal directly with people, often in face-to-face contexts. The 'common operational processes and systems that underpin front line services [may be] duplicated across multiple organisations' (Scottish Executive, 2006a: 2). Notwithstanding these distinctions, the functions are of necessity inter-twined and provide the cultural parameters for (technologically) supported systems and shared local service delivery.

The Shared Services initiative sought to build on the development of standards and the support infrastructure afforded by the Efficient Government Fund and the Modernising Government, Customer

First and e-Care initiatives. The Improvement Service, for example, was set up in 2005. It is a partnership between the Convention of Scottish Local Authorities (COSLA) and the Society of Local Authority Chief Executives (SOLACE) and has the status of a company limited by guarantee. The Improvement Service is intended to help improve the efficiency, quality and accountability of local public services in Scotland by providing advice, consultancy and programme support to local councils and their partners. Shared Services is a core programme of the Improvement Service and part of the Service's remit is to provide a (shared) national point of reference for lesson-sharing and good practice.

In addition, a National Shared Services Board (NSSB) established in April 2006 comprised representatives from COSLA, SOLACE, the (then) Scottish Executive, and the Improvement Service. The NSSB has supported a small number of strategic projects intended to have high impact. These include areas of procurement, shared services or shared capacity, collaborative workforce planning, and the development and shared specification / convergence in IT. Initiatives tend to place an emphasis on closer working, streamlining, joint working and sharing. By way of illustration, a local government jobs portal called MyJobScotland, launched in June 2008, is an example of a national project shared by the 32 local authorities in Scotland that can also be used by the fire, police and rescue services. [2] Evidence presented to the Scottish Parliament (Johnston Press plc, 2011), however, shows that such moves, including the electronic publication of public information notices, was not welcomed by local newspapers, which saw a reduction in advertising revenue with consequential impacts for their own economic viability and ability to serve local communities.

Building the Momentum for Shared Services

An examination of the research and consultation exercises undertaken around the shared services agenda is indicative of the Scottish government's intention to mobilise support for and build commitment to this agenda, and effectively generate wider public sector 'buy-in' to this approach. Notably, *A Shared Approach to Building a Better Scotland: A Consultation Paper on a National Strategy for Shared Services* (Scottish Executive, 2006a) set out the government's ambition to *transform* public service delivery. This Consultation Paper identified the following ambitions to change the nature and culture of public service provision in Scotland. The aim was to make services:

    i.   Relatively more user centred and personalised, by being organised around users' and citizens' needs and aspirations, rather than the convenience of service providers;

    ii.   Focused on improving quality and encouraging innovation;

    iii.   Based on continuously improving efficiency and productivity;

    iv.   Joined up and with minimal separation between services; and

    v.   Accountable.

According to this Consultation Paper, the perceived potential benefits from shared services included: clearer customer focus; better information management and informed decision making; greater flexibility with respect to being able to 'plug in or out' of individual support services; opportunities for staff and career development; and the sharing of scarce expertise. It suggested that savings could be achieved primarily through three principal avenues: process re-engineering, consolidation, and standardisation. In making the case for shared services, the paper provided evidence of the savings

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[2] MyJobScotland, available online at: https://www.myjobscotland.gov.uk/aboutus.

enjoyed in other organisations through implementing shared services. It asserted that evidence shows that shared services are suited to both the private and public sectors (Table 1), even if their application varied slightly in practice.

Table 1.1 is illustrative of the back-office services that are 'internal' to organisations in either public or private sector environments. A combination of services may be identified to address a complex set of issues where a multi-sectoral or inter-professional service response is needed. In addition to addressing the specific needs of individuals and individual client groups, there are then evident differences in terms of the scale of provision and its spatial distribution. An underlying logic of shared services tends to suggest that making efficiency savings in certain standardised functions can potentially release resources that can then be invested in relatively more idiosyncratic services that, due to their customer-orientation, are required to be more sensitively and responsively designed. It invites different organisations to work together to improve services or share models of good practice so as to provide relatively more complex service models to serve complex needs.

Table 1.1: Ranking of Shared Service Opportunities by Public and Private Sector

Public Sector top 6		Private Sector top 6	
Information Technology	73%	Human Resources	87%
Finance	58%	Information Technology	85%
Human Resources	56%	Finance	77%
Procurement	55%	Procurement	61%
Property/Facilities Management	53%	Office Services	54%
Legal	43%	Legal	53%

Source: Scottish Executive, 2006a: 4

Whilst effective leadership is identified as a necessary pre-requisite for moving to a shared services model, it is clearly asserted in the Consultation Paper that there is a need to be alert to the stages involved in building an evidence base and shared commitment to this approach (Scottish Executive, 2006a). In preparing the Consultation Paper, the Scottish government undertook a visioning exercise with a dedicated Shared Services Advisory Group.[3] This provided a picture and sense of direction for public services in Scotland and built on a particular institutional environment. Notwithstanding evident spatial differentiations, by 2006 Scotland had standardised certain pan-Scotland functions and developed ICT initiatives to enhance service delivery. These projects built on a culture of sharing common business support services and a benchmarking approach to support continuous improvement.

The introduction of a statutory basis for community planning in 2003 resulted in the establishment of Community Planning Partnerships that further encouraged the development of shared services at the local government level. Community planning specifically encourages the shared use and maintenance of local assets, such as public buildings, facilities and vehicles (Scottish Executive, 2006a). This emphasis on sharing assets was further underpinned by the statutory duty underpinning community planning, which requires joint working and partnership to achieve community well-being.

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[3]   The Shared Services Advisory Group comprised representatives from across the public sector, including NHSScotland, COSLA, SOLACE, the Improvement Service, (central government) Executive Agencies, Non Departmental Public Bodies, and higher education.

Indicative of the imperative of this agenda, the Scottish Executive (2006b) actively sought to maintain the momentum of the shared services political ambition with the publication of *Transforming Public Services: The Next Phase of Reform.* This document continued to emphasise the Government's agenda to continue to scrutinise every aspect of the public sector in order to reduce duplication, rationalise service provision, and encourage greater flexibility. An important emphasis was placed on the need to align organisational thinking and to secure "far greater symmetry and cooperation" (Scottish Executive, 2006b: 2). This involved engendering a "mature climate of trust between central government, local government and various delivery organisations, [whilst] recognising the elected status of local government" (*ibid.*).

A feature of the shared services agenda in Scotland has been the systematic promotion of this collaborative ambition and creating opportunities for – and explicitly provoking – discussion and debate. Importantly, then, in terms of understanding the national context of shared services in Scotland, there was a deliberate strategy to maintain momentum. The publication of *Transforming Public Services*, for example, was not intended to "divert or delay" public sector reform but rather "to learn from where we are improving the quality and efficiency of our services, drive and encourage continuous improvement in service delivery, and challenge those areas where the service is unacceptable" (Scottish Executive, 2006b: 4). This deliberative approach may be considered integral to the broader agenda for securing a cultural change within and across the governance and decision making arrangements in Scotland.

Provision of a National Guidance Framework for Shared Services

Following the May 2007 general elections, a minority Scottish National Party assumed office and, in December 2007, the new Scottish Government published its *Shared Services Guidance Framework.* This *Framework* was explicitly driven by a commitment to 'small, simpler government' and asserted an efficiency agenda (Scottish Government, 2007: 3). The Cabinet Secretary for Finance and Sustainable Growth plainly stated the business case for shared services, particularly around procurement, and confirmed the expectation that "the majority of efficiency gains [are] to be delivered by best business practice and business process improvement, better use of public assets, improved collaborative working and much wider application of Shared Services, ensuring that value is added in all end to end business processes. All public organisations must challenge themselves to collaborate and engage in sharing services as [an] integral part of their on-going continuous improvement" (Scottish Government, 2007: 3). This would suggest that shared services are intended to be part of the operating environment, and institutional culture, rather than an end in themselves.

In understanding the national context for shared services in Scotland, it is helpful then to understand how the shared services agenda was explicitly aligned with central government's five strategic objectives (Table 1.2). This suggests that there is an evident *dirigiste* prescription for adopting shared services. The national objective is explicitly stated in the main policy aim, which is: "To support Shared Services opportunities that will provide **Scotland wide** solutions, for smaller simpler Government, which improves the service to the customers" (Scottish Government, 2007: 5, emphasis added). Significantly, this embraces all aspects of the economic, social, environmental and cultural aspects of Scottish affairs. Yet, if implemented insensitively, it risks overlooking or underplaying the specificities of place and the diversity of individual needs.

Table 1.2: Aligning Central Government Objectives with Shared Services

Central Government Strategic Objective	Role of Shared Services
Wealthier and fairer - Enable businesses and people to increase their wealth and more people to share fairly in that wealth.	Support the development of Shared Services in Scotland that deliver high quality multi-channel services, valued by citizens, and as cost effectively as possible to ensure that citizens and businesses contribute less of their wealth to support the State.
Healthier - Work with others to deliver better and faster access to integrated primary and community care in Scotland and to shift the balance towards independence and choice so that everyone has sustained and improved health and well being, especially in disadvantaged communities.	Support multi-channel access, giving choice to all aspects of the community. Support the development of efficient, responsive high quality health services delivered on a cross-agency basis to return citizens to a state of health as quickly and simply as possible.
Safer and Stronger - Help local communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life.	Enable Shared Services opportunities that will deliver efficiency gains that, in turn, allow public sector organisations to reinvest in local communities and frontline services.
Smarter - Expand opportunities for Scots to succeed from nurture through to life long learning ensuring higher and more widely shared achievements.	Enable Shared Services opportunities that will deliver efficiency gains that, in turn, allow reinvestment in early development, education and lifelong learning and support multi channel access giving choice to all members of the community.
Greener - Improve Scotland's natural and built environment and the sustainable use and enjoyment of it.	Develop Shared Services opportunities that reduce the need to make contact with a range of dispersed agencies, and develop common business processes to support multi-channel access, and virtual delivery mechanisms. Give choice of access, and options for flexible and remote working, which could in turn, allow for a reduction in individuals' carbon footprint.

Derived from: Scottish Government, 2007: 4

In setting out the agenda and context for taking forward a shared services culture in Scotland, the *Guidance Framework* provided background information on the 'why, what, how, and where's it been done (well) elsewhere' of shared services. The documentation is careful to highlight the challenges involved in moving culture and practice to shared services. Specifically, the *Framework* noted that the

> *"[t]ransition to Shared Services is a journey that needs careful planning and execution. It requires a comprehensive understanding of the delivery process including customer requirements and the delivery objective(s). The real challenge is in developing a strategy and vision, identifying the most effective business models, and selecting the right people and partners, whilst securing political and organisational agreement to be able to turn the strategy into reality and completing the journey as planned" (Scottish Government, 2007: 6.)*

From this perspective the transitional phase (to a potentially transformed mode of governance) is critical.

Importantly, the *Guidance Framework* was not presented as the single source of information with respect to the available models of, and modes of, implementing shared services. There is a recognition that the shared services agenda needs to be critically reflective and to learn from experience. Indeed, the national guidance itself was refreshed in 2011 (Scottish Government, 2011). Again, the point was made that considerable guidance and case study evidence of shared service practice exists elsewhere.[4] The availability of alternative models and approaches to shared services highlights the importance of not only identifying *which* services might be shared, but also in what *ways*. Notwithstanding a Scotland-wide and strategic agenda, therefore, it is evident that the operationalisation of shared services must be undertaken sensitively with respect to the specific conditions of place, time and context. This ethos means that understanding the needs and priorities of individual locales is critical.

Here it is useful to highlight the five key areas that the Scottish Government's 2011 guidance asserts are essential when thinking about embarking on a shared services agenda. These areas indicate that the shared service agenda is not just about devising the business case and strategy for adopting this approach and having the appropriate processes and technological support in place. It is also about ensuring that the cultural and organisational aspects have been considered in relation to the appropriate personnel, leadership style, and stakeholder engagement (Table 1.3).

Table 1.3: Inter-relations Issues when considering a Shared Services Agenda

Dimensions	Considerations
Strategy	• Is there a clearly articulated business strategy in place that has been approved and communicated to internal and external stakeholders? • Do you have specialist advice on the legal and financial implications? • Has the case for change been agreed and the business benefits and resources required been approved?
Change Management	• Have you agreed to a change management strategy, secured leadership and dedicated resources to deliver the change management requirements?
Business Process Review	• Have you agreed on the processes in scope and out of scope, and then focused on mapping and redesigning to ensure they are fit for purpose?
People	• Have you agreed on the skill set needed to deliver the redesigned processes and engaged throughout the above three steps with the key personnel and representative bodies?
Technology	• Do you have a clear ICT strategy to support the business strategy that capitalises on the investment already made across the public sector?

Source: Scottish Government (2011)

Improvement Service: Shared Services Survey 2009

In building a wider momentum and capacity around shared services, the Improvement Service undertook a Scotland-wide survey of collaboration in early 2009. This revealed a range of shared service models already in operation. The detailed breakdown across 32 local authorities indicates that the concept of 'sharing' spans facilities, sectors, organisations and local authority boundaries. It demonstrates that collaborative experience in Scotland includes: joint use of physical assets and separate service provision (co-location of services); the use of community planning arrangements to facilitate cross public sector provision of services; the setting up of new and separate organisations to provide a joint service for two or more organisations; the creation of separate specialist services; the

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[4] The 2011 guidance – with additional links to other on-line information - is available on line at:
http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/efficientgovernment/SharedServices/Guidanceframework2010

sharing of out of hours or emergency cover services across a geographical area; process simplification; and shared training strategies.[5] Such diversity of shared service models provides some scope for thinking creatively about what securing efficiency gains and service effectiveness might look like on the ground.

A Public Sector Workforce Perspective

The discussion thus far has focused on detailing the central government context for shared services. This sub-section provides some insights from a public sector employee perspective. The Christie Commission (2011) took into account trade union responses and UNISON Scotland briefings as a proxy of the concerns that could arise around shared services. Table 1.4 summarises the case for and against shared services.

Table 1.4: A Workforce Perspective

The Case for Shared Services	The Case against Shared Services
• Better service – less form filling, quicker decisions, immediate answers to questions, less travelling, wider access, e.g. evening and weekend working	• Less personal service, both for users and for the staff
	• Loss of experienced staff and their knowledge
	• Devaluation of the essential administrative tasks staff undertake
• Greater effectiveness – reduced mistakes, problems resolved by dialogue rather than posting forms	• Devaluation of the service provided in the eyes of the public
	• Blurring of boundaries between the professional staff and administrative support staff
• Cost savings – reduction in space through centralised accommodation, reduction of work through less transactions, fewer staff needed, more effective utilisation of staff time by control and supervision processes	• Complex delivery of public services needs staffing by people who understand the working of the whole organisation
	• De-skilling of administrative staff can lead to their de-motivation and a high turnover
	• Not all of the new technologies are proven and that can often come at a high cost
	• Particular problems that cannot be resolved at the front line have to be shifted to a line manager

Source: UNISON Scotland (2001)

In its briefing papers and consultation responses to Government policy, UNISON Scotland (2006) has consistently stated that it "supports joined-up government and is always willing to look at innovative service delivery options" and it identifies that a "strength of the Scottish Public Sector Model is that these options are available when public bodies operate in co-operation not competition." It nonetheless points out the initial investment required and length of time required to break even. At the

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[5] Full details are available at: http://www.improvementservice.org.uk/2009-survey-of-collaboration-across-scotland/

very least, this indicates the need for caution, sensitivity and early and on-going engagement with all those concerned if an informed appreciation of the full impact of shared services is to be realised.

Glasgow and the Clyde Valley: Shared Services at the Local Level

Set against the prevailing political agenda to transform public service delivery, it is worthwhile to examine shared services in the west of Scotland and, more specifically, the Glasgow and Clyde Valley grouping of local authorities (Figure 1.1). This alliance of councils comprises the eight Clyde Valley local government authorities of East Dunbartonshire, West Dunbartonshire, North Lanarkshire, South Lanarkshire, Renfrewshire, East Renfrewshire, Glasgow and Inverclyde.

Figure 1.1: Glasgow and Clyde Valley'

The underlying argument presented is that shared services form part of a wider culture of public service provision in the sub-region. In the specific example of strategic land use planning, it may be considered as established strategic practice. The discussion distinguishes between aspects of shared service provision that improve the individual citizen's (user's) experience of a particular service and

efforts to generate efficiency savings (an organisational perspective). Taken together, this dual perspective helps to enhance our understanding of the broader shared services agenda, the different forms this may take, and the different outcomes that may be secured.

The Glasgow and Clyde Valley grouping of local authorities comprises the eight Clyde Valley local government authorities and, taken together, hosts 34 percent of Scotland's population. Glasgow has been characterised as a *dual city* "simultaneously witnessing strong growth and acting as the centre of gravity for the West of Scotland, while dealing with the legacy of decline" (Scottish Executive, 2003: 48). Whilst the city-region has 35 percent of Scotland's jobs, 60 percent of Scotland's most deprived wards are in the Clyde Valley area (Arbuthnott, 2009). The demographic profile indicates that there is anticipated increase in those aged over 85, with a projected increase of those over 75 years of age living alone. There is a projected decrease in those aged 18-44. The number of people claiming Jobseekers Allowance has increased and some 20 percent are currently claiming working age based benefits (Arbuthnott, 2009). This overall profile is indicative of certain specific service requirements and needs.

Although the council areas vary in size, context and demographic profile (Annex 1), the authorities have an established history of joint working, particularly in relation to strategic structure planning. Moreover, in practice, there are a number of examples of 'organic' collaborative working arrangements. These initiatives may be contrasted with the relatively more top-down recommendations being asserted by central government and offer insights into the range of shared service models and the weft and warp of a shared service culture.

The differentiated demographic characteristics of the individual and contiguous local authorities in the Glasgow city-region point, on the one hand, to the complex demands on devising appropriate public services to meet the associated needs and, on the other hand, the challenges that would be created in trying to reconcile such differences under a unitary shared service model. Projected changes in economic, social and demographic conditions would also suggest that these tensions are likely to become more marked, as service needs evolve and change.

Models of Collaborative Working

The 2009 Shared Services Survey makes it is possible to assess how different local authorities, government agencies, public sector bodies and organisations within a given geographical area may contribute to the delivery of shared services given the metropolitan context. Understanding shared services as a network of collaborative working offers a relatively more fluid, flexible and outcome-focused interpretation of the shared services agenda and is illustrative of attempts to transform the culture of governance. Six models are examined using various partnering models across the Glasgow city-region.

Cross public sector provision—ICT. An established feature of shared service provision identified in the literature is associated with technological developments in ICT. Within the Glasgow and Clyde Valley grouping of local authorities, there are examples of shared ICT infrastructure. South Lanarkshire Council, for example, is the lead council across four public sector organisations offering cross sector delivery of a shared payroll / HR application service. Delivered through a Service Level Agreement, this facility serves South Lanarkshire Council, Strathclyde Fire and Rescue, South Lanarkshire Leisure Limited, and Lanarkshire Valuation Joint Board.

The rationale for this mode of cross-sector organisational delivery is identified as capital and revenue cost avoidance, enhanced customer and service levels, and risk avoidance. The physical facility is based at South Lanarkshire Council's data centre and the service operates as an arm's length organisation. South Lanarkshire Council also provides ICT hosting services for the Scottish

Government, the Criminal Injuries Compensation Authority, Disaster Recovery support for two local authorities, and ICT hosting for the University of the West of Scotland.

In hosting e-infrastructure for the National Citizen Account Service and the National Land and Property Gazetteer, this South Lanarkshire Council example is not only illustrative of a cross-sector and pan-Scotland service, but is also representative of a second strand of shared service thinking, that of process simplification and standardisation. Though not a front-line service *per se*, this type of work is illustrative of the web of cross public sector support that can be delivered in practice. Commitment to this mode of shared service is held to rest on the perceived potential savings for the participating organisations (in terms of avoiding the setting up and running costs, and avoiding the associated risks involved) and the formal governance arrangements put in place to manage the service delivery.[6]

Process Simplification / Standardisation for Data Sharing. As noted above, an important feature of central government's agenda for modernising and reforming the public sector has turned on the need for the standardisation and Scotland-wide provision of certain services. This focused attention on data / information sharing between public sector bodies and the development of appropriate information sharing protocols. In subscribing to services such as Customer First, National Customer Relationship Management, and the National Card Management System, for example, local authorities are effectively collaborating on a pan-Scotland basis.

