REFORM OF PUBLIC SERVICES:
What role for social dialogue?
SUPPORTING THE REFORM PROCESS IN LOCAL AND REGIONAL GOVERNMENT:

Joint evaluation of the experience in different forms of service provision

This study has been carried out by the Working Lives Research Institute on behalf of the Council of European Municipalities and Regions (CEMR) and the European Federation of Public Service Unions (EPSU).

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Municipalities across Europe have been trying to cope with a wide range of pressures that are leading to significant changes to the way they manage and deliver their services. The resulting changes to service delivery can have an impact not only on the quantity and quality of services provided but also on the workers who are employed to deliver those services. This report is part of the second phase of a project commissioned by the Council of European Municipalities and Regions (CEMR) and the European Federation of Public Service Unions (EPSU), the European social partner organisations that are involved in the European sectoral social dialogue covering local and regional government.

CEMR and EPSU were interested in finding out not just how municipalities were responding to the various challenges facing them and the action they were taking but also to see to what extent social dialogue played a role in that process.

The first section of this report provides an overview of the drivers for change, the strategies and tactics of local authorities in responding to these and the implications for the municipal workforce. At various points in this first section information will be used from a series of case studies that were carried out to illustrate how changes have been or are being implemented in different countries. Further details on each of the case studies are included in the second section of the report. The aim was to try to obtain a balanced selection of case studies both in terms of the countries covered and the services that have been reformed. The case studies do reflect a reasonable range of services and different approaches to the reform process, along with different degrees of involvement of trade unions through social dialogue. However, it is also clear from some countries, as earlier reports have confirmed, that the social dialogue process is relatively weak. This means that in some instances there has been little or no impact from consultations and negotiations between the social partners because of the lack of any effective social dialogue at local level.

The contents of an earlier draft of this report were discussed at a one-day conference in Brussels on 3 June 2008 involving representatives of trade unions and employers in local and regional government at national and European level. A number of the key points and conclusions made in the conference debates have been integrated into this report.

Case study background information

The case studies were chosen from an initial group of 10 countries that were agreed by the project steering committee. The original aim as discussed by the steering committee and researchers was to try to identify cases where there had been a change in the delivery of local services and where social dialogue had been instrumental in ensuring an effective process of reform. It was agreed that even if the case study uncovered some disagreements along the way, it would be appropriate as long as the social partners in the example agreed that the overall outcome was seen as positive by both sides.

The initial hope was that there would be at least one case study per country and that it might be possible to choose between different case studies in order to ensure that the 10 would cover a range of different services and a variety of different types of service reform. The intention had also been to focus on examples where the process of reform had been completed or at least where a specific reform had been carried out. However, some case studies have been included even if the final outcome is not clear because they are positive demonstrations of how the social partners have been trying to work together in response to pressures to reform services.

There were four instances where it was decided not to proceed with detailed case studies but where some information about the proposed examples is included in the main report as illustrations of different problems and solutions in tackling local government reform.

Once the criteria were agreed it was up to the national social partners in each country to try to recommend possible case studies. In the end it was not possible in the time available to identify appropriate case studies in all the 10 countries and so some countries provided more than one case study.

Evidence for the case studies was gathered through a mixture of telephone interviews and email questionnaires (see appendix). In each case at least one senior manager and one trade union official was interviewed and/or contacted by email. These were people who had been involved in negotiating the process of change or who were in a position to report authoritatively on the process. Where relevant, published information was also used in the case studies where the facts of the case had been reported in municipal documents, official reports or other sources.
Social dialogue in local and regional government has an important role to play not just in ensuring decent employment and working conditions for municipal workers but also in the contribution it can make to the delivery of efficient, effective and quality public services. A formal social dialogue committee has been operating at European level since 2004 with informal meetings between the European social partners taking place for several years before that.

In their Joint statement on the development of social dialogue in local and regional government CEMR and EPSU highlight the challenges facing local government and acknowledge that: “local authority employees have to be motivated, skilled, and involved in the process of change.” They agree that social dialogue has a role to play in helping to “improve the efficiency and quality of local and regional services [and] support innovation in service delivery.” The joint statement argues that: “Successful management of change, in particular, demands dialogue and co-operation between social partners in all organisations.”

The role of social dialogue at national and local level varies significantly from country to country and an important area of work for the social partners at European level is to do what they can to strengthen the social partners in countries where organisation and experience are weak.

The functioning of social dialogue across Europe has influenced the extent to which this project has been able to identify case studies that demonstrate the role of social dialogue at local level. In the New Member States in particular both employers and trade unions face a major challenge in establishing or strengthening social dialogue structures and processes. The 2006 study on social dialogue in the New Member States and Candidate Countries says that: “While sectoral social dialogue was virtually non-existent in most of the 13 countries only a few years ago, there are now some encouraging signs of more or less formal dialogue structures emerging.”

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thinking and theories about public service management and service delivery. While developments in this area can be partly linked to political change and the political complexion of national governments and local administrations, there is also a momentum of its own in as far as trends like New Public Management take hold and have an influence across much of the political spectrum;

- quality improvement – there is increasing pressure on the public sector in general but perhaps the municipalities in particular as providers of local services to deliver more and better services in ways and at times that local citizens expect, as a result of the higher expectations arising from the way many private sector organisations have moved to respond to customer demands;

- skills and competencies – local authorities provide a range of essential services using a well-trained workforce but changes in expectations and in the way individual services are delivered as well as broader developments such as e-government are providing municipalities with new challenges in recruitment and retention; and

- linked with the skills issue is that of demographic change. Ageing populations are making increased demands on health and social services which are central elements of local and regional government services across the European Union. However, ageing is also having an impact on the employment profile of municipal government employment as well. The average age of local government employees is rising with several countries needing to address major increases in the number of workers who will retire over the next decade. Municipalities in some countries may also have to deal with significant changes in population arising from internal and international migration and which are also having an impact on the availability of skilled staff.

European policy framework

Strictly speaking the European Union is neutral about the ownership of public services and should recognise that public service missions (not public services as such) as defined by Member States take precedence over competition policy. In practice, however, the EU promotes the marketisation of public services, most evidently through sectoral directives that require services like gas, electricity and parts of public transport to be opened to competition. EU rules on public procurement and state aids also affect the way public authorities organise and fund public services. These European rules reinforce the view that public services are best delivered in a competitive framework and that the state should no longer be a service provider but a mere service regulator. The EU "better regulation agenda" also reinforces the view of administration as a "burden".

One of the EU’s goals is to further democracy and become closer to EU citizens and the Commission’s White Paper on good governance (2001) said that one way to achieve this is to promote “decentralisation, stronger co-operation between administrations, and more effective enforcement of Community law.” New Member States have also changed the organisation of government levels, basically decentralising to adapt to the results of political decisions about how to allocate public sector resources but about government policies on taxation that determine the level of resources available in the first place. Economic circumstances have certainly put the squeeze on local government funding over the years and it is difficult to find a single country within the European Union that hasn’t been through a period of recession or limited economic growth with consequences for public spending in general and local government finance in particular. The significance of this will clearly vary depending on the country being considered and the specific period under review. However, with local government spending accounting for a substantial share of overall public expenditure, it will either be affected by falling tax revenues and decisions by national governments to reduce allocations to municipalities or more directly there will be pressure to cut costs when the municipalities’ own tax raising potential is reduced.

The EU promotes e-government through Communications and benchmarking encouraging a process that many municipalities are already undertaking in order to improve services to citizens. This new approach to service delivery and interaction with local people can mean that local authorities are more likely to look to outside providers to help with these reforms if the supply of skilled IT staff is limited.

Other European institutions are also having an impact on municipal services. The European Bank for Reconstruction and Development (EBRD) for example provides finance for a range of projects in the New Member States and supports liberalisation in sectors like energy. In providing a loan to a Czech heating project, the Bank comment that: “The project advances private sector participation in the financing and operation of municipal services in the Czech Republic. Moreover, the EBRD’s involvement should serve to reassure the borrower that the current process of liberalisation of the heating sector would not be reversed.” In Estonia, the bank has argued that: “Further commercialisation or private sector participation when appropriate in municipal infrastructure is needed, particularly in regional cities and towns.”

Financial pressures

Economic circumstances have certainly put the squeeze on local government funding over the years and it is difficult to find a single country within the European Union that hasn’t been through a period of recession or limited economic growth with consequences for public spending in general and local government finance in particular. The significance of this will clearly vary depending on the country being considered and the specific period under review. However, with local government spending accounting for a substantial share of overall public expenditure, it will either be affected by falling tax revenues and decisions by national governments to reduce allocations to municipalities or more directly there will be pressure to cut costs when the municipalities’ own tax raising potential is reduced.

However, while recession might have hit in the early and mid-1990s and more recently there have been periods of sluggish growth, the fact is that most countries have seen sustained periods of economic development and the impact on local and regional government is often more a political one. It is not just about whether the sector can maintain levels of spending as a result of political decisions about how to allocate public sector resources but about government policies on taxation that determine the level of resources available in the first place. The New Member States have all faced financial restrictions since they began the (re)-establishment of municipal
Drivers for changes

The extent to which these have had an impact in different countries depends on the degree of government intervention in the municipal sector and examples from the CEMR report, Controlling, co-operating, cajoling, illustrate the variety of approaches. In contrast to the central imposition of policy in the UK other countries have seen little or no direction. In France the trend away from central funding and control of local government has meant that central government has left decisions about how local services are provided almost entirely to local discretion. The report notes a different approach in the Netherlands where central government has not required local authorities to undertake reform, but as a “cajoling” government has done much to push municipalities to changing the way they approach service provision. Similarly in Sweden, the government has become more involved in the collection of statistics on performance and quality across the municipal sector, encouraging a trend across local government where large numbers of authorities now review and assess their services by comparing themselves with other councils.