Similarly, SEEMiS, which was originally formed by twelve of the ex-Strathclyde Councils, delivers a managed education information software to support 28 of the 32 local councils in Scotland, illustrating how a sub-regional system may be extended to meet the needs of other local authorities.[7] A central government emphasis on information sharing in 2006 led to the creation of the Data Sharing and Standards Division at the (then) Scottish Executive with a number of Data Sharing Partnerships being created at local authority level.

It is important to note that the exchange of data and information is highly sensitive. This may be illustrated in the context of Children's Services, for example. In April 2006, the Lanarkshire Data Sharing Partnership brought together the children's eCare Project and the Lanarkshire Joint Working Across Care Agencies Group to develop a data warehouse – the so-called Lanarkshire Multi Agency Store. Based on a model of service provision using electronic media, this includes providing single shared assessments for care and child protection messaging. A dedicated focus on this specific service has developed an acknowledged expertise in the development of electronic information sharing. An independent evaluation of this initiative indicated that the e-Care messaging project improved information sharing 24*7 "by alerting multiple agencies simultaneously to a relevant child protection event" (Imera Consultants Ltd, 2005: 5). Though based on eCare messaging technology, an independent evaluation commented that the service is nonetheless underpinned by robust training; clear and agreed standards between partners with respect to data sharing; and, ultimately, professional judgement when dealing with individual clients. An important lesson is the provision of timely data in the right place and at the right time for an individual is but the first step to dealing with the issues face to face.

Emergency / Out of Hours Services. The issue of the timeliness of service provision is clearly critical in emergency situations. Sharing social work services during out of hours is an area where on-line telephone services can be delivered across geographical areas and bring together different local authorities. Twenty-four hour care for vulnerable groups, such as older people and those with a disability, among others, can be delivered by means of a shared hub.

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[6] http://scotland.gov.uk/Topics/Government/PublicServiceReform/efficientgovernment/SharedServices/guidance2010cs13

[7] http://www.seemis.gov.uk/site3/

Run by East Dunbartonshire Council, and used also by West Dunbartonshire, HourCare is a service that provides a community alarm response centre to enable a rapid response on the ground. In contrast, the Social Work Services Standby Service based in Glasgow is an example of a regionally delivered emergency social work service that provides out of normal office hours counselling and intervention to individuals across a total of eleven local authority areas in the broader territory of the West of Scotland (Argyll and Bute, Dumfries and Galloway, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow, Inverclyde, North Ayrshire, Renfrewshire, South Ayrshire and West Dunbartonshire). The service is intended to meet statutory social work obligations and relieve situations of acute risk that demand immediate interventions. In effect, sharing resources out of hours provides a responsive bridging service in a timely way and at the point of need.

Training and Professional Development. Training offers an area for shared learning support within the context of a national or standardised qualifications regime and the requirement for ongoing professional development as technologies, regulations and policies change. Led by South Lanarkshire Council and managed by an Implementation Steering Group, Clyde Valley Training Partnership provides shared learning, training and development practices across eight member local authorities (East Renfrewshire, Glasgow City, North Lanarkshire, South Lanarkshire, Renfrewshire, East Dunbartonshire, Inverclyde and West Dunbartonshire) and (a growing number of pan-Scotland) Associate Member Councils.

This model of shared service provision uses an e-learning infrastructure to provide learning opportunities, using tools such as e-portfolios. Training is provided in a range of topics, including first aid and diversity, and to a range of audiences, including elected members. A positive outcome of this shared service provision is that it would have appeared to have facilitated the "formation of a robust partnership between member councils [which] has developed a sense of ownership of the Clyde Valley's work plan with member councils now thinking in terms of a Clyde Valley solution when addressing learning and development issues within each council" (Scottish Government, 2011: case study 16).[8] This notion of a 'Clyde Valley solution' would suggest the importance of layering a shared service ethos if there is to be a potential transformational shift to a joined-up and outcome-focused shared service culture.

Co-location. The examples provided thus far tend to emphasise the use of ICTs to underpin shared service provision, given that it invoke few concerns around the selection of the site, the associated human resource requirements, and the benefits (or not) for the host organisation and community. On the one hand, the physical location of shared services highlights the concerns that local people may have that this approach will lead to job losses - a particularly sensitive issue in rural areas. On the other hand, the physical creation of a call centre, for example, may create much needed employment in relatively more remote rural areas (Scottish Parliament Local Government and Communities Committee, 2010).

The co-location model of shared services tends to highlight the physical aspects of shared services that may involve the use or adaptation of existing premises. Located at the heart of a major regeneration initiative, the new-build, state-of-the-art Barrhead Health and Care Centre is an example of a joint development to design a building where health and social services could be co-located. The National Health Service Greater Glasgow and Clyde invested £15 million and East Renfrewshire Council invested £3 million in a project to develop a shared health and social care resource providing access to health and local government services in the same location. The Barrhead Health and Care Centre brings dental services, three GP surgeries, physiotherapy, podiatry, community nursing, visitor and district nursing teams, community mental health and social work services, alongside home care

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[8] http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/efficientgovernment/SharedServices/guidance2010cs16

services, together under one roof. The premises also accommodate a day-care centre for older people with its own entrance and garden.

Opened in April 2011, the Centre serves some 25,000 local residents. In addition, the Centre provides mental health services for the whole of East Renfrewshire thus serving some 90,000 people. The design of the Health and Care Centre involved public participation through a Public Partnership Forum and includes purpose-designed works of art. The new Centre is located next to the Council Offices and has been designed to consume a very low level of energy. An important concept of the initiative was not simply to bring health and social services closer to the people but physically and symbolically to place health and wellbeing at the heart of the community.

Specialist Services. The provision of specialist services appears to offer fruitful avenues for collaborative working and may also involve co-location. Specialist services can be designed to meet trading standards, or respond to intermittent or seasonal activities, be locally specific and relatively small scale, or tailored to meet the needs - or target the interests and cultures of - particular groups or individual citizens. Specialist services may combine other characteristics of shared service provision. Across the city-region, there are examples of liaison groups, for example, covering areas such as fair-trading and product safety with the aim of co-ordinating enforcement action, reducing duplication, and thereby achieving efficiencies. For example, through a team of Environmental Protection Officers, North Lanarkshire Council provides vehicle emissions and idling enforcement activities for both East Dunbartonshire and South Lanarkshire Councils.

Developing specialist expertise can concentrate effort. The East Renfrewshire Community Health and Care Partnership, for example, manages and provides services across East Renfrewshire, Renfrewshire and Inverclyde Councils through two specialist teams. The Drug Treatment and Testing Order Team service involves a *co-located* multi-disciplinary team comprising social work, addiction, nursing and GP members. The Forensic Community Mental Health Team is based in an NHS facility with *co-located* social work and forensic community psychiatric nursing staff. This partnership approach is effectively a model of shared service activity though is not 'badged' as such. As well as the wider shared service on emergency planning, the Communications teams at Renfrewshire, East Renfrewshire and Inverclyde Councils also have protocols on working together in the event of a civil contingency, involving mutual aid support for all resources and training.

Established in 2003, and led by South Lanarkshire Council, the West Scotland Local Authorities Winter Weather Service (WeSLAWS) brings together the twelve unitary authorities within the former Strathclyde Regional Council, as part of a public-private sector partnership comprising Meteogroup Ltd (a division of the Press Association) as forecast provider and Vaisala Ltd as operator and maintainer of weather stations.[9] Weather forecasts are posted on a WeSLAWS bespoke website and emailed to individual authorities. The consortium enables cost efficiencies through joint procurement of weather forecasting services, data collection and weather station maintenance. The award of a second four-year contract would suggest that the one-stop shop approach to sharing winter weather information is working effectively in practice.

In addition to the joint working between statutory bodies and local authorities, there are examples of specialist services involving sharing expertise with voluntary or charitable organisations. The West of Scotland Family Placement Consortium is a partnership consisting of thirteen members, of which twelve are local authorities and one is a voluntary organisation, St. Margaret's Children and Family Care Society.[10] The Consortium provides adoptive and permanent family homes for children in the West of Scotland. The Scottish Government's (2008) *Better Cancer Care Action Plan* spawned a

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9   http://www.argyll-bute.gov.uk/sites/default/files/transport-and-streets/weather%20forecasting%20and%20monitoring.pdf

10   http://www.baaf.org.uk/scotland/west_consortium

number of initiatives. Macmillan Cancer Support, for example, has sought to build a Scottish network of partnerships delivering welfare benefits advice for people affected by cancer. The MacMillan and Inverclyde Council Welfare Rights Service was established to be proactive and equitable in its dealings with patients and carers; to deliver advice in medical settings; to provide home visits and face-to-face advice; and to ensure that information is provided accurately using cancer-aware, expert Welfare Rights Officers (Inverclyde Council, 2009).

Certain professional specialist services relate specifically to discharging statutory duties relating to the environment. The West of Scotland Archaeology Service (WoSAS), for example, was established by Minute of Agreement in 1997 and is delivered in partnership between twelve councils. [11] The Archaeology Service is hosted by Glasgow City Council, managed under a Service Level Agreement, and run by a Joint Committee. An elected member from each Council serves on the Joint Committee. As new statutory responsibilities come on-stream, there is a need to expand specialist service provision. The Nature Conservation (Scotland) Act 2004, for instance, makes the conservation of biodiversity a statutory duty for all public bodies. Using a partnership approach, Inverclyde and Renfrewshire Councils, for example, support a shared post for a Biodiversity Officer who provides guidance on the implications of this legislation and raises awareness of biodiversity as a core aspect of sustainability.

Strategic Spatial Planning

Statutory land use planning may be considered a specialist service as well as on cross-boundary joint working in strategic planning. Since devolution, and in parallel with the wider public sector reforms, a modernisation of planning in Scotland was undertaken. The 2006 Planning etc (Scotland) Act brought into effect a planning hierarchy, including a statutory National Planning Framework, new development plans, and provision for development management and enforcement. The government introduced a single-tier development plan arrangement (Local Development Plans) across most of Scotland, with the exception of four city strategic development planning areas that were required to implement a two-tier system of Strategic Development and Local Development Plans. The Strategic Development Plan areas are centred on Aberdeen (Aberdeen City and Shire), Dundee (TAYplan), Edinburgh (SESplan), and Glasgow (Glasgow and the Clyde Valley). Together, these plans cover approximately 32 percent of Scotland's land area and 75 percent of its population.

Strategic Development Plans are intended to set out a clear vision and spatial strategy for their city-region areas and establish the context for their constituent local development plans. The key issues to be addressed include the supply of land for housing, major business and retail uses, environmental protection, and the provision of key infrastructure services.

The Glasgow and Clyde Valley Strategic Development Authority (GCVSDA) comprise North and South Lanarkshire, East Renfrewshire, Renfrewshire, Inverclyde, Glasgow, East and West Dunbartonshire. This Authority builds on an established tradition of joint working for the purposes of strategic planning in this city-region – with earlier arrangements around the West Central Scotland Plan, and the Strathclyde Structure Plan (Wannop, 1995). As a strategic level document, the proposed Strategic Development Plan (GCVSDA, 2011a) seeks to influence and help to prioritise private and public sector decisions. Significantly, the Plan is intended to focus on vision and strategy and is subject to Ministerial approval. It is required to be accompanied by an Action Programme setting out how the Authority proposes implementing the Plan (GCVSDA, 2011b). This involves identifying the Lead Partner and Organisation in relation to specific projects.

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[11] http://www.wosas.net/

The proposed Action Programme acknowledges the diversity in approaches and mechanisms likely to be required in implementing the range of major infrastructure and regeneration projects involved, since individual components of the Plan will necessitate different delivery and collaborative practices, including, for example, Joint Venture Partnerships and joint working in relation to flood risk management plans and waste management. The underlying assertion for joint working represents a further strategic layer to the broader shared service agenda. In addition, the strategic planning agenda sits alongside the Clyde Valley Community Planning Partnership where an emphasis on strategic thinking and actions has been complemented by the proposed Clyde Valley Shared Services initiative.

Clyde Valley Community Planning Partnership

During the national discussions about the potential for shared services, Scotland's community planning arrangements (Community Planning Partnerships) were identified as offering an institutional context for the local integration of appropriate support services. In 2003, the Clyde Valley Community Planning Partnership set out its vision for the city-region for the period 2003-2013. This vision was refreshed in 2008 with the publication of *Metropolitan Glasgow*, which asserted the case for "effective public and private partnership working" (Clyde Valley Community Planning Partnership, 2008: 5). In mid-March 2009, the eight local authorities making up the Clyde Valley Community Planning Partnership commissioned Sir John Arbuthnott to undertake an independent review of the potential for providing shared services through enhanced joint working across the city-region.

The Arbuthnott Review (2009) identified a number of drivers for moving towards a shared service model, namely: an appreciation of the 'financial squeeze'; changing demographics, with a consequential need to reorient services; an infrastructure requiring investment; and workforce development challenges.

The remit of the review was to consider both back-office and front-line services, which involved examining existing practices of shared services and joint working; identifying opportunities and approaches for further shared service delivery and joint working; prioritising those service areas most likely to deliver efficiency gains and improved services; and proposing a roadmap towards greater sharing and improvement. The intention was to develop:

- Closer working between local authorities and health boards to create an integrated health and community care service in each local authority area;
- An integrated approach to waste management;
- A single social transport solution;
- A joint and streamlined approach to fleet management and maintenance;
- A shared roads maintenance programme;
- Property sharing and management in local hubs;
- A joint approach to "back office" services;
- Joint workforce planning; and
- A common charging framework.

The report highlighted the potential for improving cooperation and differentiated between support services (back-office functions); civic infrastructure (the management of a range of assets); and front-line services. Table 1.5 outlines the recommendations showing the identified potential for shared services aligning these in relation to specific (shared) outcomes.

Table 1.5: Potential for Shared Services

Clyde Valley Community Planning Partnership				
Common Outcomes				
Customer Service	*Reduce socio-economic inequalities*	*Improved Health – a good start*	*Sustainable Communities*	*Regeneration*
What will sharing and joint services deliver?				
Common charging framework	Single transport solution	Joint commissioning and procurement of specific health and social care services	Integrated vehicle maintenance	Co-ordinated disposal of assets
Joint workforce planning and shared specialist staff, supply teaching		Integrated Health and Social Care Service in each council area	Joint procurement of standard fleet	Joint roads maintenance services
Shared back office development in customer services, information systems and some HR			Shared operational fleet	A single economic strategy for the area
Shared local offices or hubs with other partners in the community			Shared use of waste treatment plants and joint recycling arrangements	
			Integrated waste management	

Source: Arbuthnott (2009: 6)

In his final report, Arbuthnott (2009) acknowledged that the scale of the proposal to foster enhanced joint working across eight unitary authorities and their partners, including between local authorities and Health Boards, was unique, particularly since it involved front-line services. It was also, he reminded, an untested model and an ambitious project. Specifically, Arbuthnott (2009: 9) stated that, "This means that there are a number of cultural, democratic, organisational, legal, procurement and financial challenges to be acknowledged and addressed."

In broadly welcoming the recommendations, Renfrewshire Council's Leader, for example, commented,

> *"Renfrewshire is widely recognised as having led the way on partnership working with a range of public, business and voluntary organisations. ... We have a strong track record of pioneering innovative joint approaches on issues such as alcohol and drug misuse, town centre regeneration and community safety. [A caveat is that t]here's a need to maintain democratic accountability in public service while also delivering*

more efficient approaches and additional joint working. There's no desire and no need to go down the time-consuming route of restructuring local authorities. It's essential that the people we serve have a clear, identifiable and accountable link with their local councils" (Renfrewshire Council, 2009).

The recommendations were criticised by Unison Scotland (2010) for a number of reasons, including their lack of detail, outdated thinking, and paucity of appropriate workforce engagement. Against this broader political and workforce context, in October 2010, the eight Clyde Valley councils announced that they were planning to share services in waste management, transport, health and social care, and support services. The expectation was to find savings of between 10 and 20 percent. Dedicated workstreams then sought to take the vision forward.

In November 2011, a briefing report to the Accounts Commission by the Director of Audit Services (2011) identified the lead authorities and outlined the progress made in relation to the individual workstreams responsible for taking forward shared services. This report is illuminating in a number of ways. It confirms the need and time involved in data gathering, exchange and analysis, between organisations. It highlights the importance of focussed and detailed discussions on the scope for, and steps involved in, collaborative working across organisations. It points to the requirement of robust business cases to justify any shared service innovation or design. It signals the importance of appreciating the costs involved in resourcing new organisational structures. The briefing report also revealed that changed economic circumstances, revised expectations of the savings involved, the imminence of local government elections in May 2012, and other administrative considerations had hampered progress and prompted four of the councils to withdraw from the shared support services workstream.

Taken as a whole, this demonstrates that shared services are not immune from wider economic and political conditions, are exposed to the uncertainties arising from economic change, and particularly contraction, and require their own resourcing in terms of the appropriate skills, time, and resources involved.

Conclusions

It is clear that the rhetoric around shared services appears to promise efficiency gains and financial savings. Nonetheless, the potential for shared learning around shared services is somewhat undermined by confusion around the terminology and understanding precisely what is meant by a shared service. The absence of a single definition and the evolving context of multi-level governance result in this being a fluid and highly complex context for conceptualising and delivering *public* services.

This case has shown that shared service delivery in Scotland does not only refer to joint services by neighbouring local authorities, but invites different combinations of organisations and consortia. Shared services may thus involve, for example, cross public sector provision; process simplification / standardisation; emergency / out of hours services; training and professional development; co-location; and specialist services. Crucially, however, the ambition of shared services "signals a willingness to transcend organisational boundaries and inherent partisan barriers in order to join up services with greater benefits for users" (Grace and Higgins, 2011: 3). Joint working is socially constructed and involves different stances with respect to efficiency and effectiveness, and equity and user orientation. These potentially conflicting purposes can produce tensions and barriers to the implementation of shared services in practice.

In studying Scotland, and specifically the Glasgow and Clyde Valley, this chapter has highlighted that there are a number of issues to be taken into account if progress towards shared services is to take

place in an appropriate way and potential costly mistakes avoided. Not least amongst the important points to be drawn is the need for a clearer articulation of the principles underpinning shared services. Notably, then, the Christie Commission (2011) asserted not only the case for improved efficiency gains through the removal of duplication, but also advocated the prioritisation of services that prevent negative outcomes; improve outcomes; and empower individuals and communities to be involved in the co-design and delivery of services.

Articulating the values and principles for shared learning are likely to prove fundamental in securing what may be seen as potentially transformative change. Added value does not stem from achieving efficiency gains (alone), but also from securing greater effectiveness and equity – the transformative potential to individuals' quality of life.

The case for shared services has gathered a particular momentum in Scotland. This has been mobilised and sustained, in part, by central government taking a leadership role and aligning shared services with national priorities. This has involved: making the case for change based on collecting and disseminating evidence at a national level; resourcing and reviewing pilot projects; facilitating dialogue through consultation papers; stimulating debates in the Scottish Parliament; using case studies to demonstrate existing (best) practice on the ground; and building attempts to connect the broad shared service agenda with associated statutory changes, such as the introduction of community planning.

There are, however, a number of challenges to be confronted. To date, experience of debating, devising and implementing shared services in Scotland is held to focus "too much on the solution as an end in itself rather than a means to achieving better outcomes for service users and residents" (McKinlay, 2011: 45). This point echoes a related concern debated in the Scottish Parliament (Local Government and Regeneration Committee, 2011) that the focus of shared services needs to be on the *function* the service provides rather than the *form* it takes. This suggests that a clearer understanding of the rationale for, culture of, and practical implementation of shared services is continuing to evolve.

Shared services are presented in the literature as having the potential to be transformative with respect to community well-being. If a move to shared services is agreed, the management of the transition then becomes all important, involving the articulation of a clear strategy and vision, making a robust business case, and involving and engaging all the necessary people and organisations in a flexible way. The Scottish Government's (2011) guidance identifies the importance of change management thinking and appropriate leadership style. Given that the concept of shared services invites collaborative and cooperative working across traditional organisational, jurisdictional and professional boundaries, it is, perhaps, unsurprising that there is an emphasis on cultural change to support the transition to modes of joint working. This means starting with the user and actively inviting the engagement of (new) partners and audiences. A measure of successful shared service provision identified during the research was the nurturing of a 'Clyde Valley solution' involving the development of a sharing ethos and sense of ownership.