Political trends

Typified by the Conservative governments in the UK between 1979 and 1997, some central governments have wielded considerable influence not only over the financing of local government but the ways in which the sector delivers many of its services. From the early 1980s Conservative-controlled local authorities began putting an increasing range of services out to tender, although most commonly this involved refuse collection, street cleansing and building cleaning. This was a development welcomed by the national Conservative government who not only encouraged the trend but, in the face of the reluctance of many municipalities to subject services to competition, decided to impose a competitive tendering requirement on local government. The 1988 legislation on compulsory competitive tendering (CCT) not only said that local authorities had to put certain services out to tender but also required that councils’ in-house teams meet a specific level of return should they continue to provide the service. Although the UK Labour government that came to power in 1997 repealed the CCT legislation in 1999, the policy that replaced it – Best Value – was still a centrally-imposed system of control over the assessment and reform of service provision.

Such direct political control is not so apparent in other countries, particularly in cases such as Finland, Germany and Sweden where local government has much greater autonomy. In the case of Sweden, for example, the Conservative administration of 1991-1994 endorsed the need to subject services to competition and to set up purchaser-provider relationships within public authorities. However, the legislation it enacted was enabling legislation, allowing local authorities to contract services to private companies, rather than legislation requiring this process. The nature of the political shift in many countries is not just in terms of the success of conservative parties at the ballot box, both locally and nationally, but the extent to which predominantly conservative ideas about the role of the market and private sector in local government and service provision have gained acceptance in parties of the centre left as well as the traditional right and centre-right.

In some countries finance pressures have arisen directly from central government reforms of the public finances. In Germany, for example, changes to company taxation by the Social Democratic Party/Green coalition hit municipal revenues hard in a period when public spending overall was under strain. While in Sweden legislation passed in 2000 required municipalities to balance their budgets on an annual basis and this had a significant impact across the local government sector.

Other factors have also affected municipal finance. At European level the Stability and Growth Pact has established overall limits on public spending that have impacted upon local government expenditure. Again the outcome will depend on the balance between central government control and local government financial independence but the municipal sector will not have been immune.

In some countries state apparatus has found it a major challenge to deliver services and this has been compounded for local authorities as responsibility for services has been devolved from central government without a corresponding re-allocation of financial resources. As the CEMR-EPSU report on social dialogue in the New Member States found: “General budgetary stringency and the lack of local autonomy over the budgetary process have brought about low wages, wage freezes (and indeed effective wage reductions in the context of increasing consumer costs) and redundancies.”

6. Strengthening social dialogue in the local and regional government sector in the ‘new’ Member States and candidate countries – Overview of findings, Ecotec for CEMR and EPSU, October 2005

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New Public Management

New Public Management (NPM) theory and practice has become widespread across many EU countries and beyond. Its definition is open to debate and one article suggests that it can comprise a very wide range of elements—“downsizing, decentralisation, corporatisation, management devolution, contracting out, competition, accountability for performance, the replacement of input control by output control, accrual accounting, performance measurement, the assignment of responsibilities, personnel management, the empowerment of citizens and employees, the one-stop shop (single window), the separation of politics and administration and the greater use of information technology.” The exact mix of these various elements will vary from country to country and depend on political and social traditions and the impact of social dialogue but it is clear that all of the countries examined in this study demonstrate the influence of NPM.

Size and responsibilities of municipalities and regional authorities

A common debate about local government reform in several countries has been about the need for municipalities to work together or even merge in order to improve the efficiency and effectiveness of their services. Inter-municipal co-operation or the creation of joint authorities is common across several countries in the study including in particular Finland, Germany and France. Reorganisation of local authorities has been taking place in the Baltic States and a major reorganisation project is underway in Finland. These initiatives are significant and may mean the difference between services that continue to be provided by municipalities and the need to consider private sector or voluntary sector providers. Another important factor is the allocation of responsibilities to local and regional authorities. As already mentioned, this is a significant factor in the New Member States as a process of decentralisation takes place from central government. However, it plays a significant role in a number of other countries—Italy and Greece, for example—where steps have been taken or are being discussed to centralise or shift responsibilities between different levels of government. Decentralisation can be another factor adding to the financial pressures facing municipal government if the allocation of new responsibilities doesn’t come with a corresponding increase in funding from the centre or the powers to raise more income through local taxation.

Quality improvement

The Swedish example is just one of many that reflect a real shift by municipalities across Europe as they seek ways of improving the quality of their services through changes to service delivery. This has been encouraged by some national governments and at least in terms of official statements the clearest shift has been in the UK, with not just an emphasis on quality but also an assertion that the market testing forced on local authorities in the past could have a negative impact on quality of services. A study of local government trends across four countries highlights the negative impact that contracting-out can have compared to earlier forms of relationship, particularly between the public and voluntary sectors with the likely knock-on effect on service delivery: “Long-term relationships based on trust have been replaced by short-term, contract-based relationships, changing the nature of the government-third sector partnership.” The same study indicates that future trends could see more public service delivery via networks involving a number of different organisations.