Although there are a number of service functions being shared, there is limited evaluation in practice that can demonstrate value for money on the one hand, and meeting the needs of individuals and communities on the other. Moreover, there appears to be a growing awareness of the need to manage institutional expectations of what shared services can deliver in practice. As noted by SOLACE Scotland (2010: 7), for example, "shared services will not provide all the answers to efficiencies and should not be seen as an end in themselves. They have played a limited role to date in the efficiency savings delivered by local government in recent years, and the up-front costs can be significant." It is evident from the literature that the prevailing economic climate and fiscal constraints necessitate innovative thinking and new forms of service provision, though the models adopted need

to be appropriate, sustainable and reflect projected spatio-demographic changes. The current economic conditions dictate the design and delivery of services to help communities to overcome these challenges and to incorporate relevant expertise as service users' requirements change. It follows that modes of public service provision are likely always to be in transition as they continue to seek to be responsive to citizen and community needs.

Case II   Mancomunidades in Spain: The Asturias Region

Introduction

Since it became a democracy in 1978, Spain has progressively become one of the most devolved or decentralised states in Europe. Its seventeen regions enjoy a high degree of political autonomy. All have directly-elected assemblies and have legal competencies in the areas of elementary and adult education, culture, local transport, infrastructure provision, primary health care and some social services.

Four regions, including The Basque County and Catalonia, have higher levels of autonomy than the other regions due to their cultural and ethnic distinctiveness. In parallel to the increase in power at regional level, Spain has seen its local authorities grow in stature. Local councils (i.e. municipalities) continue to have significant powers in local service provision, economic development, territorial and tourism promotion, environmental regulation and conservation and land use planning. Citizens feel a strong attachment to their municipality and councillors, and local mayors play an important role in mobilising and leading civil society.

The national authorities play a key role in ensuring resource equalisation between regions, so that poorer regions benefit from the financial transfers that are necessary to enable them to stimulate territorial development. In addition, national and regional authorities play a role in facilitating and enabling collaboration between local government bodies; and they have generally been proactive and constructive in responding to the bottom-up efforts of local authorities to engage in joint ventures.

Among local authorities, collaboration in delivering services occurs through mancomunidades. These are voluntary associations that bring municipalities (the smallest tier of government) together to create a single structure. Once constituted, a mancomunidad subsumes the power of the constituent municipalities in defined areas, such as local service provision and /or infrastructure development. Mancomunidades are also formed to execute a joint-project such as the construction of a community venue or the promotion of a tourism and heritage resource. Thus, they can be formed for a specific task, and for a fixed period of time, or they may exist on a more permanent basis.

They have been particularly effective in:

- Enabling the development and provision of new services that would not have been feasible by municipalities acting on their own;
- Pooling the resources of municipalities to generate efficiencies in the provision of infrastructure;
- Broadening the range of skills and expertise available to local government institutions, notably in areas of urban and village planning and design, and social service provision;
- Addressing social issues and local development needs that were beyond the traditional remit of local authorities;
- Improving local governance, by engaging citizens in local decision-making fora that identify local needs and priorities and develop suggestions for project development;
- Fostering a collective identity, while also respecting the autonomy of local municipalities and communities;
- Developing activities in areas that were previously not addressed by any agency, notably in rural tourism, cultural development and the conservation and promotion of local heritage and traditions; and

- Providing an interface between local government and regional and national authorities and succeeded in leveraging funds into local communities.
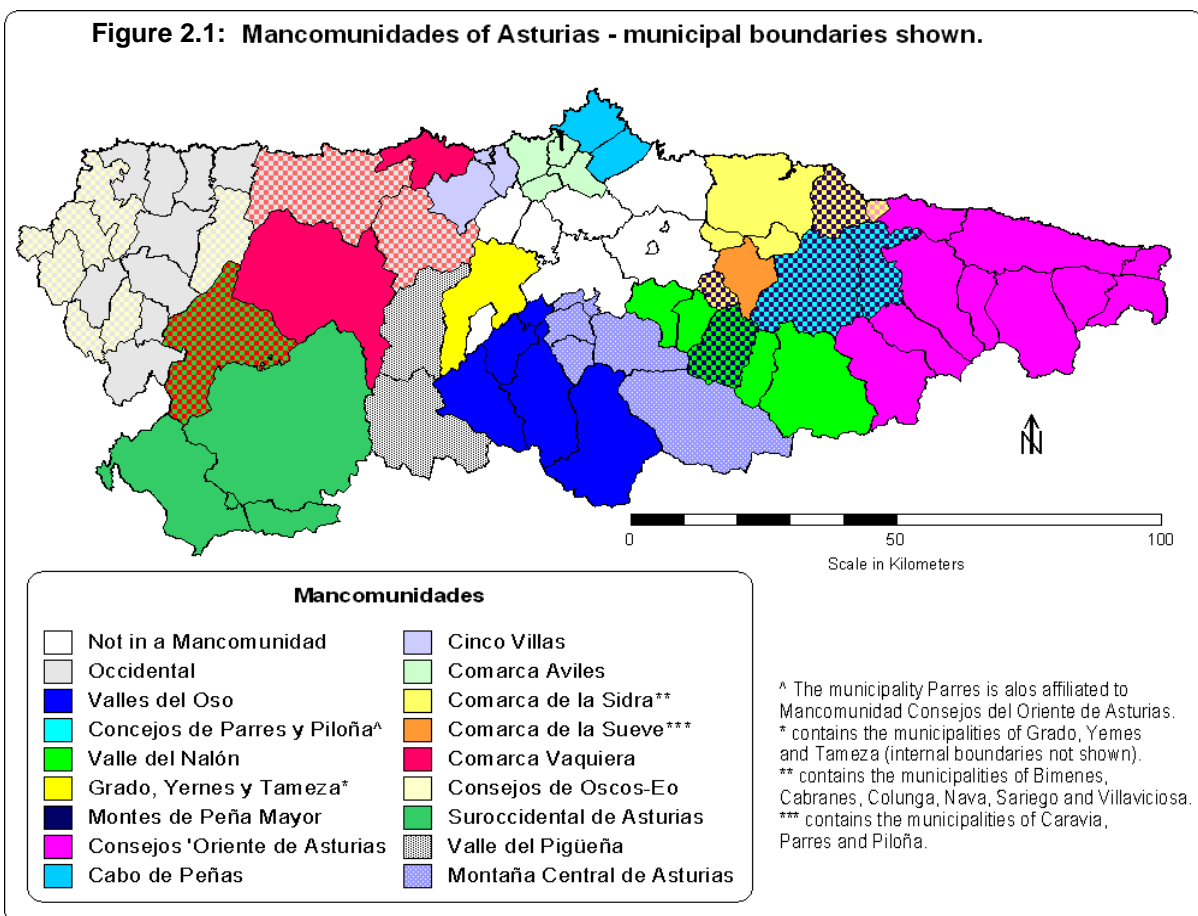
Mancomunidades represent an interesting innovation in local governance and service provision. They are characterised by their localised and bottom-up orientation, a high degree of flexibility and considerable variations in how they operate. This diversity ensures that mancomunidades are well placed to adapt and respond to local needs. While they are common throughout most of Spain and are growing in Latin America, there has been little work done on formally evaluating them. The general consensus at a local level in Asturias is that municipalities and their citizens have benefited from their participation in mancomunidades:

- Economically, through reduced costs for service provision;
- Socially, through access to new and increased services; and
- Environmentally, through conservation projects that put a value on the environment, and improve the local quality of life.

Setting the Context

The region of Asturias on Spain's north coast is similar to Northern Ireland in size, and has a population of just over 1.1 million. Its capital – Oviedo (pop. 221,000) and the adjoining municipalities, which are located in the centre of the region – are predominantly urban and peri-urban (see Figure 2.1). The south of the region is very mountainous, with some peaks rising to over 2,000 metres. Steep valleys, some of which have very remote rural communities, dominate the east and west of the province.

Figure 2.1: Mancomunidades of Asturias - municipal boundaries shown.

Mancomunidades

Not in a Mancomunidad	Cinco Villas
Occidental	Comarca Aviles
Valles del Oso	Comarca de la Sidra**
Concejos de Parres y Piloña^	Comarca de la Sueve***
Valle del Nalón	Comarca Vaquiera
Grado, Yernes y Tameza*	Consejos de Oscos-Eo
Montes de Peña Mayor	Suroccidental de Asturias
Consejos 'Oriente de Asturias	Valle del Pigüeña
Cabo de Peñas	Montaña Central de Asturias

^ The municipality Parres is alos affiliated to Mancomunidad Consejos del Oriente de Asturias.
* contains the municipalities of Grado, Yemes and Tameza (internal boundaries not shown).
** contains the municipalities of Bimenes, Cabranes, Colunga, Nava, Sariego and Villaviciosa.
*** contains the municipalities of Caravia, Parres and Piloña.

For decades, the mainstays of the Asturian economy have been dairy farming and coal mining. The former has been affected by globalisation and there has been considerable consolidation of farmsteads over the past twenty years. The coal industry has contracted very severely since the 1980s, leading to considerable unemployment and economic re-structuring.[12] Consequently, local authorities have had to deal with profound economic and social changes and changing demands for their services.

In administrative terms, Asturias is sub-divided into 78 municipalities, the largest being Gijón, Oviedo, Avilés, Siero and Langreo. When these five urban centres are excluded, Asturias' municipalities have an average population of 5,600, with many in the more rural parts of the region, particularly in the south, having much smaller populations. Indeed, 75 percent of all Asturian municipalities have a population of less than 5,000, and a population density of less than 60 persons per km^2.

Of the 78 municipalities, 65 predominantly rural ones participate in a mancomunidad, and some belong to more than one mancomunidad. The region has a total of 19 mancomunidades, with an average of five municipalities in each. Thus, the average population of a mancomunidad is on the order of 27,000 persons.

> *"Mancomunidades have to be sufficiently big enough allow them to function, but they need to be small enough to allow integration between the municipalities and to ensure that they remain true to local identity."*
>
> -   Mayor of Vegadeo

The previous ICLRD study, *Collaborative Communities: Co-Operation among Rural Municipalities – Insights from Spain* (Brendan O'Keeffe, 2011), noted the importance of physical geography features in shaping the boundaries and delineation of mancomunidades. A shared physical geography and local identity are among the most important determinants of the scale of a mancomunidad. This emphasis on the local is clearly evident in the business plans of mancomunidades, which advance an optimisation of local resources and potential. Although Asturias is one of the smallest regions in Spain, there is tremendous variety in every dimension of its mancomunidades. While such local variety is desirable as local conditions differ, there is also a need to consider inter-mancomunidad collaboration and standardisation of approaches and practices.

Rationale for Collaboration

> *"For municipalities, and in particular small ones, we need to join together so as to provide various services. Therefore, mancomunidades are necessary."*
>
> -   Mayor of Vegadeo

> *"For me, mancomunidades remain a very valid formula, above all for the small municipalities, as we really need these mancomunidades to undertake works that we would not be able to do ourselves."*
>
> -   Mayor of Boal

The 2011 ICLRD study on mancomunidades illustrated that qualitative factors such as local knowledge, experience and expertise are the main drivers in bringing municipalities together to pool resources and share service delivery functions and territories. The specific services vary depending on particular needs and the size of the mancomunidad. For example, the Mancomunidad Valle del

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[12]   Useful readings on the changing economic and social profile of Asturias include: "Marqueses, funcionarios, politicos y pastores by Jaime Izquierdo and Gonzalo Barena and "Asturias, Región Agropolitana" by Jaime Izquierdo Vallina.

Nalón includes five municipalities and offers services in urban and village planning, consumer information, tourism promotion, local development, drug-prevention, infrastructure provision, special and adult education, social welfare, and runs an abattoir and community music centre.

Local councillors at the municipal level usually initiate the formation of a mancomunidad in Asturias, as well as throughout Spain. Working in collaboration with municipal staff, councillors come together to address common needs and strategic interests. For example, rural municipalities have come together to pool resources to sustain local services such as primary care clinics, fire brigades and ambulance depots. These municipalities face common challenges such as rural depopulation, a dwindling local tax base and prolonged summer droughts; by working with their neighbours they can ensure the viability of local services.

Whether born out of a need to deal with local challenges or a desire to emulate successes elsewhere through the pooling of resources, the impetus for mancomunidad formation has been very firmly from the bottom-up. The maxim *'la gente vive en la sombra de otra gente'* (We all live in each others' shadows) is very much engrained in the literature and culture of Spain, and in the attitudes expressed by local councillors, as the main instigators of mancomunidades. The mayor in a community that belongs to one of the smallest and most rural mancomunidades in Asturias states, "*it has enabled us to undertake works, at reduced costs that would have been unattainable at the municipal level… Mancomunidades provide services that for one municipality on its own would be off the agenda*" (Mayor of Grado). Consider, for example, the following calendar of activities for one month in the Mancomunidad Valle del Nalón:

Table 2.1: Activities in Valle del Nalón, November 2011

Date	Activity	Location (host community)
13th Nov.	Cultural Performances	Langreo
10th to 13th Nov.	Food Fair and Workshops	Sotrondio
13th Nov.	Honey Festival	Sotrondio
26th to 30th Nov.	Gastronomy Workshops	El Entrego

Community groups in each of the three municipalities listed in the table above acknowledge that if they were to try to organise the activities listed above, they would either not be able to do so, or could only do so on a small scale. The communities see the benefits that are derived through the critical mass associated with inter-municipal collaboration. Mancomunidad staff demonstrate a sensitivity towards and understanding of the importance of making local communities feel included in the mancomunidad, as stated by one manager, "All our communities and villages are important to us… they are partners. We have a sense of obligation to promote activities in every village."

The Role of Mancomunidades in Local Development and Planning

Mancomunidades have strength in consulting with local citizens, and development staff and councillors interface with civil society on a continuous basis. Household surveys are employed in appraising local communities' views, and roundtable focus groups are a popular way of gauging citizen perspectives and securing local buy-in. As a result, mancomunidades have developed comprehensive datasets and business plans. Responsibility for quantitative data collection and analysis rests almost exclusively with the mancomunidad staff members, who present statistical evidence and trends to councillors so as to enable them to make informed decisions.

The Spanish National Statistics Institute (INE[13]) collates and publishes data on a very extensive range of indicators from national to municipal level. These publications inform planning and development at the mancomunidad level, although variations can be observed in respect of the extent to which mancomunidades may or may not follow an evidence-based approach to planning.

Communities also see benefits arising from the technical expertise available through their participation in a mancomunidad. This is perhaps most evident in respect of urban and village planning. Most municipalities, particularly in rural areas, acknowledge that they do not have the scale or resources to engage sufficient expertise in spatial planning. At the same time, they have little desire to see planning functions transferred from the municipal level to any higher authority.[14]

A solution is for municipalities to tap into planning expertise and guidelines provided by mancomunidades to fill a vacuum in the planning system. For example, the Mancomunidad Valle del Nalón has established a dedicated planning office, serving the five municipalities in its catchment area: Langreo, San Martín del Rey Aurelio, Laviana, Sobrescobio and Caso. The office, staffed by two qualified planners, is charged with:

- Providing technical assistance to municipalities and local communities in spatial planning, design and conservation;
- Appraising the design plans of all construction projects – they will review plans of any development when asked to so by civil society groups and will outline to them the physical consequences of the proposed construction;
- Preparing plans for the development of municipal infrastructure on behalf of all local government bodies;
- Liaising with all public bodies regarding interventions that affect the built environment; and
- Supplying information on factors that will inform the planning process at municipal level.

The planning office is an example of a shared service that encourages local authority buy-in. As one mayor stated, "Prior to having a co-ordinated approach to planning, we were finding it difficult to deal with developers. The local building issues were manageable, but when it came to dealing with big companies, and especially the mobile phone masts, we knew we needed to have our facts and independent studies."

Establishing a Mancomunidad

Inter-Municipal Agreement. When a municipality opts to join a mancomunidad, it becomes party to an inter-municipal agreement, which is formulated as a legal contract between all its members. Its format varies little between mancomunidades, and its content specifies their remit and competencies. The contract between the municipalities that constitute the Mancomunidad de Consejos del Oriente de Asturias is typical in this respect. It is divided into nine 'chapters' as follows:

- Chapter 1—Members and transfer of competencies
- Chapter 2—Location, legal status and specific services to be provided
- Chapter 3—Governance and Administration
- Chapter 4—Operations
- Chapter 5—Sources of Revenue and formulas for contributions

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[13]   Instituto Nacional de Estadísticas www.ine.es

[14]   Planning functions in Spain are much more decentralised than they are in either jurisdiction on the island of Ireland. Local municipalities are the planning authority in respect of land use, building design and streetscape. Regional authorities prepare more integrated plans and as happens with regional authorities in Ireland, they issue planning guidelines to lower level authorities.

- Chapters 6-to-9—Legal Operations

Once in place, each agreement is submitted to the regional authority, which in turn incorporates it into its legal framework. Enforcement of the terms and conditions of inter-municipal agreements rests with the mancomunidad itself, although, in some difficult cases, regional authorities have intervened to resolve impasses or conflicts.

Figure 2.2: The Mancomunidad Valle del Nalón convenes in the Municipal Chamber in San Martín del Rey Aurelio

Source: J.C. Román

Mancomunidad Staffing. The growth of mancomunidades in Spain has paralleled regional devolution, decentralisation and the expansion of local government. Most mancomunidades have an organisational structure that has, at a minimum, a CEO / Manager, a Secretary and an Administrator / Financial Controller. The Mancomunidad Valle del Nalón, for example, employs a staff of forty-seven. In addition to core administrative and development officer staff, mancomunidades may have specialists in environmental education, arts and culture. They also employ development officers whose role is to organise and facilitate consultations with local citizens and communities, enable community development, prepare plans, undertake research, explore development opportunities, broker funds and evaluate interventions. The number of development staff is associated with the population and budget of the mancomunidad. While some small mancomunidades do not have any development staff, larger mancomunidades have up to twenty.[15]

In some cases, staffing is shared with LEADER Local Action Groups. The employment of development staff has contributed to mancomunidades identifying and articulating gaps in local service provision, which they then seek to redress. A developmental approach also allows mancomunidades to ascertain opportunities for new service provision. Mancomunidades' focus on social services and on outreach activities to enable engagement by civil society and disadvantaged communities is similar to the local development approach pursued by many LEADER Local Action Groups and Area-Partnerships in Ireland (O'Keeffe, 2009).

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[15] The former is more likely in Galicia and Extremadura. The latter is more typical of Mancomunidades in Áragon.

In all mancomunidades, staff members are issued with contracts of employment. Thus, designated staff members are employed directly by the mancomunidad and report to its management, rather than to the management or councillors of any municipality, regardless of the amounts of funds a municipality may be contributing to the position, project or service. The arrangements by which mancomunidades recruit and employ staff are governed by specific inter-municipal agreements. These are detailed legal documents, that govern the role, functions, remits, terms and conditions of employment, grievance and disciplinary procedures, health and safety, remuneration and increments, job-security and tenure, hours of employment, leave entitlements, training and professional development[16], travel and subsistence rates, cover for staff on leave, recruitment, probation and workers' rights.

When a service ceases to be operated by a municipality and is taken over by the mancomunidad, the staff members involved automatically become direct employees of the mancomunidad and new contracts of employment are issued. Where mancomunidades seek to subsume a service that was previously delivered by municipalities (e.g. road maintenance), there have often been redundancies. The sharing of local health services has lead to the streamlining of administrative functions and the shedding of some local staff, but the retention of frontline staff such as paramedics.

Although the desire for cost savings has been identified as a motivation towards joint service provision, the desire to improve services and to respond to new and emerging challenges and opportunities at local level is more evident in the approach taken by mancomunidades.

Organisational Leadership. Local political leadership is integral to all aspects of the work of mancomunidades. The democratically-elected councillors, who sit on the Boards of Directors are usually high-profile personalities at the local level. The majority belong to political parties, and most are active in local civil society, the business community, farm organisations and / or trade unions. Like councillors in Ireland and Northern Ireland, they devote considerable voluntary effort to community development and to political activity.

There are some parallels and some points of divergence between Ireland, Northern Ireland and Asturias in terms of the roles of local leaders in promoting collaboration. In all three locations, local councillors are active members of voluntary associations and play significant roles in leading civil society organisations. They are recognised for their contributions to cross-border collaboration. However, their leadership role is much more visible and prominent in Spain, as units of local government are much smaller and are more autonomous (Decoster, 2002). In Asturias, the local mayor represents the municipality (council), but he or she is also expected to represent the community, and will organise, address and facilitate community meetings and promote linkages between civil society organisations, the business community, local government and statutory bodies. Given that local government in Spain is more powerful than either district or county / urban council level on the island of Ireland, Spanish councillors in general, and mayors in particular, can expect a hearing at the highest level from regional and national authorities and statutory agencies.

> *"My role is to work for the promotion of the valley, together as a unit."*
> - President of Mancomunidad Valle del Nalón.

Implementation. Given that they are discrete legal entities that enjoy both bottom-up and top-down support, mancomunidades have generally been efficient in progressing service delivery projects from concept to execution. Two examples illustrate this:

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[16] The level of detail in such agreements is that there are set amounts for the book allowances to which staff members are entitled. In the case of Suroccidental these range from €82 for basic programmes, to €274 for degree level courses.

- A consolidated machinery yard became operational within one year of being discussed by the mancomunidad Board of Directors; it has expanded such that the range of machinery now available to the Nalón Valley is more than double that which was available to the individual municipalities; and

- The Community Music Centre, a larger-scale project, and took just over two years from community consultation to the centre opening its doors.

As part of the enabling agreement that establishes a mancomunidad, a formula is used for calculating budgetary contributions from its member municipalities.

Figure 2.3: Sama Community Music Centre

Source: Mancomunidad Valle del Nalón

The Relationship of Mancomunidades with Higher Tiers of Government

While the motivation to form mancomunidades has been very much rooted in the local, the process has also been driven and supported by the regional authorities, the national government and by the European Union. As the Mayor of Muros notes: "There is great support for the mancomunidades from the regional authorities of the Principality of Asturias. A clear example of this can be seen in the regional employment creation plans, which are now targeting those communities that have been specifically identified by the mancomunidad."

Regional Authorities. Regional authorities in Spain have the power to levy regional taxes to fund service provision and their development functions. Each has a directly elected assembly, executives and functionaries. It is with these regional authorities that municipalities and mancomunidades have the most frequent interaction. Regional authorities provide staff to facilitate the process of mancomunidad formation and development, and regional facilitators work with municipalities to formalise informal, collaborative arrangements. Regional authority staff members represent a frequent first port of call for mancomunidad staff when they have a query, particularly with respect to the local-level application of regional legislation.

Regional authorities also provide co-funding for projects undertaken by mancomunidades, such as the building and / or refurbishment of community venues, training centres, roads and bridges and broadband networks. The regions support mancomunidades through the provision of technical expertise and guidance, and they assist with territorial profiling and marketing.

Central Government. Central government authorities play a less prominent role in driving the shared services agenda at a local level. They do, however, play a key role in enabling local government to access funding and other supports. In the case of Asturias, for example, it was the national government that provided the most comprehensive response to the collapse of the mining industry in the 1990s. The state invested an average of €100m per annum over a period of six-and-a-half years in upgrading the region's infrastructure and in improving its connectivity, through a designated channel known as '*Los Fondos Mineros*' (The Mining Funds). National level statutory bodies, working

in collaboration with the regional authorities, spearheaded large-scale projects, such as constructing the highway traversing central Asturias and linking it with Galicia and Cantabria. In parallel, smaller scale projects, such as the upgrading of local roads, the rehabilitation of village environments, purification of water and the landscaping of areas of slag and smelting were undertaken by local authorities, and specifically by mancomunidades drawing on *Los Fondos Mineros*. While this fund has ceased to operate, the capacity of mancomunidades to leverage state resources has been well established, and mancomunidades continue to access state grants for project development, particularly capital funding for infrastructure provision. However, the current economic downturn and the austerity measures being implemented by the Spanish government combine to reduce state support for the work of mancomunidades.

European Union. The European Union plays a direct role in enabling mancomunidades to provide local services and promote local development. The EU LEADER Initiative for rural development has operated in Spain since 1992. One of the fundamental principles of LEADER is its 'area-based approach,' whereby development is promoted at the level of a local territory that is larger than the municipality, but smaller than the region. The formation of LEADER areas and Local Action Groups in Spain saw the consolidation of formal trans-municipal structures. In some cases, mancomunidades assumed the mantel for administering LEADER in conjunction with local civil society. In other communities, LEADER proved to be the catalyst that brought municipalities together formally, such that the boundaries of the LEADER and mancomunidad catchment areas became co-terminus. A review of LEADER business plans and the area strategies of mancomunidades reveals a high degree of synergy, particularly with respect to village enhancement, the promotion of rural tourism and environmental conservation. Furthermore, LEADER community meetings frequently double as fora at which mancomunidad business is discussed.

LEADER in Spain is considered to be among the most successful in the EU (DG Agri, 2006) and, since the mid-1990s, the Spanish government has provided mainstream funding for LEADER in the form of PRODER – a national-funded rural development programme that operates along the same principles as LEADER. The EU-influence on mancomunidades is also evidenced by the fact that a number of mancomunidades have become involved in INTERREG projects. This is particularly the case in border regions that adjoin Portugal.

The combination of supports from the region, state and EU has been a key driver and enabler of service delivery and project development at the level of the mancomunidad. This range of top-down supports, complements the bottom-up drive that is the hallmark of mancomunidades. Thus, bottom-up governance provides each mancomunidad with its human resources, operational framework and core funding, while top-down governance interfaces have enabled mancomunidades to leverage additional funding. This has allowed smaller municipalities to expand their remit beyond traditional functions into broader and more strategic service provision in areas such as: social and family supports, youth development, tourism promotion, the development of cultural and recreational centres, adult and continuing education programmes, broadband provision and environmental improvement schemes.

Impact of the Recession on Mancomunidades

> *"Yes, mancomunidades are well supported. They are very important, but they need to be given greater importance..."*
>
> - Mayor in Western Asturias

Historically, municipalities were generally timely and forthcoming with their payments, so as to enable enhanced local service provision. Where any difficulties arose, mancomunidades had recourse to the

facilitation staff from the regional authority, and most situations were satisfactorily resolved. Recently, however, the economic crisis has reduced transfers from regional, central and EU authorities and placed all local authorities under severe fiscal pressure. Despite reductions in wages in and other payments, a number of mancomunidades have found themselves sliding into debt and, as a result, some local services have been withdrawn. One mancomunidad has removed its support from community festivals, while another has suspended funding for cultural and sports events.

To a large degree, the level of support mancomunidades attain from external sources is contingent on their being proactive in seeking out support and engaging in collaborative ventures with regional authorities and other public bodies. The recent contractions in exchequer funding have seen cuts in support for mancomunidades, and this is a major cause for concern at local level. All those consulted in the course of this study – at municipal, mancomunidad and regional levels – expressed anxieties over the on-going and future abilities of mancomunidades to leverage external resources. Many stated that mancomunidades are going to have to reduce their levels of service provision over the coming years, a challenge they have not faced on any significant scale up to now.

The recession has also left an impact on Spain's political landscape. The local elections of 2011 saw a sharp decline in support for the mainstream political parties and a rise in support for independents, nationalists, radicals and regional separatists. Financial issues have tended to dominate the discussions to convene mancomunidades since local government elections held in May 2011. Candidates and local councillors have been emphasising the need to safeguard municipal services and budgets, and most mancomunidades anticipate a reduction in their budgets in 2012. According to the recently-elected President of the Mancomunidad Valle del Nalón:

> *"The most urgent issue is the economic one. It is essential that the municipalities are united behind the mancomunidad, that we are all clear on that – united and clear. As political parties we have to be united, to sit down together and to push this mancomunidad forward. It is in all our interests that it functions."*

The current financial constraints colour the perspectives of mancomunidad members. As one in-coming mancomunidad president stated:

> *"Any talk about delivering new services is crazy given the times we live in. Now we need to focus on the core financing of the mancomunidad and to analyse the viability of certain services. I don't want to be drawn on promising any additional services, when the most important thing is to maintain those we have. Yes, perhaps, we can talk about new projects, but these are distinct from local services."*

Councillors and mayors are responding to the current financial challenges facing mancomunidades by encouraging members to be united and conciliatory. Thus, current collaborative processes are emphasising a 'have and hold' approach rather than any new innovations or an expansion of services.

Conclusions

Lessons Learned from Mancomunidades. At a minimum, the Asturian experience reveals issues and insights that are of relevance to the local services agenda on the island of Ireland. Mancomunidades demonstrate that collaboration across local government boundaries generates new synergies that enable innovation and the attainment of new and improved services and outputs. Their experience illuminates how added value is generated for local communities, as new projects and services come on stream, particularly in rural areas with low population densities. By pooling their resources, local councils have been able to leverage complementary external funding and to respond to a range of local issues. Mancomunidades tend to function as an umbrella and enabling

mechanism for municipalities, but they refrain from seeking to usurp, replace or subsume the integrity and autonomy of local municipalities.

They have achieved outputs and impacts as a result of:

- A formalised approach to inter-municipal collaboration that builds on pre-existing informal, cultural, social and economic linkages;
- An emphasis on the local and micro-regional. Needs, resources and opportunities are identified at the local level, while collaboration is organised at the micro-regional scale;
- Strong leadership on the part of local councillors, and their ability to put collective and common interests over personality, party affiliation and localism;
- A celebration of unique heritage, culture and ecology;
- An integration of economic and social development goals;
- Autonomy in decision-making and decentralised financial management, so as to facilitate and encourage multi-stakeholder buy-in and efficiencies in the roll-out of new initiatives.

The mancomunidad experience has been almost universally positive. Member municipalities claim that the micro-regional scale is conducive to inter-municipal collaboration. This localised approach has empowered citizens to participate in local development and decision-making and has enabled mancomunidad services to be targeted at a local level towards marginalised sections of society.

The most obvious benefit for communities and citizens in Asturias has been the realisation of new services, and there is universal recognition among local government stakeholders that collaboration has enabled them to improve local infrastructure and quality of life in a way that would have been beyond the scope and scale of any single municipality.

Collaboration in the provision of local services has yielded dividends in other areas. For one, local identity and heritage are increasingly celebrated, leading to economic development and growth in rural and cultural tourism. In Asturias, they have developed tourism projects that draw on the region's mining heritage, its mountainous topography and its gastronomy. Mancomunidades have leveraged external funding into Asturias, but they have preserved their own financial autonomy by ensuring their core functions and services are funded from their own resources.

For another, political collaboration is also more evident in Asturias as councillors and mayors work together across geographical borders and party-political affiliations. Despite their many commitments, councillors have, as members of mancomunidades, generally put local vested interests aside and they work in collaboration with neighbouring municipalities for the common good. Newly elected mancomunidad presidents have issued calls for, and generally sought to promote cross-party consensus on fiscal matters. In Asturias, the Spanish Socialist Workers' Party (PSOE) councillors (who are in the majority in most rural areas) have been most successful in identifying common cause with members of *Izquierda Unida*, and in some cases with the *Partido Popular.*

Applicability to the Island of Ireland. The small scale at which municipal government operates in Spain is in marked contrast to the relatively large scale at which local authorities on the island of Ireland operate. Ireland and the UK have the largest lower-tier authorities of any EU member states (Decoster, 2002), and the lowest number of councillors per elector. Northern Ireland's District Councils are closer in scale to the EU average than are Ireland's county bodies. The proposed amalgamation of District Councils will bring Northern Ireland more into line with Ireland, but less aligned with Europe.

While there is a clear contrast between Ireland and Northern Ireland and Asturias with respect to the scale of local authorities, all three locations are characterised by vibrant local civil society activities level. Although civil society and service provision are more formally organised in Spanish communities, there are examples of communities in Ireland that have effectively organised local services in community transport, eldercare, childcare, information provision, village design and renewal, heritage, cultural celebration, conservation, tourism, business networking and local economic development. Thus, there are parallels between many Irish and Northern Irish voluntary community associations and Spanish municipalities in terms of their roles in community development.

The Asturian experience is that community-level services have been broadened and improved through inter-municipal collaboration, and there are many examples on the island of Ireland that demonstrate how inter-community collaboration, across local, administrative, county, regional and state boundaries have improved communities' quality of life and economic competitiveness (Creamer et al., 2009). The lessons from both contexts reveal the merits of collaborative approaches.

Case III   New York's Shared Services Programme

Introduction

Within the United States, the delivery of services within states can be the responsibility of thousands of local entities, including counties, municipalities, towns, villages, school districts, and other authorities. In New York State for example, there are 3,175 local government entities along with 1,113 special purpose groups such as public libraries, regional planning boards, and soil and water conservation districts. Shifting demographic patterns, characterized by the growth in the number and size of urban areas and functional metropolitan areas made up of numerous local governments, has also resulted fragmented service delivery. Additionally for local governments, reduced federal and state aid through transfers has created incentives to gain efficiencies through cooperation with neighbouring local councils.

Efforts to improve the delivery of services across different jurisdictions as well as reduce costs and overlaps in service delivery have led to different approaches being adopted by state and local governments. A 2006 National League of Cities report classified local government collaboration in the United States into 17 categories that span a wide spectrum of options. These range from informal cooperation and inter-local service contracts at one end to consolidation at the other (see Figure 3.1).[17]

From 2005 to 2008, the state governments New York, New Jersey, Indiana and Ohio created committees and commissions that explored options for local reorganization, reform, collaboration and consolidation. Three of these states have designated funding to assist local governments to study the feasibility of reorganization.

As noted by an experienced practitioner involved in advising local governments in shared services in New York State "What we're discovering is many local governments do a pretty good job of sharing services with other local jurisdictions. A lot of times cost sharing is already happening."[18]

According to the Tax Policy Center of the Brookings Institute and the Urban Institute, in 2008, 60 percent of local government revenue came

Figure 3.1: Spectrum of Collaboration Options (for definitions, see Annex 1)

EASIER

Easier Options
1. Informal Cooperation
2. Interlocal Service Contracts
3. Joint Powers Agreements
4. Extraterritorial Powers
5. Councils of Governments
6. Federally Encouraged Single-Purpose Regional Bodies
7. State Planning and Development Districts
8. Contracting
9. Regional Purchasing Agreements

Harder Options
10. Local Special Districts
11. Transfer of Functions
12. Annexation
13. Special Districts and Authorities
14. Metro Multipurpose Districts
15. Reformed Urban County
16. Regional Asset Districts
17. Merger/Consolidation

HARDER

Source: Parr et al., 2006

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[17]   Parr, J., J. Riehm, and C. McFarland. "Guide to Successful Government Collaboration in America's Regions." Washington, D.C.: National League of Cities, 2006.

[18]   Crowe II, Kenneth C. "Sharing: Consolidation Efforts Grow." Capitol Confidential, Aug. 8, 2011.

from local taxes, fees, and miscellaneous receipts, with the balance coming from intergovernmental transfers from state and central government sources.[19] These two major sources – inter-governmental transfers and local raised revenue – become the fiscal drivers of efforts to improve efficiencies in delivering services among local governments who share common geographies in service delivery and must also operate in a fiscally constrained environment.

The following case study explores New York State's efforts to support shared services and consolidation at the local level, and how two communities in the state merged their police departments, one of the more contentious services to consolidate. It analyses the impact the state program has had on local activities and cost savings, as well as how this played out in reality in one local case. Based on state and local experiences, the study concludes with a set of lessons learned that merit consideration when considering a shared services agenda.

New York State: Support for Shared Services and Consolidation

New York State has some of the highest local tax rates in the country.[20] For decades, the state has encouraged inter-municipal cooperation, and provided key support in the areas of legislative policy, technical assistance, and financial incentives in an effort to identify opportunities for savings and improved service delivery. Most recently, it has expanded its efforts and became the first of the four states cited above to develop a grant program in support of shared services and consolidation. As such, the comprehensiveness of the programs and their relatively long history allows for the evaluation and analysis of trends in service sharing and consolidation.

State Legislative Support. The state has established numerous legal statutes in support of shared services and consolidation, chief among them Article 5-G of the General Municipal Law.[21] Enacted in 1960, this article authorizes local governments to "join together pursuant to law in providing any municipal facility, service, activity or undertaking which each of such units has the power to provide separately."[22] Municipalities may jointly provide services or contract with other entities to provide service(s) and create intergovernmental councils.[23] To cooperate, they must meet the following requirements: entities can only participate if they are already authorized to perform those functions individually; the governing body of each participant must approve the agreement; and each participant must follow all legal requirements including, if applicable, a public hearing and consents of government agencies.[24]

In addition to General Municipal Law Article 5-G, there are dozens of statutes for sharing services related to education, environment, health, emergency services, procurement, public improvements, recreation and youth programs, solid waste, transportation, water, sewer and public utilities, zoning, public-private cooperation and miscellaneous activities. The State Comptroller has also issued many

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[19] Property taxes account for the largest share of local revenue at 28 percent with charges and miscellaneous receipts contributing an additional 23 percent of local revenue.

[20] Office of the New York State Comptroller: Division of Local Government and School Accountability. 2009. Research Brief: Shared Services Among New York's Local Governments-Best Practices and Tips for Success. Albany: Office of the New York State Comptroller.

[21] Office of the New York State Comptroller: Division of Local Government and School Accountability. Inter-municipal Cooperation and Consolidation: Exploring Opportunities for Savings and Improved Service Delivery. Albany: Office of the New York State Comptroller.

[22] NY Constitution, Article VII §1 and Article IX §1[c]

[23] Office of the New York State Comptroller, "Inter-municipal Cooperation and Consolidation"

[24] Office of the New York State Comptroller, "Inter-municipal Cooperation and Consolidation"

opinions in support of shared services.[25] Thus, there has been legal, technical and financial support to establish a framework for sharing services across jurisdictions.

In 2010, New York enacted the "New York Government Reorganization and Citizen Empowerment Act", that allows citizens to petition local governments to consider municipal consolidation and dissolution. This change in the legislation did result a number of villages holding dissolution referenda votes.

State Technical Assistance. Two state agencies provide technical assistance for shared services and consolidation: the Office of the State Comptroller and the Department of State. The Office of the State Comptroller is responsible for ensuring the efficient use of tax dollars and establishes regulations, issues publications, conducts training and proposes legislation to improve government operations at all levels. Under its Cooperation and Consolidation Consulting Service, the State Comptroller's eight regional offices help local officials identify appropriate strategies, facilitate meetings, provide assistance on municipal law and finance, and share best practices. It also provides local officials training on inter-municipal cooperation, consolidation and other issues that consistently gain high participation rates with positive feedback.

In 2005, the state expanded its role in supporting shared services and consolidation through the Department of State's Local Government Efficiency Program (LGEP), that provides technical assistance and research grants for the establishment and implementation of shared services and consolidation programs.[26] The programmes website also provides resources, such as municipal consolidation publications, project summaries, case studies and a technical assistance manual for municipalities interested in sharing services. The Department also hosts a variety of workshops to promote shared services and consolidation. The assistance from research organizations has also been important factor for determining whether sharing or consolidation is appropriate.[27]

By 2001, New York already had an estimated 3,330 cooperative agreements between local governments with total reported revenues of $575 million as a result of serving other governments.[28] The LGEP expanded these efforts and, under the program, additional towns have shared services for specialized transportation equipment, GIS software and expertise, assessment services, dispatch software, highway and road maintenance, purchasing, water tanks, salt storage facilities, turf and ground maintenance, joint court facilities, sanitary sewer cleaning and video equipment.[29]

State Financial Support. From 2005 to 2010, LGEP awarded $44.7 million among 295 projects; in 2010-2011, the program planned to disburse $5 million.[30] The LGEP provides four types of funds: high priority planning grants, general efficiency planning grants, efficiency implementation grants and 21st century demonstration project grants (see Table 3.1: LGEP Grants for Shared Services and Consolidation in New York). Of the disbursed grants, 32 percent of funding went to water, sanitation and utility projects, 30 percent to transportation, 15 percent to miscellaneous government, 13 percent to public safety, 6 percent to education, and 4 percent to government reorganization (see Figure 3.2).

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[25] Office of the New York State Comptroller: Division of Local Government and School Accountability. Inter-municipal Cooperation and Consolidation: Exploring Opportunities for Savings and Improved Service Delivery. Albany: Office of the New York State Comptroller.

[26] Originally created by the New York State Budget as the Shared Municipal Services Incentive program in 2005, it has now become the Local Government Efficiency Program.

[27] New York State Department of State. 2010. Local Government Efficiency Program: Annual Report 2009-2010. New York: NYS Department of State.

[28] Office of the New York State Comptroller, "Inter-municipal Cooperation and Consolidation"

[29] New York State Department of State, 2010.