Skills and competencies

Local authorities may need to consider changes in service delivery if they lack the skilled staff to take advantage of new technology both in terms of internal efficiency and external demands and pressures to move towards e-government. Significant rationalisation and automation of back-office services and the introduction of call-centre technology may only be possible through municipalities working together and/or with the private sector. On a different scale municipalities in the New Member States could find themselves relying on outside organisations to deliver services because of a broader lack of qualified staff.

While the problem facing New Member States might be more acute because of the high levels of emigration among some groups of skilled staff, the issue of skills shortages affects a much wider range of countries and is linked to the impact of demographic change. This can be a particularly challenging issue for small municipalities and those in more remote and rural areas where finding the right staff may be difficult. In more urban areas there may be a greater supply of skilled staff but there may also be greater competition forcing local authorities to rethink the way they recruit and retain employees.

**Demographic change**

The European Commission, along with most of the EU Member States, is acutely aware of the wider consequences of demographic change. As the proportion of older people in the economy grows then the balance between the economically active and the inactive shifts and this leaves a smaller number of workers to finance the tax revenue required by central and local government. As already mentioned in the section on skills, the ageing workforce can impact on municipalities in terms of the availability of skilled labour at their disposal but also in terms of the increased demands on health and social services.

**Future trends**

A survey\(^1\) of local government experts suggests that: "NPM-type management reforms are expected to continue to play an important role in local government". They also foresaw: "considerable growth of private sector involvement in public service delivery; local governance networks of public and private actors will spread, not least through more public-private partnerships." The survey contrasted this relationship with outright privatisation, explaining that: "Experts seem to agree most strongly that corporatising local public service delivery, e.g. through formal privatisation, will be of rather low importance in the future." The study also indicated that mergers and reorganisations would continue, particularly with further decentralisation to the local level and "the realization of local self-government in transformation states." These factors, along with increased performance measurement, auditing and benchmarking, strongly suggest that municipal government and its employees will continue to face challenging times. The role of social dialogue could be vital in ensuring that moves to reform local services are achieved smoothly efficiently and effectively taking account of the needs of employees, councils and service users. The next section examines some of the major trends in changes to services provision and the role of social dialogue in these processes.

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\(^1\) Proeller, I., "Trends in local government in Europe", Public Management Review, 8:1, 2006
Municipalities across Europe have been responding in a wide variety of ways to the various pressures for change that were examined in section 1. The paths of reform they have been pursuing may be on their own initiative, in conjunction with other local authorities or local government associations or at the behest of central government. This section examines the main trends, looking at the countries where these trends have particularly taken hold and highlights some specific examples taken from the case studies in this project. It also tries to put the various trends and changes into perspective with the approaches to reform in different countries likely to vary according to the different ways they have approached service provision in the past, with varying views, for example, on the extent to which the private and voluntary sectors may be seen traditionally as acceptable providers of municipal services.

**Keeping services in-house**

In some ways this is the most difficult type of reform to identify from the outside. Many municipal employers across Europe will have looked at how they are providing services, come up with reform proposals and consulted with trade unions over changes. However, in some cases the process becomes more visible depending on the circumstances and the political processes and parties involved.

In Stuttgart, for example, there is now a significant process of consultation underway over possible changes to the refuse collection service. The municipality has established a sub-committee to investigate how the service might be reorganised. Representatives from the municipality’s works council are on the sub-committee and at the same time the authority is carrying out consultation with local citizens, seeking their views of possible reforms. The employer and trade union have managed to re-establish this social dialogue following of period of conflict in 2007 when proposals for substantial cuts in the service were met by industrial action.

In the Kainuu region of Finland there was concern among municipalities that their catering and cleaning services were inefficient. The services were organised differently from one municipality to another and prices varied considerably. The need to cut costs meant that some within the local authorities’ management were seriously considering putting the services out to tender. In the face of this situation all public sector trade unions came together with municipalities in the region and university researchers to launch a project to review the provision of cleaning and catering across the province.

An important element of the Kainuu project was the very broad process of consultation that involved councillors, shop stewards, safety representatives, local officials, managers and all the workers directly involved in the services. The outcome was a range of changes to service delivery with a more standardised approach to pricing and quality. There was also a complete review of skill needs and competencies with a training plan drawn up for all personnel. Customer relations and quality of service were another important part of the consultation process with employees able to discuss and propose ways of better meeting customer demands and achieving appropriate levels of quality. Alongside all these issues, the project also ensured that the well-being of staff was taken into account.

Another initiative that, at its heart, was the idea that municipalities could deliver improved services without recourse to contracting out was the model municipality experiment in Norway. Launched by the Fagforbundet municipal union at the end of the 1990s, the initiative recognised there was a need to address the issue of service quality but, as a letter from the union’s leader Jan Davidsen, recognised: “No one will be better suited to carry out this development work than the municipalities themselves and their employees.”