[30] *Ibid.*

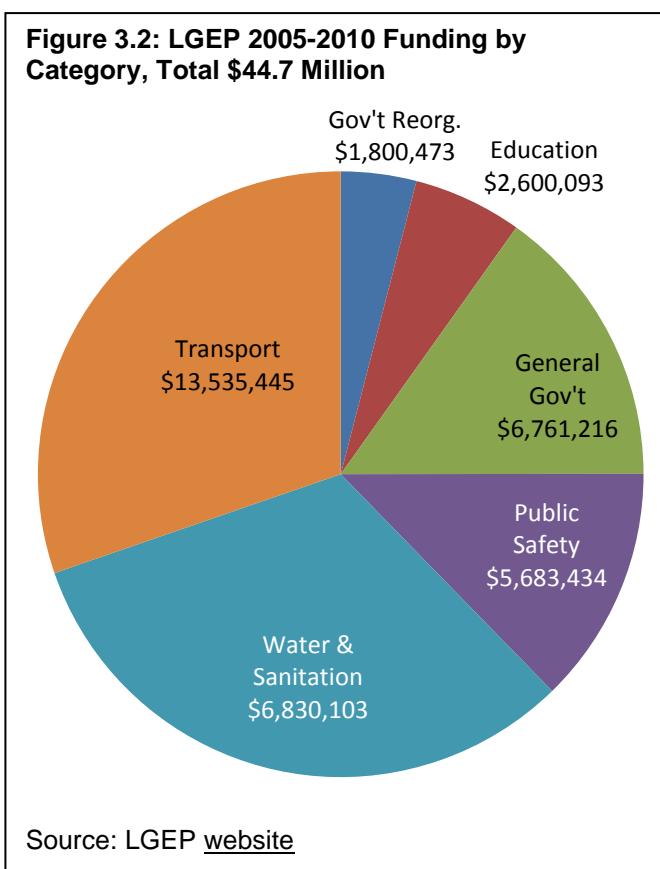**Table 3.1: LGEP Grants for Shared Services and Consolidation in New York[31]**

Grant	Use	Funding Amount
High Priority Planning Grants	Non-competitive grant intended to initiate activities identified as having great potential for cost savings or structural change	Maximum award of $50,000
General Efficiency Planning Grants	Competitive grants for projects resulting in the functional consolidation or cooperative sharing of a municipal services	Maximum award of $25,000 for two municipalities, plus $1,000 for each additional municipality up to $35,000
Efficiency Implementation Grants	Competitive grants that cover the cost of personnel for the implementation of municipal dissolution/consolidation, or functional consolidation/cooperation	Maximum award of $200,000 per municipality, with a maximum total award of $1,000,000
21st Century Demonstration Project Grants	Competitive grants designed to promote large-scale transformative change in the municipalities	Funding limits specific to individual grant types with maximum awards ranging from $500,000 to $1,000,000

Impact of the Local Government Efficiency Program

The programme's financial support, coupled with its technical assistance and the state's broader policy framework, made it possible for local governments to explore opportunities to reduce costs through cooperation.

Among the 64 completed projects for shared services and municipal consolidation, the average savings on local government tax levy is 4.6 percent, excluding school district taxes. The state estimates that the $3.4 million disbursed for implementation will lead to a cost savings of $64 million over the next ten years.

As of 2010, the greatest cost savings as a result of LGEP projects came from public safety (police, fire, and emergency services), transportation (shared costs among highway departments), water, sanitation and utilities (including solid waste), and employee benefits, respectively (see Table 3.2).[32]

Figure 3.2: LGEP 2005-2010 Funding by Category, Total $44.7 Million

Gov't Reorg. $1,800,473
Education $2,600,093
General Gov't $6,761,216
Public Safety $5,683,434
Water & Sanitation $6,830,103
Transport $13,535,445

Source: LGEP website

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[31]   *Ibid.*

[32]   *Ibid.*

Investments in new technologies have led to tax savings for shared public safety improvements, while the high capital expenses of shared transportation services have tended to limit the rate of return, although total savings is still significant. By far the greatest impact on average household taxes came from sanitation and utilities since sewer and water users are taxed directly on these services.

Table 3.2: Tax Impact by Local Government Function of Completed LGE Projects[33]

Function	Annual Cost Savings	Average Tax Impact per $1,000	Average Household Tax Impact
Public Safety	$4,253,571	↓$0.54	$47.53
Transportation	$3,231,314	↓$0.20	$13.39
Sanitation & Utilities	$1,391,252	↓$1.12	$122.98
Employee Benefits	$1,254,305	↓$0.06	$10.49
General Govt Support	$383,490	↓$0.03	$2.29
Education	$289,380	↓$0.06	$5.28
Culture & Recreation	$10,000	↓$0.00	$0.14

Consolidating Local Governments

The LGEP has funded 36 dissolution and consolidation projects to date, with 31 projects receiving funding in the 2009-2010 fiscal year, representing over three-quarters of all projects that year. Five reorganization projects have been completed to date, four of which affirmatively voted to dissolve (see Table 3.3). Over the same period, four other villages that had not received state funds also voted to dissolve.

In general, the studies were undertaken by small villages that had declining populations and increasing costs; their dissolved departments were sometimes subsumed under that of the surrounding town, which is obligated to provide services to villages lacking lack their own government. Residents in all dissolved villages gained cost savings, although their dissolution sometimes led to significant cost increases for the surrounding town.[34] This is illustrated in Table 3 for the recent case of the dissolution of the Village of Seneca Falls and the consolidation of its services, including public safety, into the surrounding Town of Seneca Falls. Households in the Village saw a significant tax saving of $415 in their annual property tax, while the households in the Town experienced a significant increase of $468.

The case of Seneca Falls also highlights that the incentives for consolidation of local governments can be driven by specific local factors. For example, the Town of Seneca Falls has benefited from a long-term revenue stream generated by a privately operated landfill that has allowed the town to keep its tax rates lower than the Village of Seneca Falls. With the consolidation of these two local authorities, tax rates are equalizing, and the benefits of a special revenue stream such as the landfill are now accruing to residents of both the Town and the Village. With the absorption of the village police force into the town, these public safety costs are now carried among twice as many households as before.

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[33] *Ibid.*

[34] The Town of Seneca Falls is an exceptional case, as the town did not previously levy any property taxes since it gained sufficient revenue through the town's landfill. Following the merger with the Village of Seneca Falls, the Town was considering whether additional transfers from the landfill's revenue stream should offset the increase in taxes.

The dissolution option is not an easy path; in the case of the Village of Seneca Falls the Trustees of the village began exploring the option in 2006 with the final vote approving the dissolution taking place in March 2010 by a narrow margin of 52 percent (2,310 votes).

According to Charles Zetteck, vice president of the Center for Governmental Research, "Study after study makes it clear that consolidation is not a magic bullet for drastically reducing costs and can't provide the 10 percent to 30 percent immediate savings that many taxpayers want. Rather, research suggests that consolidation realistically reduces total costs by 2 percent to 5 percent."[35]

Table 3.3: Impact of Government Dissolution on Member Entities[36]

Local Governments	Population	Annual Cost Savings	Tax Impact per $1,000	Average Household Tax Impact
Village of Pike	382	$21,321	↓$0.75	↓$37.13
Town of Pike (Town outside of Village)	1,114		↓$0.96	↓$55.10
Village of Perrysburg	408	$122,195	↓$2.14	↓$127.12
Town of Perrysburg (Town outside of Village)	1,626		↓$0.36	↓$24.12
Village of Seneca Falls	6,861	$393,000	↓$6.12	↓$414.94
Town of Seneca Falls (Town outside of Village)	9,347		↑$6.44	↑$467.54
Defreestville Fire Protection District		$23,776	↓$1.34	↓$155.71
North Greenbush Fire District #11	12,075		↑$0.91	↑$22.08

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[35] Zetteck Jr., Charlie. "Consolidations Could Mean Savings for Taxpayers." *DemocratChronicle.com, March 1, 2009.*
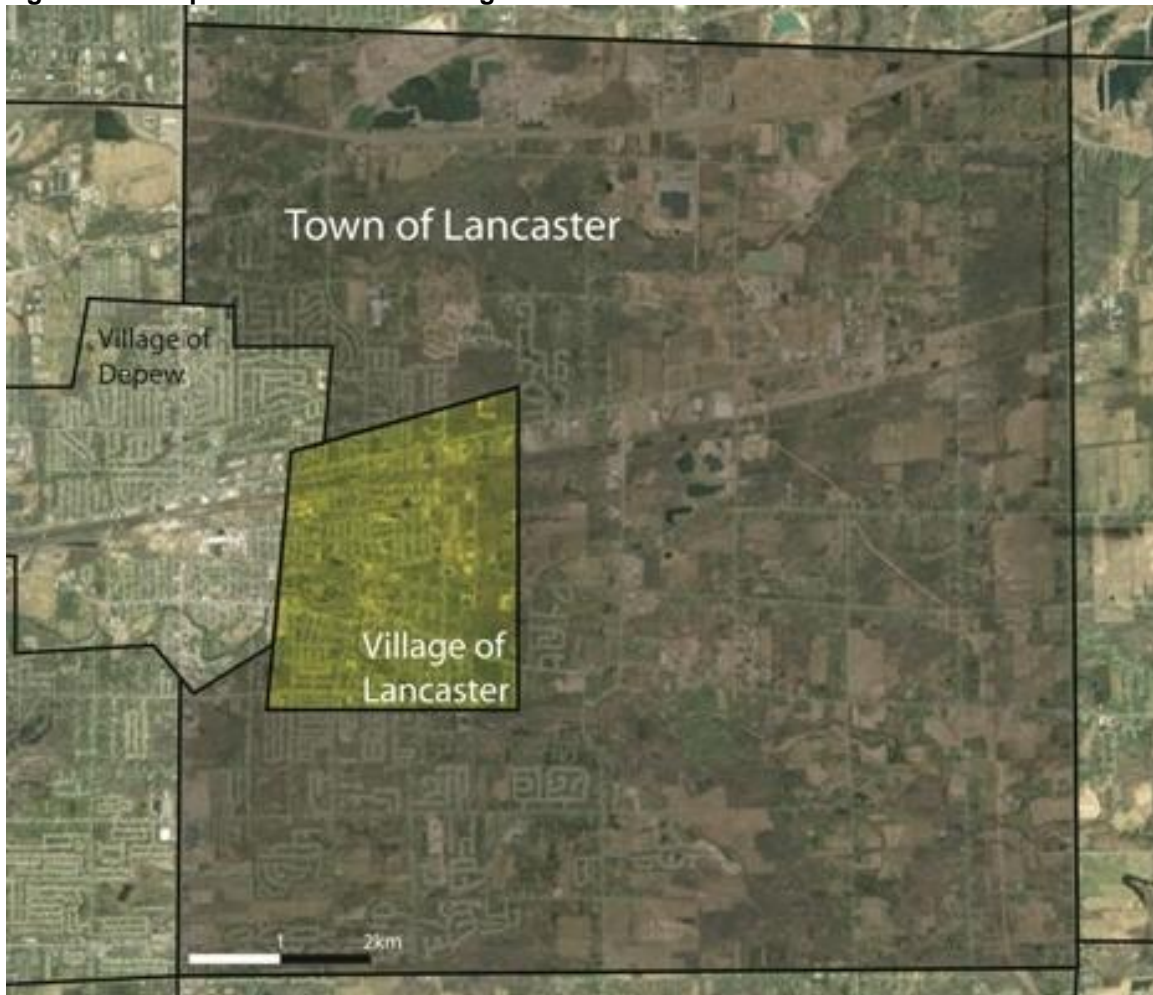
[36] New York State Department of State, 2010.

Erie County: Shared Police Services in Lancaster Village and Town

Since the 1990s, the Town of Lancaster, located in western New York near Niagara Falls, has steadily grown in population, reaching 41,604 in 2010, while the Village of Lancaster, which is surrounded by the Town (see Figure 3.3), has steadily declined, reaching 10,352 in 2010 (Table 3.4). As a result of their changing demographics and tax revenues, the Town and Village have increasingly shared responsibilities in the provision of record management and administration, building inspection and assessments, youth recreation, solid waste, highway equipment, and streetscape revitalization (see Annex 2 for list of projects).[37]

The two communities' police forces supported each other, and the Town's police force had provided emergency response assistance to the Village. By the 1990s, the rising cost of the Village's police force, while the tax base was also shrinking, made it difficult for the Village to maintain operations and led to efforts to consolidate the Town and Village police forces into one entity, the Lancaster Police Department.[38] In exploring the feasibility of such a merger, the Town and Village received support from the state through the forerunners of the LGEP.

Figure 3.3: Map of the Town and Village of Lancaster

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[37] New York State Department of State, Albany Law School and Government Law Center. 2007. Shared Municipal Services Technical Assistance Project: Case Study on the Town of Lancaster and the Villages of Lancaster and Depew. New York: Department of State.

[38] New York State Department of State, 2007.

Table 3.4: Populations of the Town of Lancaster and Village of Lancaster

	1990	**2000**	**2010**
Town of Lancaster	32,181	39,019	41,604
Village of Lancaster	11,940	11,188	10,352

Sources: 1990, 2000 and 2010 U.S. Census

The first effort in 1992 to consolidate the police forces was highly top-down, with the process beginning with the abolishment of the village police and later addressing such "details" as personnel, collective bargaining, and concerns about community identity. The lack of inclusion of unions and residents in the planning process ultimately led to the failure of the consolidation effort. Learning from their predecessors' earlier mistakes, community leaders successfully consolidated the police departments in 2003. The success of this second attempt can be attributed to four critical factors:[39]

- The long-standing relationship between the municipal leaders of the Town and Village, who were both committed to the consolidation effort.
- The fact that this initiative was a priority project of the Erie County Executive, who had campaigned on a regionalism agenda and hoped to make the Lancaster police department consolidation a model for future cooperation. With his backing, the County provided a grant of $700,000 that funded generous retirement packages that incentivized senior staff to retire (including the Town Chief of Police).
- The retirement of the Town of Lancaster's Chief of Police, making it easier for the Village of Lancaster's Chief of Police, who was well-regarded, to head both forces.
- The inclusion of collective bargaining units representing both Town and Village police forces, residents, and taxpayers to first address their concerns in service levels, financing and personnel before commencing policy and legal changes.[40]

To assess the feasibility and impact of the initiative, the two police departments engaged the State Division of Criminal Justice Services (DCJS) in 2000 to evaluate the police needs in the area. The study found that the combined workload of the Town and Village required 39 sworn officers and 8 desk staff/dispatchers. At the time, there were 49 officers and 10 dispatchers. The following year, the Buffalo Niagara Partnership, the regional chamber of commerce, commissioned the Center for Government Research (CGR) to assess the fiscal impact of a consolidated police force. Based largely on the assumption that the police force would reduce by 12 staff members and consolidate their offices into one building, the CGR study found that consolidation would save Town and Village residents $750,000 to $775,000 each year. Given that the Town of Lancaster's police budget was $5.6 million and the Village's was $2.1 million in 2003, this represented a roughly 10 percent cost savings.

Village residents were concerned that the consolidated police force would not be able to continue providing proactive premise checks. Residents of the Town, on the other hand, perceived the initiative as a "bailout" with one-sided benefits to the Village. Town officers were also concerned that they would be displaced by Village officers and that the latter would receive union benefits that they had not earned.

These same concerns had obstructed the first consolidation effort, but were overcome through a combination of committed political leaders, inclusive discussions, financial incentives, and projected

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[39] New York State Department of State, 2007.
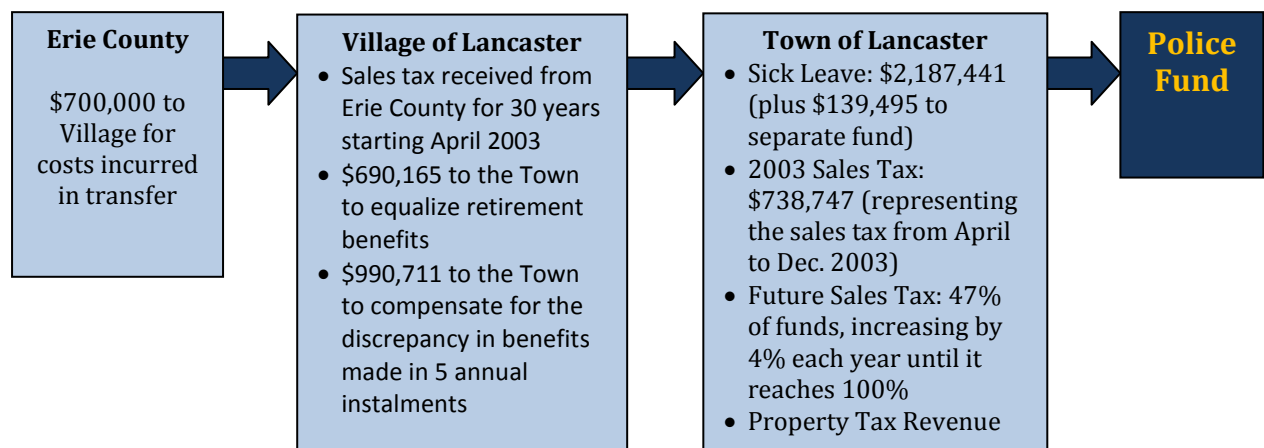[40] New York State Department of State, 2007.

cost reductions for both Town and Village.[41] Support for consolidation was particularly strong on the part of the Village, whose political leaders understood the Village's financial realities. Police officers wanted the Town Police Department's more favourable benefits and terms of employment, and residents and taxpayers foresaw service levels that met or exceeded prior standards. Advocates cited other benefits that would accrue to both Town and Village, including:[42]

- The elimination of geographic boundaries that would allow the consolidated police force to more efficiently patrol and manage their jurisdiction;
- The enhancement of training and career advancement opportunities for officers;
- The creation of a stronger, more unified police force with better access to specialized investigative and police services; and
- Better communication among the area's police force.

Following the completion of the studies and stakeholder meetings, the Town of Lancaster and Village of Lancaster finalized their plans to abolish the Village of Lancaster Police Department, transfer their staff to the Town of Lancaster Police Department, unify the staff in a new office that had been purchased for this purpose, and develop a Police Fund that would finance the new Lancaster Police Department. In February 2003, the Town Board of the Town of Lancaster and the Board of Trustees of the Village of Lancaster voted on and approved the agreement for the consolidation of their separate police departments into one Town Police Department, thereby authorizing the municipal leaders to execute the Inter-municipal Cooperative Agreement and abolish the Village of Lancaster Police Department.

To finance the consolidated police force, the Village promised to transfer $1.68 million plus sales tax for the next 30 years to the Town of Lancaster. In addition, a $700,000 grant from Erie County offset the Village's expenses. The Town of Lancaster then contributed $2.93 million to the newly created Police Fund, along with increasing increments of its sales and property taxes (see Figure 3.4).

Figure 3.4: Financing the Lancaster Police Department Consolidation

Erie County $700,000 to Village for costs incurred in transfer	**Village of Lancaster** • Sales tax received from Erie County for 30 years starting April 2003 • $690,165 to the Town to equalize retirement benefits • $990,711 to the Town to compensate for the discrepancy in benefits made in 5 annual instalments	**Town of Lancaster** • Sick Leave: $2,187,441 (plus $139,495 to separate fund) • 2003 Sales Tax: $738,747 (representing the sales tax from April to Dec. 2003) • Future Sales Tax: 47% of funds, increasing by 4% each year until it reaches 100% • Property Tax Revenue	**Police Fund**

Despite County interest in expanding consolidation efforts to other towns, no formal evaluation has yet been conducted for the Lancaster Police Department, nor have any other towns consolidated police forces since the Lancaster case. Although the Lancaster Police Department had reduced its sworn officers to 46 in 2007 from 49 in 2003, the number has since grown to 50 as of 2011, with three additional officers being recruited at the time of writing. The number of dispatchers and administrative

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[41] New York State Department of State, 2007.

[42] New York State Department of State, 2007.

staff has grown to 15 from 10.[43] The increase in officers is seen as necessary for the level of service desired by residents, due to increasing population, changing demographics and resultant increases in the crime rate. Due to the higher number of Town staff, better benefits packages, and increased training expenses, overall personnel costs had risen as of 2007. Nor has the Town been able to accommodate the police force in one building, with officers in one and detectives in another, which increases operational costs, reduces productivity and negatively impacts morale. An informal calculation done by the County in 2005/2006 estimated that the consolidated the Lancaster Police Department had achieved a cost savings of $250,000 for the Town and Village, or around 3 percent of the budget. With subsequent growth in the number of officers, it is likely that the consolidation achieved few minimal net cost savings. It is nevertheless important to consider that, in the absence of a merger, the Village may not have been able to sustain its high level of service over same period.