A key element of the project was giving the various stakeholders time to review their services and to look at quality, costs and benefits over the longer term rather than responding to short-term pressures to make savings. Another important factor was the recognition from both employers and trade unions that change could involve challenging established practices.

A comment from a politician who got involved the process highlights how the experiment has won support across the political spectrum: “One of the most positive aspects of the work in the steering group has been a common desire to implement good development projects for the benefit of the residents in the urban district. We have left our differences at the door before starting the meetings, and we have used the time that has been necessary to reach agreement. We have used the fact that we have different backgrounds and opinions as a resource in our talks and discussions. This has been a good experience that I will gladly pass on”. (Progressive Party politician)

The process of social dialogue in the project involved the broad and active participation of employees and trade unions making a “transition from being adversaries to being partners with municipal management with regard to important reorganisation tasks”. The objective was to achieve a consensus on change and arrive at “joint decisions that everyone stands behind and abides by … established through dialogue.” Steinjkjær was the second municipality to sign up to the experiment and one particular initiative within the local authority to do with shift patterns at a local residential nursing home. Shift patterns were an area traditionally regulated very tightly by the unions but the local social partners were able to review how the system worked and come up with a new arrangement that responded more to the needs of residents. A much more flexible shift pattern was adopted, planned on a six-weekly basis taking account of residents’ needs during that period. The process also

involved individual employees taking collective responsibility for organising the system and greater trust from management in allowing workers control over shift patterns.

A vital element in this specific case but also more broadly with the model municipal experiment is the need for proper evaluation. It is not just about agreement in the process and outcome of reform but an understanding that stakeholders have to stand back after the event and assess whether services have improved and that all sides consider that the changes are positive.

Remunicipalisation

Occasionally municipalities may have to consider bringing services back in-house – remunicipalisation – if contractors go bust or fail to deliver the levels of quality required by the local authority contract and there are limited alternative providers available. However, it may also be the case that local authorities decide to review their operations to investigate the possibility that services could be better provided by an in-house workforce. This may be a question not just of a potential improvement in quality but also of achieving lower costs. A number of German municipalities have been doing this in relation to building cleaning and refuse collection, for example. By reviewing work organisation, investing in new machinery and revising elements of pay and conditions, particularly working time, local authorities in Dortmund, Freiburg, Hannover and the merged authority of Soltau-Fallingbostel are among those that have made a case for in-house provision of services on the basis of higher quality and even lower cost. This can involve taking a different approach to assessing costs. In the case of cleaning, for example, some municipalities look at maintenance of fixtures and fittings and how this can be improved and costs saved over the longer term by adopting different cleaning methods.

There are significant local debates particularly around refuse collection services in several German cities in the North-Rhine Westfalia region. The region has seen a number of examples of re-municipalisation in Rhine-Sieg, Rhine-Hunsrück, Uckermark, Ludwigsafen, Dossenheim, Fürstenwalde, South Brandenburg, Potsdam and the well-known example of Bergkamen.

The example of parks maintenance in Nürnberg demonstrates the potential for trade unions and local authorities to work together to come up with innovative ways of reviewing and assessing service delivery. The service was privatised in the mid-1990s but more recently the local authority has been concerned that the service has not been delivering value for money because of high levels of administrative support and costs related to quality control and the tendering process. The municipality was not convinced by the idea of just bringing the service back in-house without first investigating the potential costs involved. Consequently, in consultation with the trade union ver.di the council has agreed a pilot study to compare the private sector operation with a municipally provided service with a specific aim of improving quality and productivity. Sixteen new parks maintenance jobs have been created in the municipality and these workers have been assigned a specific area of the City’s parks and gardens to maintain. The costs and quality of this in-house team will be compared with those of the private contractors that cover the rest of the City and reviewed by both the municipality and the trade union over the next three years.

Privatisation

The term privatisation can cover a very wide range of different processes which have developed and evolved as local authorities and national governments have sought new ways not just to deliver services but to fund capital investment projects and then provide services linked to these projects. Although significant trends to privatisate municipal services can primarily be traced back to the early 1980s, this is not to say that the private sector has not had a significant role to play in the provision of some services for many years. In France, private utilities have been active in the local government sector with water companies in particular having a very long history of securing concessions from French municipalities. Similarly, in Germany the voluntary or non-profit sector has been a major provider of health and social care alongside public hospitals and other municipally run social care institutions.

The various forms of or different terms linked to privatisation include contracting-out, outsourcing, externalisation, public-private partnerships, strategic service delivery partnerships and private finance initiatives. There is considerable overlap between some of these concepts and also significant differences in terms of their implications for service delivery and for the extent to which the social dialogue can influence or control the impact of such changes to service delivery.

Contracting out

The most basic form of privatisation is contracting out through competitive tendering, where a municipality invites tenders to deliver a specific service over a specific period and then chooses the lowest priced bid unless there is some reason to question the bidder’s capacity to deliver the service to the appropriate standard. This is essentially the form of privatisation that became increasingly popular among Conservative Party-controlled local authorities in the UK, primarily in England in fact from the early 1980s, with a central focus on cutting costs through contracting out of labour-intensive services such as cleaning, catering and refuse collection.

From the Conservatives’ viewpoint, the essence of this reform to service provision was all about cutting what were seen as excessive costs, particularly labour costs, and a not
inconsequential side effect was the undermining of trade unions. So in this respect there was a contradiction in the idea that social dialogue could play a role in the process as one of the outcomes was to erode social dialogue in as far as local government unions found it difficult if not impossible to maintain membership and union organisation in many of these private contractors. In contrast, the impact of the pressure of competitive tendering was to strengthen the social dialogue within local government itself as some local authorities started to work more closely with the trade unions to see if internal reforms would help improve the efficiency and effectiveness of service delivery and so keep services in house.

While municipal authorities in other European countries allowed for some private sector provision in their public services and competitive tendering for contracts, none had followed the UK in legislating on this at national level in order to compel local authorities to go through the competitive tendering process. It was also the case that in some Member States, the Nordic countries in particular, the high levels of unionisation and collective bargaining coverage meant that the opportunities to reduce costs by cutting pay and conditions was much more limited than in countries like the UK where collective bargaining covers less than 20% of workers in the private sector as a whole and as few as one in 10 in some service sectors.

The privatisation of waste collection and disposal became widespread across several European Union Member States with a number of multinational companies emerging as major players. Privatisation in this particular sector was even widespread in countries like Finland and Sweden16, where the potential for cost savings through lower labour costs was more limited than in other countries because of the existence of collective agreements covering private sector waste management. Contracting out of services like refuse collection and grounds maintenance, for example, grew significantly in New Member States like the Czech and Slovak Republics where contracts were often not awarded on the basis of competitive tendering but where services would be directly purchased or where municipalities might even be reluctant to reveal the procurement method. One study17 concludes that: “The main problems of contracting out are connected with the selection of the private delivery firm, the quality of contract preparation, the quality of contract management and the outcomes of contracting out.”

The ability to keep costs down while maintaining quality is a recurring theme in assessing the impact of competitive tendering and one that is exercising municipalities and trade unions in Germany where there have been a number of interesting cases where trade unions have combined with local campaigners to resist privatisation or reverse the process.

The UK case study on Cambridgeshire County Council shows what can be done in practice when a local authority complies with the letter and spirit of the Best Value code – the system introduced by the Labour government in 1999 to replace CCT. The trade union UNISON was fully consulted from the early stages when the municipality decided that privatisation might be the best option for its archaeology service. Employees were also given a direct voice through a staff forum specifically established for the process and in an innovative development an online folder ensured that all members of staff had easy access to a range of information on the bidding organisations. While the union reported that most members of staff had accepted the idea of privatisation, the space and opportunity was provided for one member of staff to put together a counter-argument. However, in the end the majority of employees supported externalisation of the service to an educational trust as opposed to a profit-making company and this was the decision taken by the County Council.

**Private finance initiative and public private partnerships**

Having set the pace in terms of compulsory competitive tendering and other forms of privatisation, the Conservative governments in the UK continued to seek new ways of getting the private sector involved in the provision of public services.

At the end of the 1980s they agreed the first private finance initiative (PFI) deals and then formally launched the policy in 1992. Although there was some variety in the nature of PFI projects, the general idea was that private companies or consortia of companies would bid to design, finance, build and operate facilities for the public sector. This might involve schools, hospitals, roads, street lighting or any major development that required capital investment. The private consortia were expected to shoulder the financial risk for delivering a project on time and would then benefit from a guaranteed annual payment from the public authority that would be paid for the entire length of the project – potentially upwards of 25 years.

Despite being a Conservative policy, PFI was not only taken up enthusiastically with a clear message going out to public authorities that if they wanted to undertake a major investment project then they would have to do this through a PFI as public funding would not be available. So the modest growth of PFIs under the Conservative government of John Major between 1992 and 1997 became exponential growth under its Labour successors. By 1996 only 21 PFI deals had been signed across the public sector. Since 1997 the number of PFI projects agreed each year in the UK has averaged 60.

Usually referred to as PFI in the UK, similar capital projects started to be undertaken across Europe where they are usually referred to as public private partnerships. Initially the number of projects was small and it wasn’t until 2004 that the number and value of projects across the rest of the European Union matched or exceeded the annual total being signed in the UK.

PFIs/PPPs have achieved some notoriety in the UK where there has been a major debate, mainly driven by the trade unions18, that they do not necessarily deliver value for money as there is not a level playing field for public authorities when deciding on whether or not to go for a PFI project in comparison to a publicly-financed investment.

However, this is not the main issue when looking at these projects from the perspective of being alternative ways of delivering municipal services. Essentially, they are another form of privatisation but where the service being delivered, for example the repair and maintenance of street lighting, is part of a large, long-term capital project involving major building work — the replacement of all or a substantial part of a municipality’s street lighting.