The transition itself has been seamless and the financing was delivered as proposed. Following consolidation, the police department promoted six officers to the level of lieutenant, established a SWAT (special weapons and tactics) team, made the School Resource Officer full time, and doubled the size of its Detectives Bureau to six members. According to anecdotal evidence, the quality of police services has not suffered. The present Chief of Police suggests that the consolidation has not given officers as many opportunities for career development as anticipated, although the merger made sense from an information sharing and management perspective.

The consolidation experience of Lancaster Village and Town demonstrates that dissolutions and mergers can be valuable in maintaining or improving local services and streamlining the delivery of those services. Financial savings as calculated in feasibility studies can help build an evidence base and convince policymakers to vote in favour of consolidation, but can be difficult to ensure after a merger due to unforeseeable changes to social, economic and political contexts. Consolidation rationales that are grounded strongly in achievable benefits, such as improvements to operations, with financial benefits a secondary consideration will be more likely to successfully meet the goals and expectations of such efforts.

Lessons Learned

Benefits From Shared Services Can Be Unbalanced. While there can be overall savings to shared services or the more difficult option of consolidation, the discrepancies in taxes and savings can favour one party – often the smaller entity whose linkage to a larger jurisdiction can bring improvements in service quality and staff benefits, and reductions in costs. In other cases, the dissolution or sharing of governance authority can become levers for control over development rights. These differences can make political buy-in and decisions even more challenging. Open engagement of all stakeholders and fair-handed feasibility studies by trusted third-party organizations can help balance interests and create moderate strategies to improve efficiency.

Strong Relationships and Leadership Are a Critical Building Block. Many localities are discovering that sharing and consolidating services and government entities are efforts that can take a tremendous amount of effort, that often result in limited and sometimes unequal cost savings, and that can be emotionally contested by all stakeholders. As evaluations of New York's long-term cooperation programs and the Lancaster case study clearly demonstrate, the ultimate key to successful service integration is cooperative and trusting relationships between key community leaders who are dedicated to the cause of integration and efficiency. Long-standing relationships within and between the departments pave the way to future opportunities for cooperation, and can better address the emotional, cultural, policy and fiscal factors that can affect programs.

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[43] Gill Jr., Gerald J, Town of Lancaster Chief of Police. Personal Communication. October 24, 2011.

Money Isn't Everything – Stakeholder Engagement Is Needed From The Beginning. Residents and taxpayers are often concerned with the loss of cultural and community identity as well as potential reductions in the levels of service that may come with more efficient service provision. Staff are often worried about their jobs and benefits. The early involvement of stakeholders can help target proposed strategies to priority issues and shape solutions that will be more readily acceptable to the community.

The Savings Are There, But May Not Be Substantial Or Immediate. On average, consolidation has resulted in cost savings of 2 to 5 percent per year, which sometimes translate into higher savings rates on the tax rate, although this can vary significantly from community to community.[44] In New York, the greatest total cost savings have accrued from shared services in public safety, while the greatest reductions in household tax payments have come through shared water and sanitation services. A feasibility study to determine the savings for each community involved will help determine whether mergers are appropriate and which types (safety, water and sewer, transportation, education, governance, and so forth) of shared services will result in the greatest impact. Often, savings will take some time to build to their full, predicted value since consolidated departments reduce staff numbers by attrition. Consolidated and shared services can also reduce future the need for capital investments and personnel, depending on the local context.

Financial Incentives and Technical Assistance. Given local budget limitations and the fact that the costs of transitioning to shared services and consolidation may take years to recoup, financial support for feasibility studies and implementation from regional government agencies is often necessary to catalyze local action. According to local leaders in New York, the financial incentives have been the most useful part of the Local Government Efficiency program. The growth in town consolidations and service sharing in New York also owes a great deal to the state's policy changes that make it easier for communities to cooperate, as well as its capacity building workshops, online resources and technical assistance out of branch offices. Even consolidation studies that do not result in dissolution of government often lead to new efforts to cooperate.

Research Institutes Can Help Build Evidence Base. Institutions such as the National League of Cities, International City/County Management Association (ICMA), the Center for Government Research in Rochester New York, the Nelson A. Rockefeller Institute of Government in Albany New York, and area universities have been instrumental in the development of model practices for shared services and consolidation, evaluation of past initiatives, and case-by-case studies of potential opportunities. They have served as neutral, third party technical experts in conducting the feasibility studies, as well as developed best practice manuals, guidance documents, assessments and evaluations that have served as resources for local governments.

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[44] Laskow, S. 2011. Going Local: Cuomo's Play for Consolidation.

Case IV   Local Government Restructuring and Realignment in Ontario, Canada

Introduction

The goal of achieving efficient, cost-effective, territorially-rational and service-appropriate local government has driven restructuring and transformation in municipalities in Ontario for a number of decades. This challenge, similar to that faced by both administrations on the island of Ireland, has been the basis of continual assessment and reassessment of the day-to-day and strategic operations of local government in Ontario. A series of agreements at the Federal and Provincial levels over past decades, particularly since the 1970s, set in place a number of arrangements that aimed to improve and streamline service delivery between Provinces and their municipalities in Canada, and increase co-operation at the inter-municipal level.

This case study investigates the institutional arrangements that were put in place to encourage or require shared services, or inter-municipal cooperation, in a comparably structured local government context. The focus of this study is on the measures that were adopted in the province of Ontario to address the call for greater efficiencies in the delivery of local government services since the mid-1990s, under the Progressive Conservative-led government (1994-2003); and furthermore, how the process of 'Local Service Realignment' (LSR) resulted in efforts among some municipalities to engage in inter-municipal cooperation.
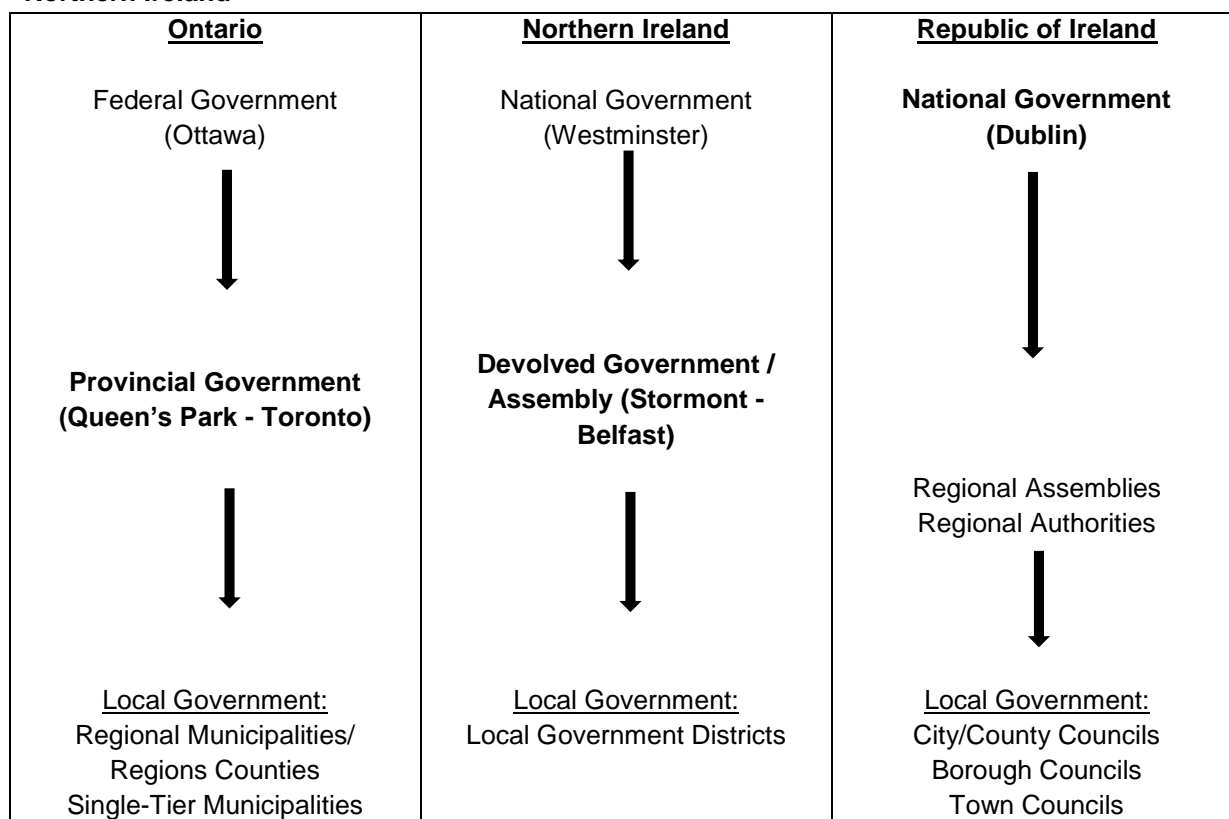
Background

This case study outlines the hierarchy and structure of municipalities in Ontario, with an emphasis on the southern part of the province and the Greater Toronto Area (GTA). The programme of restructuring – the Local Services Realignment (LSR) – initiated in 1996 in Ontario is useful to review given similar proposals for local government change on the island of Ireland. The structure of government in this part of Ontario province resembles governance and organisational hierarchies on the island of Ireland. In addition, these local government transformations were initiated at a time of fiscal austerity in Ontario and provide comparative context for analysis given the current economic situation in Europe.

The core idea driving inter-municipal cooperation, as shared services are referred to in Canada, was largely ideological rather than based on in-depth evidence and guaranteed cost savings. The Ontario case study illustrates that the assumed cost savings and efficiency achievement are less likely to be realised if the appropriate groundwork is not put in place prior to the commencement of agreements.

Local Government Hierarchy and Structure

Legislation, dating back to the Baldwin Act of 1840 and the Constitution Act of 1982, conclusively established the authority of centralised government for the provinces and control over the constituent municipalities (Isin, 1992; Douglas, 2005). The weak power base for local government, coupled with a highly centralised provincial government in Ontario, presents some similarity with Local Authorities in the Republic of Ireland and Local District Councils in Northern Ireland. As such, it provides a valuable basis for comparative investigation. Figure 4.1 provides a simplistic comparative table of government structures in Ontario in relation to the two jurisdictions on the island of Ireland.

Figure 4.1: Comparing Ontario Government Hierarchy with the Republic of Ireland and Northern Ireland

Ontario	Northern Ireland	Republic of Ireland
Federal Government (Ottawa)	National Government (Westminster)	**National Government (Dublin)**
↓	↓	↓
Provincial Government (Queen's Park - Toronto)	**Devolved Government / Assembly (Stormont - Belfast)**	Regional Assemblies Regional Authorities
↓	↓	↓
Local Government: Regional Municipalities/ Regions Counties Single-Tier Municipalities	Local Government: Local Government Districts	Local Government: City/County Councils Borough Councils Town Councils

Southern Ontario has three different types of municipal government structures as illustrated in Figure 4.2: Regions, Counties, and Single-Tier Municipalities in Southern Ontario**.**

- **Regional municipalities** consist of groupings of semi-autonomous municipalities that are responsible for arterial roads; transit; policing; sewer and water systems; waste disposal; region-wide land use planning and development; as well as health and social services (Government of Ontario, 2011). The individual local authorities that comprise the regional municipalities are referred to as the second tier municipalities. They operate at a more local scale, handling services such as local land use planning, local roads, fire protection, tax collection, refuse collection, and parks and recreation. An example is the Regional Municipality of Durham, one of the five Regional governments in the Toronto area. When created through legislation in 1973, Durham amalgamated 21 municipalities into 8 area municipalities (Figure 4.3).

- **Counties** exist only in southern Ontario and generally do not have as many servicing responsibilities as a region. Local municipalities (cities, towns, villages, townships) within counties provide the majority of municipal services to their residents. The services provided by county governments are usually limited to arterial roads, health and social services and county land use planning. Local municipalities in counties raise taxes for their own purposes, as well as for the county and school board purposes.

- **Single-tier municipalities** exist throughout the province of Ontario. This type of municipality is a census division which is governed by one municipal administration, with neither a county nor regional government above it, nor further municipal subdivisions below it. Single-tier

municipalities also include those former county or regional municipalities that have recently been amalgamated into single-tier municipality as a result of the LSR programme.

Figure 4.2: Regions, Counties, and Single-Tier Municipalities in Southern Ontario

Regions   Counties   Single-Tier Municipalities

Source: Statistics Canada, 2007

Figure 4.3: The Regional Municipality of Durham
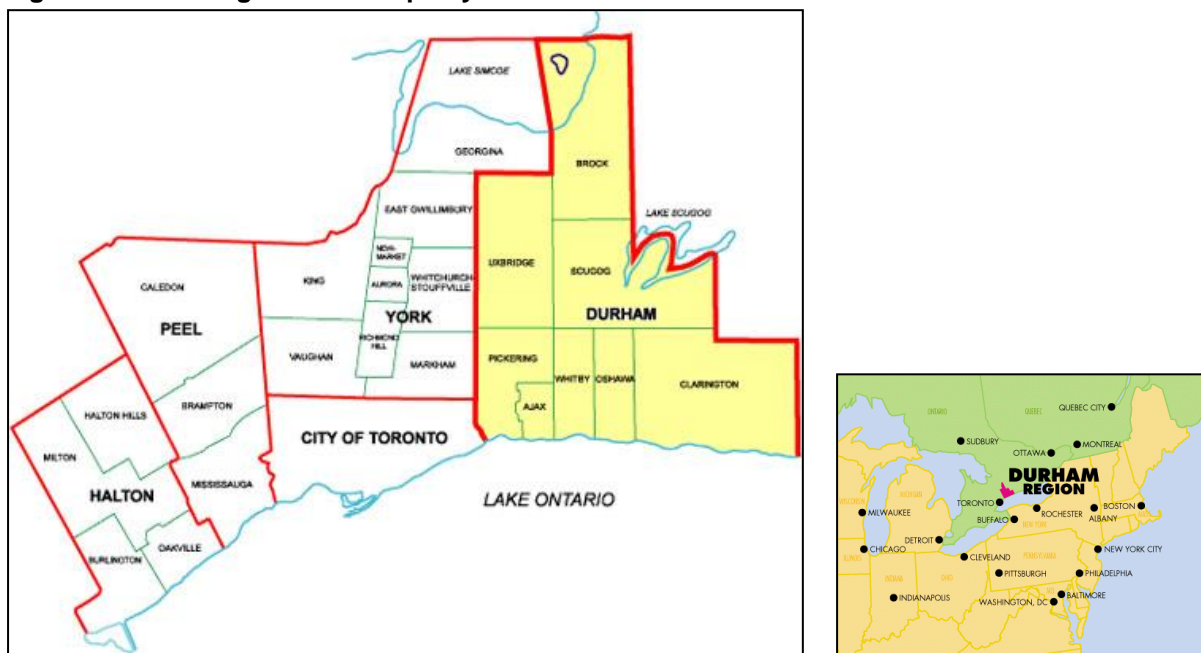
Source: Durham Region, 2011

Local Services Realignment (LSR)

Local government restructuring in Ontario in its current form has taken place since 1996, and continues to impact the business of delivering local services today. Municipal restructuring has taken a number of forms over this time, with amalgamations or boundary changes, and the reduction in the number of municipalities getting the most coverage by the popular media. In addition to these geographic changes, joint service delivery agreements between municipalities were also initiated under the conservative government in the late 1990s (Douglas, 2005).

Rationale for Change. The rationale for local government amalgamation and joint service delivery was based on the 'Common Sense Revolution' (CSR) by the Progressive Conservative (PC) party (Sancton, 2000). The CSR provided the basis for the Conservative provincial election manifesto and had immediate impact in shaping the agenda of the new Government in Ontario province, which took office after the June 1995 elections. The CSR had four key elements (Graham and Phillips, 1998):

1. Less Government – the aim was to remove government from 'non-essential' activities and reduce the direct involvement of the province in programme and service delivery by privatising and/ or relying on voluntarism. During their election campaign, the Conservatives argued that there were too many politicians in the provincial government, and that by reducing the number of representatives, cost savings and better government would ensue.

2. Simple Government – the argument was that there was too much duplication of responsibilities between (and within) the provincial and local governments, and that the elimination of this waste would increase efficiency and effectiveness.

3. Fiscal Promises – this effort to tackle the provincial deficit was coupled with a simultaneous cut of 30 percent in the provincial income tax.

4. Competitiveness Agenda -- Ontario would once again would be 'open for business'. This was particularly pertinent given that Canada was in the process of recovering from the early 1990s recession and residential property market collapse.

The CSR focus was to reduce inefficiencies at the provincial level and contained a few references to municipalities, stating that once elected, the provincial government would "sit down with municipalities to discuss ways of reducing government entanglement and bureaucracy with an eye to eliminating waste and duplication as well as unfair downloading by the province" (Conservative Party of Ontario, 1994, p17).

Following the election of the Progressive Conservative (PC) party, party leader Mike Harris, in his role as the Premier of Ontario from 1995 to 2002, led the restructuring of local government and the improvement of provincial and local service alignment in Ontario. These proposed changes in local government in Ontario were largely viewed as ideologically-driven, rather than from a substantive evidence base. The decision-making behind local government restructuring at the time was therefore driven by assumed cost-savings and efficiencies. In time, the outcomes in Ontario have come under some criticism.

Leadership

To a large extent, it was the political ideology and leadership of the Progressive Conservative government in 1990s Ontario that drove the call for local government realignment. As such, the process of municipal change was a largely top-down exercise, despite calls for greater subsidiary coming from the local, bottom-up levels. Undoubtedly, the '*Common Sense Revolution*' dominated the agenda for the newly elected government, although Graham and Phillips (1998) suggest that the Harris government approach was not a total departure from past initiatives and programmes.

Other local functions and responsibilities had been restructured in the past. For example, the government of John Robarts, Premier from 1971 to 1985, had undertaken a massive amalgamation of school boards in the late 1960s. Specific to local government, during the period from 1969 to 1974, the then Conservative government established two-tier regional municipalities, which followed the model of Metropolitan Toronto which had been in place since 1953. These 1970s' amalgamations took place in order to improve governmental efficiency and effectiveness of service delivery. Later, both the Conservatives and, subsequently, the Liberal government of David Peterson, Premier from

1985 to 1990, had tried with limited success to embark on the reform of Ontario's county system and to reduce the number of small municipalities in the province.

Initiating Change

In May 1996, the government established the 'Who Does What' (WDW) programme to evaluate and assess the state of public service delivery at the provincial and municipal levels and to ascertain the best way forward. To guide the process, the cabinet and Ministry of Municipal Affairs and Housing (MMAH) created a panel, chaired by former Toronto Mayor David Crombie, to carry out this investigation and make recommendations. As a former mayor and federal cabinet minister, Crombie was seen as a chair who could address the demands and needs of those representing the different tensions between less government and improved service delivery.

> "*Crombie lent considerable legitimacy and a high profile to a rational sorting out of what each government should do. As events unfolded, Crombie's leadership and negotiation skills were also critical in getting agreement among members of his panel on many tricky issues*" (Graham and Philips, 1998: 183).

There is generally agreement that his appointment was a successful move by the newly elected Conservative provincial government (*Local Government Researcher*). His leadership tended to result in consensus-based decisions, despite animated and heated debates around key issues. The panel operated on a basis of discussion and consensus-building among its members and did not vote on any issue.

The WDW Panel. The remit of the WDW panel was to develop principles and make recommendations on how to improve the funding and delivery of a series of provincial and municipal government services, including property taxation and assessment, social services, education, public health and hard services. The ultimate goal was to reduce waste, duplication, and the overall cost of government (MMAH, 1998). The panel was established as an independent group of experts and consisted of personnel from the local government sector or those with other expertise.

In theory, the WDW panel would provide expertise and evidence in developing recommendations for the appropriate level and type of delivery at both provincial and municipal levels. Unfortunately, throughout the WDW process there was some scepticism as to how seriously the provincial government were taking its findings. The panel was to base its decisions on already existing research with the idea that its work over a seven-month timeframe should not delay the process of restructuring and realignment of services.