PPPs have spread quickly across Europe. In France, for example, local authorities are reported20 to be the “most enthusiastic” users of PPPs. A legal change in 2004 paved the way for more projects and small, poorly resourced local authorities are most likely to be able to comply with the rules which require public authorities to explain why a PPP is required rather than a publicly-funded project. Germany also has seen a surge in PPPs with projects covering schools, sports and leisure facilities, transport and administrative office building. A report21 from the German Institute of Urban Affairs indicates that it is mainly the large municipalities that are getting involved in projects with a survey showing that over three-quarters of local authorities have no involvement in, nor plans for, PPPs.

**Public Private Partnership Projects in Germany – a survey of current projects at federal, Land and municipal level, Summary, German Institute of Urban Affairs, 2006**

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16. Waste management in Europe, Public Services International Research Unit, 2006
17. “Contracting out at local government level”, Public Management Review, 7:40, 2005
18. The Private Finance Initiative: A Policy Brief on Sand, Professor Alayne Pollock, David Price and Stewart Mayer, Public Health Policy Unit, University College, London for UNISON, 2005
20. Public Private Partnership Projects in Germany – a survey of current projects at federal, Land and municipal level, Summary, German Institute of Urban Affairs, 2006
New legislation in Greece in 2005 sets out rules for PPPs and explicitly permits local authorities to use PPPs as a tool for promoting their aims and objectives. The ZEP Kozani project in Greece is regarded by the social partners as an innovative way of developing a project in consultation with local trade unions and citizens. The project concerns the design, financing, building and maintenance of new housing and a broad and inclusive local dialogue has meant that the potential occupants of the houses and users of local services have had a say from an early stage in the project.

The UK has also been a trendsetter in long-term partnership deals that are not based on major capital projects but involve local authorities and private companies in long-term relationships that go far beyond the basic notion of contracting out. Strategic service delivery partnerships are large-scale, long-term, multi-service contracts and examples in the UK include Middlesbrough Council in the North East of England where a 10-year contract worth £250 million was awarded to HSB in 2001 with staff transferred from information and communications technology, financial, personnel and other support services. At nearby Redcar and Cleveland Council, Liberata was successful in bidding for a 10-year, £230 million contract to provide finance, accounting, human resources, information and computer technology, revenues and benefits, facilities management and office services. These can involve substantial commitments from the companies not just to deliver services but to develop them, to make significant investments and to sometimes meet specific targets in job creation.

Inter-municipal co-operation and shared services

Reorganisation of local authorities is underway in a number of countries as governments and municipal organisations seek to find more efficient and effective structures. A major restructuring has been completed in Denmark with a much smaller number of larger local authorities being created. In Finland the size of local authorities is under review to see to what extent merged local authorities will be better placed to deliver services. In Latvia, smaller municipalities are being merged with a plan to cut the number of local authorities with populations below 2,000 from 398 to just eight. The outcome of such mergers can have significant implications for the way services are delivered and can potentially achieve economies of scale.

However, if full and permanent mergers are not politically or administratively possible then the alternative can be temporary arrangements allowing for inter-municipal co-operation of various kinds. Co-operation of this kind is very common in a number of countries. The German Federation of Cities and Local Authorities\(^\text{21}\) argues that it can be an important way of reducing costs while services continue to be provided by municipal employees. As one study\(^\text{22}\) argues: “Local governments are dealing with more complicated problems, which they cannot easily solve alone. Growing problems call for new strategies; co-operation with other local governments seems to be a rational way to provide services or strengthen the competitive position of a municipality.” Co-operation between authorities was recognised as “very common and necessary” by the Committee on Public Sector Responsibilities in Sweden, for example, legislation dating from 1986 encourages regional co-operation between municipalities to share resources and so provide better services at both local and regional level.

Seven municipalities began discussing co-operation on the provision of fire and rescue services in Skövde in Sweden in 1991. An initial Commission of Inquiry did not lead to immediate action but talks continued and a concrete proposal was made in 1992 initially involving four municipalities but by the time the agreement was operational in 1995, seven authorities were involved. The agreement ran for four years and was so successful that instead of renewing in the same form the seven authorities agreed to establish a more permanent relationship with a centralised administration for the service on the basis of a legally recognised “council federation” (kommunförbund). The outcome is regarded as a success in terms of the service provided with the merged organisation now having access to more resources and able to guarantee higher safety levels across the region all year round.