This 'streamlining' was achieved in part by limiting the involvement of stakeholders appointed through the Association of Municipalities of Ontario (AMO). The process through which recommendations were identified for the realignment of municipal service delivery was not based on negotiation, public participation or consultation. Additionally, there was little to no original research specific to Ontario commissioned. The reliance on existing research, selected briefings by experts and the expertise of the members of the panel and its working groups meant that decisions would be made quickly rather than producing an excess number of reports that would be duplications of previous or similar documents already available.

> "*The argument was that there had been wheelbarrow-loads of reports on most of the issues involved, many of which had involved public consultation, so there was no need for additional consultation ... Moreover, the government had no intention of getting bogged down in its agenda by hearing from a multitude of interested parties as its predecessor had done*" (Graham and Philips, 1998: 183).

Table 4.1: The 'Who Does What' Panel – Timelines and Methodology[45]

May 1996 'Who Does What' Panel established	Chair – David Crombie (former Mayor of Toronto) Seven months to complete work.
Subpanels	Seven subpanels created to address the following themes: 1. the assessment system and tax reform 2. emergency services 3. social services 4. transportation and utilities 5. municipal administration 6. education 7. public health The main WDW panel were to take recommendations from each subpanel on-board and form final endorsements.
Membership	• Largely consisted of provincial appointments from personnel within the local government sector. • Association of Municipalities of Ontario (AMO) - nominated two advisers and the regional chairs, one to each of the subpanels, as well as several members of the full panel. • There was also a municipal role in the secretariat to the panel (two municipal chief administrative officers were seconded to work alongside provincial staff).
Principles	The WDW Panel operated four principles in order to guide its evaluation and recommendations: 1. The panel upheld the conventional view that municipal governments should have a strong role in hard services (i.e. services to property and general infrastructure). On the other hand, soft services (e.g. education, health and welfare) were seen as appropriate functions of provincial government; 2. Income redistribution should be funded by the province, i.e. funding should be distributed dependent on the service responsibility held by the municipalities; 3. Only one level of government should be responsible for spending decisions, and the government that makes the spending decisions should also have the funding responsibility; and 4. There should be an appropriate balance between the allocation of responsibility and the financial resources available to support those responsibilities.

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[45] The WDW Panel timeline is drawn from a number of sources, specifically Graham and Phillips (1998) and interviewees.

Table 4.1: The 'Who Does What' Panel – Timelines and Methodology[45]

Outputs	The WDW Panel was directed by the province to provide a series of relatively short reports containing recommendations from the subpanels rather than delaying the process by waiting for a final comprehensive report. - The property-tax reform subpanel were required to produce a report within a month. - Despite calls to avoid duplication by the provincial government, problems arose with the establishment of the health services subpanel. Indeed, the subpanel was never established because there was a lack of buy-in by the Ministry of Health due to its already existing restructuring process. - The assessment of health services was included in the social services subpanel.
Recommendations	The WDW Panel made over 200 recommendations, including proposals for: - property-assessment based on current value and use; - amalgamation of local governments in general and, specifically, some consolidation of the Greater Toronto Area (GTA) municipalities; - the creation of a Greater Toronto Area Services Board to replace the five regional governments of the GTA; - hard services should be municipally funded and delivered, while human services (social assistance, public health, child care, and homes for the aged) should be the full responsibility of the province (this was in an attempt to 'disentangle' service delivery).

The Process

Despite the approach of consensus-building among the members of the WDW panel, there was a lack of public consultation in the process. The provincial government believed it had a mandate endorsed by the electorate in the June 1995 election and did not need to engage in wider consultation and stakeholder participation.

The proposed restructuring and realignment of service delivery recommended by the WDW panel was not welcomed with open arms by the municipalities. For example, the process of amalgamation was described as being carried out by "the MBA's [who] are ruling the world and it's not always for the best" (*City Councillor, Toronto*).

The greatest concern was the question of funding and this was to be the cause of some debate with the proposed 'downloading' of service delivery from the province to the local government level. While the province argued that avoiding duplication and service delivery overlap would result in cost savings and greater efficiencies in government at all levels, municipalities saw the proposed changes more as 'downloading' the costs of delivery rather than improving service delivery.

The four principles that shaped the remit of the WDW panel were a cause of debate in all subpanels, specifically the first principle that 'municipal governments should have a strong role in hard services (i.e. services to property and general infrastructure), and that soft services (e.g. education, health and welfare) were more appropriate functions of provincial government'. The other three principles included: income distribution should be funded by the province; only one level of government should be responsible for spending decisions; and there should be an appropriate balance between the allocation of responsibility and financial resources.

The issue of who should have responsibility for hard and soft services divided urban and rural municipalities. Service delivery in urbanised areas tends be more complex with responsibilities and functions among soft and hard services more closely linked. Given the complex nature of their functional areas, the regional municipalities took issue with the WDW panel's perspective on the division of service delivery given their location in the more urbanised southern part of Ontario. Urban municipalities argued that they had the capacity to have a meaningful role in social services and showed a willingness to continue working in community cohesion given the diverse nature of their populations and needs. Rural local government (smaller and lower-tier municipalities), with less capacity and resources, were satisfied with having responsibility for hard services alone, seeing their key responsibilities in areas including roads, public realm, and spatial planning.

The WDW panel was also split on the issue of amalgamation in the city of Toronto, recommending any combination of between one to four iterations of a newly formed merger of the existing five regional municipalities in the GTA. It also proposed the establishment of a Greater Toronto Area Services Board, eliminating the five upper-tier municipalities altogether.

The issue of mergers may not have been helped by the existence of a previously established task force focused on governance in the GTA. The Task Force on the Future of the Greater Toronto Area (also known as the Golden Task Force) began prior to the commencement of the WDW panel, and reported in January 1996. The Golden Task Force took some inspiration from the European Union and its endorsement of the principle of subsidiary, defining it within the Toronto context as the idea that services are most efficiently and effectively delivered by the most local level of government capable of providing them (Task Force on the Future of the Greater Toronto Area, 1996). It argued that subsidiary had to be at the core of effective service delivery in local government, and must guide any redistribution or realignment of functions and responsibilities. [46]

In regards to the WDW panel, it has been observed that the provincial government itself had not fully bought into the process. Decisions regarding funding, reducing the size of local government, and the role the province has in municipal functions were made prior even to the establishment of the WDW panel. Indeed, so many decisions were made while the WDW process was still taking place; it is questionable as to how seriously the newly elected Harris government took any analyses of the appropriateness of changes within the day-to-day operations of local government in Ontario.

Paralleled Steps in Service Reform

Prior to the commencement of the 1996 WDW panel, and in line with the 'Common Sense Revolution', the newly elected Harris government began implementing its austerity measures almost immediately after taking up power' by cutting local government budgets mid-way through the financial year in the summer of 1995. This was followed by another set of cuts in the autumn of 1995, with the explicit aim of redesigning local government and reducing the size of the entire public sector. It is arguable that by making these cuts before any consultation had begun, the government had already made up its mind on local government.

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[46]In the end, the new government proposed the elimination of Metro Toronto and the creation of a single entity, the City of Toronto. Despite public objections and a March 1997 referendum where voters voted 3 to 1 against the consolidation, legislation was passed (City of Toronto Act) and in January 1998, the new City of Toronto was established.

Table 4.2: Key Steps to Local Service Realignment

Autumn 1995	*Bill 26, Savings and Restructuring Act* passed (also referred to as the Omnibus Bill)
May 1996	'Who Does What' Panel established
Mid-1996 to January 1997	Series of Reports and Letters published (and leaked) from the main panel and subpanels
1997	Local Service Realignment (LSR) announced LSR replaced the 'Who Does What' process
January 1998	*Who Does What: Towards Implementation* Published by the Ministry of Municipal Affairs and Housing (MMAH) and the Association of Municipalities of Ontario (AMO)
Autumn 1999	*Local Service Realignment: a user's guide* published Published by the Ministry of Municipal Affairs and Housing (MMAH) and the Association of Municipalities of Ontario (AMO). This document was intend to replace the previous January 1998 *Who Does What: Towards Implementation* publication.
2001	*Municipal Act 2001* – setting out the right for municipal-led proposals for restructuring and/ or cooperation.

A number of other steps were taken, following the 1995 election of the majority Conservative government to realign public service delivery in Ontario. This included legislation made prior to the establishment of the WDW panel that allowed the government to intervene in local government restructuring. In late 1995, this resulted in the passage of *Bill 26, Savings and Restructuring Act*.

The Bill allowed the provincial government to enact restructuring on municipalities, amalgamate school boards, and abolish conservation authorities. This legislation was called the 'Bully Bill' by its opponents, given that there was little consultation and negotiation involved in its formulation in the Ministry of Finance. The lack of consultation and the legal right given to the province to 'interfere' with local government; resulted in massive debate and outcry from a wide number of sectors in Ontario. Responding to this opposition, the government eventually allowed a two weeks of public hearings, resulting in 160 amendments to the Bill. This heated process taught the Harris government two important lessons (Graham and Phillip, 1998; 182):

1. The ability to move swiftly and decisively in provincial-local restructuring and realignment of services would be aided if decisions had at least an appearance of being made in a rational and systematic manner; and

2. Bully tactics work: the premier's office could seize control of an issue; ram legislation through the legislature; and overcome the public furore, which would be forgotten eventually.

These two points highlight the on-going issue that the proposed and eventually implemented changes and realignment had with buy-in from local government and other sectors. The first lesson led to the establishment of the 'Who Does What' process. However, the second point highlights the top down approach of the provincial government, and reiterates the challenge the entire process had with buy-in and confidence.

From 'Who Does What' to 'Local Service Realignment'

Following the recommendations of the WDW Panel, the process transformed into its next iteration, namely Local Services Realignment (LSR). Starting in 1997, the LSR sought to bring about fundamental changes to the way the province and Ontario's municipalities managed and funded key public services in the province. The reforms were based on a number of key objectives:

- greater accountability to taxpayers;
- protecting priority services and maintaining critical standards;
- streamlined service delivery;
- better rationalized funding responsibilities;
- capitalizing on local expertise and innovation;
- greater autonomy for municipal government; and
- reduction of duplication and waste.

The key areas for service realignment were grouped by the major categories of (MMAH and AMO, 1999):
- Revenue and Financing;
- Emergency Services;
- Social and Community Health;
- Transportation and Utilities;
- Northern Service Delivery; and
- Other Related Issues (including provincial offences).
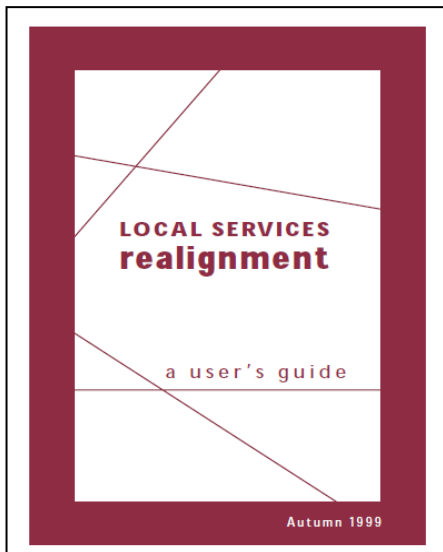
In the guidance document for LSR, the work of the WDW panel was described as:

> *"months of direct consultation between both levels of government and other stakeholders" and " ... preceded by years of discussions and reports, and countless recommendations involving all stakeholders" (MMAH and AMO, 1999: 1).*

The claim that strong evidence-based recommendations were made contradicts both later analyses by experts (see for example, Graham and Phillips, 1998; and Sancton, 2000) and by those interviewed for this study, but nonetheless empowered the provincial government to go ahead with changes in local service delivery.

The Financing of Public Service Realignment

There were two key drivers of public service realignment:

- Funding neutral – downloading of functions from the provincial to local level without downloading costs; and
- Cost saving – efficiencies through cooperation at the local level.

The 'Common Sense Revolution' (CSR), the election manifesto for the later elected Conservative provincial government, had finance and cost savings at its core. The government had made a commitment to reduce the provincial deficit while also cutting personal income taxes for Ontario residents. However, the CSR had also stated that it would avoid 'unfair downloading' of costs by the province onto municipalities. It therefore had to ensure that any restructuring or realignment was 'revenue neutral'. This held to the fourth principle of local service delivery (see Table 4.3); that there should be an appropriate balance between the allocation of responsibility and the financial resources available to support those responsibilities.

Shortly after the changes had begun to be implemented, one study identified that despite wide-scale changes to local government; limited cost savings had been made. For example, Douglas (2005) cites Lehman's (2000) study of a number of Southern Ontario municipalities' cost saving from 1998 to 1999:

Table 4.3: Financing Local Government in the wake of LSR (based on Lehman, 2000 and Douglas, 2005)

- While the total costs of politicians declined (because there was a decrease in the number elected), the average cost increased (by 56 percent).
- Local representation declined, manifested by an increase of some 230 percent in the number of constituents per councillor.
- Average savings in the costs of politicians amounted to less than 0.5 percent of the average operating expenditure of the municipalities surveyed.
- Staff costs declined by 5 percent.
- Tax rates for the lower-tier municipalities increased by 3 percent.
- Transitional funding, through the Community Reinvestment Fund was an important factor in meeting additional short-term costs in realignment.
- There were mixed results in savings on capital and operating costs.
- Lehman (2000) concluded that there was "less government", as per the Province's objectives, but there was also less representation and little early evidence of reduced municipal spending.

The 'revenue-neutrality' of LSR was widely contested and did not occur despite rhetoric from the provincial government. Indeed, the provincial government, withdrawing from its role as a core funder, thus required municipalities to be near 100 percent self-financing. It also intervened to cap the revenues that municipalities might have accessed from other sources, including local government owned businesses (Douglas, 2005). Ultimately, this thwarted attempts to achieve revenue neutrality at the local level. In a 2001 newspaper article in the *Globe and Mail*, the fiscal reality of local service realignment is summed up here:

> *"The city has asked for help because it blames Queen's Park for most of its financial problems. The province took over funding of education but in return the city was given responsibility for such services as welfare, social housing and public transit, a swap that is costing Toronto $250-million annually.*

> *Councillor Case Ootes, a member of the team negotiating with the province, said Queen's Park refuses to believe the exchange was not revenue neutral and that the city cannot sustain the current level of service through property taxes"* (Abbate – Globe and Mail *Newspaper, 2001: A14).*

The Impact

As outlined in previous sections, the process of local government restructuring from the 'Common Sense Revolution' to the 'Who Does What' Process to 'Local Service Realignment' has acted less to consolidate local government in Ontario and save money in the delivery of public service, and more to increase costs for local government and raise suspicion of municipal restructuring and efficiency initiatives. From the beginning of the changes to local service delivery, and in particular since budget cuts began in 1995, there was a battle between the province and the municipalities to ensure that appropriate and reasonable change would occur:

> " … Mr. Harris has played fast and loose with the democratic process. He has surrounded himself with a cadre of young, fervently ideological advisers to do his bidding. Grassroots supporters who thought the party would emphasize democratic debate, plebiscites and local decision-making have been shocked. In the Harris Kremlin, power flows from the centre" (Crittenden – Globe and Mail Newspaper, 1997: D9).

> " … the people running Ontario really don't have a clue how their radical restructuring is ultimately going to play out. Their decision-making process is nothing short of alarming: deputy ministers no longer report to their own ministers but rather to the Premier's office. Even there, they don't deal with the Premier himself, but rather with the unelected gaggle of young Thatcherites who surround him -- people who are as determined in their antigovernment proclivities as they are weak in their management expertise" (Angus – Globe and Mail Newspaper, 1997: D7).

A key tenet of the Conservative government was that municipalities would be unable or unwilling to cooperate from the bottom-up in order to achieve efficiencies; hence policy and legislation had to be put in place to ensure that this would occur (Skelly, 1996). This reflects the assumption that the provincial government had to intervene drastically. Furthermore, given the decision that no original and/ or territorially specific research would take place in the WDW process meant that the plan for restructuring of local government and realignment of local service delivery was built on shaky ground.

The irony is that bottom-up, local, shared services agreements existed prior to LSR, and it was this type of cooperation that was used to bolster local government against top-down-initiated budget cuts.

Inter-Municipal Cooperation in the GTA

Although municipal amalgamations were a significant outcome of the LSR initiative, there were important examples of inter-municipal cooperation around specific services such as transport. In the Canadian context, inter-municipal cooperation is considered to mean,

> "any legislative or contractual arrangement short of the creation of a formal, ongoing, two-tier system in which each tier is responsible for a number of municipal services. This means, for example, that provincial legislation requiring that municipalities participate in a specified inter-municipal special-purpose body will be considered as one form of cooperation" (Sancton et al, 2000: 1).

Prior to the 'Who Does What' and 'Local Service Realignment' processes, there were examples of local, bottom-up led cooperation and sharing of services in local government. The inter-municipal agreement for access to public transport between the two second-tier municipalities within the Durham Region of Ajax and Pickering (see Figure 3) is a good example of how the implementation of an informal arrangement can lead to formal, comprehensive agreements later.

The initial, informal transit inter-municipal agreement was implemented for reasons of practicality in the 1980s when, due to public demand, their respective transit services connected the adjacent urban centres of both municipalities.

The initial inter-municipal agreement for public transport in Ajax and Pickering did not involve any financial exchange or formal written agreement. Serious discussions to integrate its entire transit system began in early 1997, with guiding principles to (Sancton et al, 2000):

- increase quality and reduce the costs of service delivery;
- streamline services and eliminate duplication;
- raise efficiency levels to increase productivity; and
- achieve various economies of scale.

This more formal partnering of the Ajax and Pickering transit services set out to improve the quality of the service between the two municipalities and other locations by: reducing transit costs, increasing ridership and revenues, sharing resources, infrastructure and professional expertise, developing common routing, joint training increased opportunities for employee job satisfaction, advancement and enrichment.

The staff and council members involved in establishing the terms of reference for the preparation of the merger and integration of local municipal transit involved stakeholders in the study, including local government staff, transit committee members, transit users and various community groups.

The Ajax-Pickering Transit Authority (APTA) was created in September 2001, integrating the public transport delivery from Pickering Transit and Ajax Transit. The agreement includes the utilisation of one core transit facility, maintaining separate budgets by each council, implementing common-fare technologies, common-fare policies, coordinated routes, joint training, sharing of resources and maintenance costs, and the sharing of human resources. Organisationally, the APTA was jointly owned by Pickering and Ajax municipalities, and was governed by members of the Authority who were appointed by both municipalities. Once the two transit systems were integrated, it created one of the largest transit systems in the GTA, with over 2 million journeys per year.

Under the memorandum of agreement between the two municipalities, the transit service was managed by a Board of Directors. The Town of Ajax provided human resources and payroll services to APTA, while the City of Pickering provided financial, accounting, auditing, budgeting, internal control and corporate legal services. The operating costs of running the public transport service were based on each municipality's respective tax assessment base. The formal transfer of assets, insurance, financial services and a final inventory evaluation could only take place once provincial legislation was passed, namely the *Municipal Act, 2001*.

In a year 2000 study of inter-municipal cooperation in Canada (see Sancton et al, 2000), Ajax and Pickering were identified as some of the more progressive local governments when it came to inter-municipal agreements. Local leadership was highlighted as having an important influence on driving cooperation.

Fast-Forward to 2012

In 2012, the Commission on the Reform of Ontario's Public Services published a 537-page report, *Public Services for Ontarians: A Path to Sustainability and Excellence*, to address Ontario's serious fiscal challenges that include a large deficit.[47] The Chairman's introduction makes the following interesting point:

> *"We must be students of history and history shows us that simple cost-cutting by governments too often generates fiscal improvements that peter our after a few years as pressures build"* (Commission Report--Chairman's Introduction, p, iv).

This is very much the case in the reforms outlined in this case study. According to the 2012 Commission's report, 'provincial support to municipalities increased since 2003 to reverse the downloading of responsibilities of the previous decade.' The report notes that after a 2008 Provincial-Municipal Fiscal and Service Delivery Review, the province agreed to upload various municipal costs over a 10-year period.

The key messages in this new report display a much more flexible and practical approach to service reform (see Annex 4, 'Chapter 3 Our Mandate and Approach) and also places public service in the forefront of efforts to deliver effective programmes in an efficient manner.

Conclusions

A number of key lessons can be drawn from the case of Local Service Realignment in Ontario in the 1990s:

- **Political Ideology Versus Evidence-Based Rationale** – This proved to be the bugbear of the entire 'Who Does What' to 'Local Service Realignment' process, and reflects some of the current approaches being taken towards local government on the island of Ireland. The ideological approach, which manifests itself in the notion that austerity is the only response to recession, is particularly strong in the current UK Conservative government, which has an impact on budgets for local service delivery in Northern Ireland. The idea that extensive transformation in how local services are delivered without engaging meaningfully with stakeholders and commissioning geographic and sector specific research, inevitably results in ineffectual change.

- **Political Mandate** – The newly elected provincial government in the mid-1990s were intent on change due to the deficit incurred by the previous government during a turbulent, recessionary period. Change simply for the sake of it rarely works if evidence had not been provided to ensure that the appropriate transformations are taking place, and that there is sufficient fiscal support and policies to back them.

- **Finance and Cost-Saving** will always remain strong drivers of change and realignment. However, the assumption that less government results in fewer costs should not be taken for granted. Studies in the case of Ontario LSR showed that staff cost savings were minimal while average costs for political representation actually increased, possibly as a result of a higher number of constituents per municipal councillor and thus a bigger workload.

- **The Model of Change** – There is an argument that the model used for the 'Who Does What' process could be used in certain circumstances in order to streamline change initiatives. The

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[47]http://www.fin.gov.on.ca/en/reformcommission/

WDW panel was in operation for approximately seven months, and produced more than 200 recommendations for what would become the LSR. While stakeholder participation was kept to a minimum and there was limited public engagement, the process did involve local government staff and representative of councillors. This 'non-negotiation' model allowed decisions to be made quickly and for changes to be established without added bureaucracy.

- **Buy-in** continued to be a serious problem through the WDW and LSR process. This lack of buy-in resulted from a number of issues including:
  - o the model that was used for the WDW panel – limited participation made stakeholders feel they were not included in the process and that their views could not be heard;
  - o changes and budget cuts were instigated prior to the final recommendations of the WDW panel – this implied to municipalities that the provincial government were not taking the process seriously;
  - o there were a large number of recommendations produced by the WDW panel – this reflected the debates and lack of buy-in that epitomised the entire process so that although there was consensus-building throughout and no voting by panel this may have led to more confusion and contradictions emerging than focus agreement.

- **Leadership** has proven to be the key contributory factor to the entire WDW and LSR process, especially in regards to pushing the initiative for through the provincial and local government system. Appointing a former Mayor of Toronto who was considered a truly 'progressive' conservative was a shrewd step from the provincial government. It allowed for the consensus-building model to be used and for tough decisions to be 'sold' to municipal government. It is clear that a neutral leader is a key consideration for the success of any institutional and/ or legislative variations for local service delivery.

- **Subsidiarity** was not taken seriously as an approach by the provincial government despite the work of the Golden Task Force. This was unfortunate given that local government across Ontario had existing successful experiences in inter-municipal cooperation. The assumption that local government was unable to autonomously engage in such agreements was perhaps the greatest flaw within the WDW and LSR process.

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Annexes

Annex 1: Case 1 – Profiles of the Glasgow City-Region Local Authority Areas

Authority	Selected Demographic Profiles[48]
East Dunbartonshire Council Area: 20,172 hectares Population: 104,580 (2.0 per cent of the total population)	16.4% of the population are aged 16 to 29 years, smaller than the national average (18.7%). Persons aged 60 and over make up 25.8% (higher than the Scottish average 23.1%). Compared to Scotland over the period 2008 to 2010, the area had a lower death rate. The main cause of death was circulatory disease, followed by cancer. The 30 to 44 age group accounted for the largest group of in-and out-migrants. Female life expectancy at birth (82.7 years) is greater than male life expectancy (79.4 years), and both were greater than the Scottish average. The number of larger households in East Dunbartonshire is projected to fall, with the number of households of 2 or more adults with children decreasing by 38% over the 25 year period. Households headed by 60-74 year olds are forecast to increase in number by 4%, and those headed by the 75+ age group to increase in number by 88% (2008 - 2033).
West Dunbartonshire Council Area: 28.3279 hectares Population: 90,570 (1.7 per cent of the total population)	18.8% of the population are aged 16 to 29 years, higher than the Scottish average (18.7%). Persons aged 60 and over make up 22.7% (smaller than the Scottish average of 23.1%). Compared to Scotland (2008 to 2010), the population had a higher death rate, with the main cause of death circulatory disease, followed by cancer. On average in 2008-10 there was a net outflow of 177 people per year. The 16 to 29 age group accounted for the largest group of in- and out-migrants. Female life expectancy at birth (78.3 years) is greater than male life expectancy (73.6 years), but both were lower than the Scottish average. By 2033 the population of West Dunbartonshire is forecast to be 83,670, a decrease of 8.0% compared to the population in 2008. Over the 25 year period, the age group that is projected to increase the most in size is the 75+ age group, as projected for Scotland as a whole. The population aged under16 is projected to decline by 14.8% over the 25 year period. The number of lone adult households is projected to increase by 32% (less than the national average of 49%). Households headed by 60-74 year olds are projected to increase in number by 19%, and those headed by the 75+ age group are projected to increase in number by 48% (2008 – 2033).
North Lanarkshire Council Area: 47,358 hectares Population: 326,360 (6.2 per cent of the total population)	18.0% of the population are aged 16 to 29 years, slightly below the national average. Persons aged 60 and over make up 21.1% again smaller than Scotland (23.1%). The area had a lower death rate. The main cause of death was circulatory disease, followed by cancer. The 16 to 29 age group accounted for the largest group of in- and out-migrants. Female life expectancy at birth (78.8 years) is greater than male life expectancy (74.3 years), but both were lower than the Scottish average. Consistent with the rest of Scotland, the age group that is projected to increase the most in size is 75+. The population aged under 16 is projected to decline by 5.5% over the 25 year period. In Scotland, the number of lone adult households is projected to increase by 49%, whilst in North Lanarkshire the number of lone adult households is projected to increase by 56%. Households headed by 60-74

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[48] Statistics taken from the General Register Office Scotland. Last updated: 19/10/2011.

Authority	Selected Demographic Profiles[48]
	year olds are projected to increase in number by 30%, and those headed by the 75+ age group are projected to increase in number by 87% (2008 and 2033).
South Lanarkshire Council Area: 177,193 hectares Population: 311,880 (6.0 per cent of the total population)	17.2% of the population are aged 16 to 29 years, smaller than the national average. Persons aged 60 and over make up 22.9 % - smaller than Scotland where 23.1 % are aged 60 and over. Compared to Scotland over the period 2008 to 2010, South Lanarkshire had a higher death rate. The main cause of death was circulatory disease, followed by cancer. The 16 to 29 age group accounted for the largest group of in- and out-migrants. Female life expectancy at birth (80.3 years) is greater than male life expectancy (75.7 years), but both were lower than the Scottish average. Over the 25 year period, the age group that is projected to increase the most in size in South Lanarkshire is the 75+ age group. The population aged under16 in South Lanarkshire is projected to increase by 1.7 % over the 25 year period. The number of lone adult households is projected to increase by 58% compared with 49% in Scotland. The number of larger households in South Lanarkshire is projected to fall, with the number of households of 2 or more adults with children decreasing by 30% over the 25 year period. Households headed by 60-74 year olds are projected to increase in number by 30%, and those headed by the 75+ age group are projected to increase in number by 90% (2008 – 2033).
Renfrewshire Council Area: 26,139 hectares Population: 170,250 (3.3 %of the total population)	17.9% of the population are aged 16 to 29 years, smaller than Scotland (18.7 %). Persons aged 60 and over make up 22.9% below the Scottish average. Compared to Scotland over the period 2008 to 2010, Renfrewshire had a higher death rate. The main cause of death was circulatory disease, followed by cancer. On average in 2008-10 there was a net inflow of 240 people into Renfrewshire per year, with the 16 to 29 age group accounting for the largest group of in-migrants. Female life expectancy at birth (79.5 years) is greater than male life expectancy (73.8 years), but both were lower than the Scottish average. By 2033 the population of Renfrewshire is projected to be 160,872, a decrease of 5.3% compared to the population in 2008. The age group projected to increase the most in size is the 75+ age group whilst the population aged under16 is projected to decline by 10.8%. The number of lone adult households is projected to increase by 33 per cent.
East Renfrewshire Council Area: 18,000 hectares Population: 89,540	16.1% of the population are aged 16 to 29 below the (18.7%) national average. Persons aged 60 and over make up 24.3% marginally higher than the Scottish average. Between 2009 and 2010 East Renfrewshire experienced a 2.8% increase in the number of births. Compared to Scotland (2008 – 2010), East Renfrewshire had a lower death rate. The main cause of death was circulatory disease, followed by cancer. The 30 to 44 age group accounted for the largest group of in- and out-migrants Female life expectancy at birth (82.3 years) is greater than male life expectancy (78.3 years), and both were greater than the Scottish average. Male life expectancy at birth in East Renfrewshire is improving more rapidly than female life expectancy. The age group projected to increase the most in size is the 75+ age group. The population aged under16 is projected to decline by 12.5%. The number of lone adult households is projected to increase by 40% (below the 49% national average).Households headed by 60-74 year olds are projected to increase in number by 13%, and those headed by the 75+ age

Authority	Selected Demographic Profiles[48]
	group are projected to increase in number by 81% (2008 – 2033).
Glasgow City Council Area: 17,639 hectares Population: 592,820 (11.4 %of the total population)	24% of the population are aged 16 to 29 years - larger than Scotland as a whole (18.7%). Persons aged 60 and over make up 18.2% of Glasgow City (smaller than Scotland where 23.1% are aged 60+). Since 1984, the total population has fallen overall. Compared to Scotland, Glasgow City had a higher death rate. The main cause of death was circulatory disease, followed by cancer. The 16 to 29 age group accounted for the largest group of in- and out-migrants. Female life expectancy at birth (78 years) is greater than male life expectancy (71.6 years), but both were lower than the Scottish average. By 2033 the population of Glasgow City is projected to be 592,672, an increase of 1.4% compared to the population in 2008, and a national projected increase of 7.3%. The age group projected to increase the most in size is the 65-74 age group in contrast to Scotland, where the 75+ age group is projected to increase the most. The proportion of these households receiving a single adult Council Tax discount is 47%. For Scotland, this figure is 38%. In Glasgow City, households headed by 60-74 year olds are projected to increase in number by 36%, and those headed by the 75+ age group are projected to increase in number by 23% (2008 – 2033).
Inverclyde Council Area: 25.4951 hectares Population: 79,770 (1.5 %of the total population)	17.5% of the population are aged 16 to 29 years, smaller than Scotland (18.7%). Persons aged 60 and over make up 24.6% of Inverclyde - larger than Scotland (23.1%). Unlike Scotland as a whole, since 1984, Inverclyde's total population has fallen overall. Households headed by 60-74 year olds are projected to increase in number by 125, and those headed by the 75+ age group are projected to increase in number by 55%. Female life expectancy at birth (79.1 years) is greater than male life expectancy (73 years), but both were lower than the Scottish average. Male life expectancy at birth in Inverclyde is improving more rapidly than female life expectancy. The 16 to 29 age group accounted for the largest group of in-migrants into Inverclyde and the largest group of out-migrants.

Annex 2: Case 3 – Range of Cooperation Typologies[49]

Type of Cooperation	Description
Informal Cooperation	Informal sharing of services between two local governments that offer reciprocal actions to one another
Inter-local Service Contracts	Voluntary cooperation amongst governments with a more formal agreement such as contract for services, joint service agreements and mutual aid arrangements
Joint Powers Agreements	Agreements between two or more governments to provide shared planning, financing and service delivery
Extraterritorial Powers	Cities and towns use authority in adjacent unincorporated areas
Councils of Governments	Voluntary organizations formed by counties and municipalities to serve the region and its residents
Federally Encouraged Single-Purpose Regional Bodies	Administers single-purpose federal aid programs and prioritizes projects
State Planning and Development Districts	Brings together federal regional programs under one district
Contracting	Set up contracts with other governments and/or private and non-profit sectors to provide services
Regional Purchasing Agreements	Cross jurisdictional purchasing agreements
Local Special Districts	Provides single service or multiple services for cities and towns with a board of representatives governing policy and managing fiscal responsibility
Transfer of Functions	Release authority to other jurisdictions
Annexation	Adding surrounding areas to existing jurisdiction
Special Districts and Authorities	Many of the same governing powers of cities, but address single issues such as mass transit, pollution control, etc.
Metro Multipurpose Districts	An elected regional agency provides or coordinates regional service delivery
Reformed Urban County	County government structured with executive and legislative branches, but municipalities within the county do not change
Regional Asset Districts	Special tax districts used to fund regional resources such as arts and cultural institutions
Merger or Consolidation (one, two or three-tier consolidation)	Creation of a new region-wide government, where there has been a reallocation of government powers and functions and changes in the political and institutional status quo

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[49] John Parr, et al. 2006.

Annex 3: Case 3 – Cooperation between the Town of Lancaster and Village of Lancaster[50]

Type of Service	Activity	Motivation	Support or compensation (technical or financial)	Type of Agreement
Joint archival facility	Constructed combined archival facility	Create a more cost effective, more accessible way of storing municipal records	Grants ($37,000+) received from NYS Archives through its Local Government Records Management Improvement Fund	Inter-municipal agreement
Merger of building inspection offices	Combined inspection services	Provide building inspection services at a reduced cost	Village pays $23,000 annually to the town for administrative services performed. Village also pays $7,000 annually to the town for building inspector.	Municipal cooperative agreement
Merger of assessing services	Village of Lancaster eliminated its assessment unit; Town of Lancaster provides assessing services to the village	Provide assessing services more efficiently and cost effectively	Village of Lancaster compensates the town for the services provided	Agreement
Sharing of space	Town can use a portion of the land village fire department land to run a recreation program every summer	Meet community need of the town for a recreation program	Payment waived	Agreement
Animal control services	Town of Lancaster provides dog control services to the villages	Town has been able to provide services at a lower cost and more efficiently than the villages		Agreement
Consolidation of police services	Town and village created one police unit to provide services for each area	Create cost savings	Compensation ($700,000) provided by Erie County to cover the costs of transferring village police force to the town	Municipal Cooperative Agreement
Combined Central Avenue Streetscape Revitalization	Town will replace bridge infrastructure and deck for sidewalk over Plumb Bottom	Mutual benefits of these improvements		General Municipal Cooperative Agreement

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[50] New York State Department of State, 2007.

Type of Service	Activity	Motivation	Support or compensation (technical or financial)	Type of Agreement
Project	Creek and improve the front of Town Hall			
Combined garbage services	Town and village of Lancaster contracted garbage services jointly	Cost savings		Agreement
Combined tax receiver &clerk		Cost savings	Saved approximately $85,000-$90,000 on salary	
Share highway equipment	Town and village share highway equipment	Cost savings and more efficient use of equipment		

Annex 4: Case 4 - 'Our Mandate and Approach' from 2012 Report Public Services for Ontarians: A Path to Sustainability and Excellence

Chapter 3: Our Mandate and Approach:

Recommendation 3-1: **Do not simply cut costs.** The imperative to restrain spending should instead be an opportunity to reform programs and service delivery. Simple cost-cutting can be effective in hitting near-term deficit reduction targets, but it does not encourage longer-run fiscal stability or allow for reforms that will generate more value for money spent.

Recommendation 3-2: **Avoid across-the-board cuts**. Such a blunt tool treats equally a valuable, efficiently run program and one that is outdated and sloppily managed. This is dumb. Spending should be aligned with government priorities so that high-priority initiatives are adequately funded while lower-priority programs are either cut substantially or eliminated outright. Across-the-board cuts represent an abdication of the government's responsibility to make real, and often difficult, decisions.

Recommendation 3-3: **Avoid setting targets for the size of the civil service; instead, set targets for outputs, not inputs.** Focus on the cost of programs and services and on value for money. A smaller and leaner civil service will be an inevitable result of reducing the cost of programs and achieving greater value for money.

Recommendation 3-4: **The government should not rely unduly on hiring freezes and attrition to reduce the size of the civil service as a result of any spending restraint.** Such approaches typically weaken the quality of the civil service for years — even decades — to come. Lower-priority and less efficient programs and services must be targeted for reduction; the result will be fewer employees working in these areas. More generally, the focus must be on retaining good employees while letting go of those who are not performing well. All employee appraisal and bonus schemes must be aligned to these objectives; for example, the government should continue to offer performance bonuses to those who exceed job requirements.

Recommendation 3-5: **Do not hang onto public assets or public service delivery when better options exist**. Consider privatizing assets and moving to the private delivery of services wherever feasible. We suggest pursuing this course only where the public can get better value for money spent without compromising access to services, not for ideological reasons. In budget planning, do not count chickens before they are hatched. If assets are to be sold, never incorporate any revenue from such planned sales into a budget before the fact; there is always uncertainty over the timing, accounting treatment and ultimate market value of any sale. Instead, simply record any sale in the appropriate manner if and when it is completed.

Recommendation 3-6: **The length of time it will take to return to balance in a sustainable fashion significantly changes the nature of the approach**. Traditional "short-term fixes" will not be adequate or even, in many cases, appropriate. Examples include asset sales solely for the purpose of a one-time cash injection; freezes to wages or managers' bonuses; and deferrals of capital investments and other necessary spending. Kicking the can down the road is no solution. Spending restraint must be thoroughly and consistently tied to permanent reforms in how government operates so the results of the restraint exercise can be sustained over along period.

Recommendation 3-7: **Once it has decided how to respond to this report, the government should begin with a good road map — a formal document of its vision and the path to the goal.** There are precedents for such a tool. In 1984, the Mulroney government published its Agenda for Economic Renewal, an extensive paper that laid out in one place all the government's plans. The Chretien government did the same in 1994 with two documents recalled more for their colour — the

Purple Book and the Grey Book — than their titles. Each of these documents not only informed the public about the changes that lay ahead, but also became a script for all bureaucrats, who saw how their own programs and activities fit into the broader picture.

Recommendation 3-8: **Higher priority should be assigned to programs and activities that invest in the future as opposed to those that serve the current status quo.** This is never easy: the status quo has plenty of advocates; the future does not. It is up to government to fill this breach. As Massachusetts Institute of Technology economist Lester Thurow once suggested, "The proper role of government in capitalist societies is to represent the future to the present."

Recommendation 3-9: **Policy development and the public service in general should be more evidence-based.** This requires setting clear objectives based on sound research and evidence.The government should collect data and use it to evaluate whether objectives are being met and how efficiently. Managers should be accountable for achieving these objectives. Where objectives are not being met, programs and services should be adjusted. Reporting should be transparent and audits conducted. The evidence-based model should be applied to the success of individuals and departments in meeting objectives. At the same time, ministries, as well as agencies and entities accountable to the government, should be given some latitude to conduct their affairs in an efficient manner.

Recommendation 3-10: This raises a tricky issue that faces all governments. **On the one hand, they need to minimize the cost of operations; on the other, they need rules and reporting to ensure that taxpayers' money is not being abused.** All governments must strike a balance between these competing obligations. We believe the pendulum has now swung too far towards excessive rules. Government operations have trouble responding quickly and consistently, often because it takes so much time, for example, to process minor requests for proposals (RFPs) or to get consistent supplies when everything is broken into discrete RFPs. When there are too many rules, as there are now, government employees and private suppliers are forced to divert people — or even add new staff — to ensure that compliance and reporting requirements are met. This is the case even though the information reported is often not used at the other end to influence changes in policy or service delivery. Although it is impossible to get a full accounting of the costs of monitoring compliance relative to the benefits gained, we believe there are simply too many layers of watchers at the expense of people who actually get things done. The government must find a new middle ground.

Recommendation 3-11: **Boundaries between public- and private-sector activities should be shifted and, in many cases, removed.** For the most part, policy development needs to remain in the realm of the government, though various stakeholders and community groups could and should be more involved. External groups should even be involved in advising the most senior government decision-making bodies, including the Cabinet.

Recommendation 3-12: **Within their operations, public-sector service providers should assign people to jobs where they are most effective, efficient and affordable**. Physicians should not perform tasks that could be done more efficiently and at a lower cost by physician assistants, registered nurses, nurse practitioners or pharmacists. Case workers need not deal with all aspects of social assistance, employment or training matters when some clients are willing and able to receive services by telephone or through the Internet. In the policing sector, non-core services such as data entry could be done by clerical staff rather than officers whose time and training are better deployed elsewhere.