The trade unions were kept fully informed about the merger throughout the process and were able to establish that there would be no significant impact on pay and conditions. The view from the trade union side is also that the outcome of the merger has been positive, providing the new organisations with “a better ability to make use of the resources to provide a better level of safety throughout the region.”\(^\text{23}\)

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23. Interview with trade unionist for case study
However, it is worth remembering that things do not always go so smoothly even when the process involves transferring workers into the public sector. Intercommunal co-operation of various kinds is very widespread in France where there is a very large number (36,783) of local authorities, many of which serve small communities. In some areas communes delegate certain responsibilities to a joint body (agglomération) which then delivers services on their behalf. In the South of France, the agglomération of Draguignan was set up in 2002, assuming responsibility for a number of services, including tourism, from the 16 communes in the area. Difficulties arose when the agglomération decided to bring all employees in tourism services in the individual communes into its employment. Those already employed by the agglomération were public servants covered by statutory provisions on pay and conditions while most of those transferring from the local communes were covered by the kinds of employment contracts and collective agreements that are common in the private sector. In the second phase of a lengthy process of negotiation the agglomération wanted to harmonise all workers in line with the statutory rules and this would have meant pay cuts of between €50 and €250 per month for some of the staff transferring from the communes. This was later challenged by one of the trade unions and a tribunal ruled that the agglomération had to pay the previously agreed salaries for the transferred workers along with any back pay that was due. Although the agglomération is challenging the ruling it is nevertheless looking at revising a number of elements in the pay and conditions it offers to employees.

Co-operation across public sector organisations was achieved in Sheffield where a learning services disability project was developed jointly by the municipality, Sheffield City Council and the local Care Trust, part of the National Health Service. The trade union UNISON was also involved from the beginning with representatives of its local government and health service branches taking part in the various consultative meetings that discussed how a new joint service would work. An important element of this reform was the level of consultation carried out with service users and other stakeholders.

Shared services focus in particular on the potential efficiencies and economies of scale that can be achieved through public authorities using a single supplier to provide a service or range of services. There have been developments in this area in the Netherlands, Germany and the UK. The German Federation of Cities and Local Authorities (DStGB) highlights their positive potential: “The setting up of shared service centres for public administration in Germany does not undermine local authorities, but actually strengthens them. This is because they are freed from having to provide routine services and can devote more resources to respond to the individual needs of customers and tackle specific cases.”

A DStGB report gives the example of the administration of parking charges and fines that can be more efficiently dealt with on behalf of municipalities across a region rather than by an individual authority.

The Labour government in the UK has stressed the potential savings from shared services and wants to encourage this not only between local authorities but across different public services. Part of its strategy is to realign public authorities in local areas so that they cover the same or similar areas. The idea is that local authorities and primary care trusts in the health service, for example, will find it easier to take advantage of shared service provision if they cover the same geographical area. One concern for trade unions is the extent that such mergers of services across public services presents a challenge for trade union in terms of the representation of workers and negotiating their pay and conditions, particularly where it could involve bringing together local authority workers, police staff, health service workers and transport administration employees, for example.

**Municipal companies**

Other forms of co-operation are possible across different levels of local government or even between different parts of the public sector that might be providing similar services. The creation of a municipal health and social care company, TioHundra AB, in 2006 was an attempt to tackle the problems of co-ordination arising from the different responsibilities for care shared between the municipal and regional authorities in Sweden. It was also a response to the pressure on Norrtälje hospital to either implement a substantial cost-cutting programme or face complete closure. Although it is still relatively early days for the company the view from management is positive and that by “keeping specialised care and municipal care together we can see a decline in the consumption of confined psychiatric care and we get
Trends in service delivery: responding to the drivers for change

It is clear that municipal government has been facing pressures from a range of national and European factors and has been responding by implementing significant reforms to the way local services are provided. If these reforms are to lead to more effective and efficient and higher quality services, then the way that employees are treated before, during and after this process can be crucial to the outcome. The case studies in this report provide examples of different ways in which municipalities have carried out reforms and the ways that trade unions have played a role in these processes. The exact nature of this role varies from basic consultation to more active involvement in the reform process. In some instances it is apparent that the municipality has already decided on a specific course of action and trade unions are then consulted over the implementation of the changes with a focus on any potential impact on jobs and employment conditions. In other examples trade unions have been involved at an earlier stage when local government employers are still investigating different reform possibilities, giving trade unions more of a chance to influence the outcome.

These different approaches raise a series of questions about the role of social dialogue in local government reform:
- are the drivers for change an issue for discussion in the social dialogue, ensuring that both employers and trade unions understand the pressures for reform?
- are the delivery and reform of services normally on the agenda of the social dialogue?
- if not, then at what point are potential reforms the subject of consultation with trade unions?
- how can full and transparent information be maintained throughout the process of change?
- what is the timescale for change and can it be maximised to ensure that the widest range of options is available and the fullest consultation possible?
- at what level is the social dialogue most effective and what can be done to ensure that it takes place at the local level but with support from higher levels if necessary?
- can the positive role that social dialogue plays in some instances of local government reform be exploited to help build and reinforce the social dialogue where it is weak or non-existent?

In Finland, a different form of co-operation took place as the city councils of Helsinki, Espoo and Vantaa got together to tackle the growing problem of recruiting permanent and temporary staff to municipal jobs. The City of Helsinki had set up a company to deal with recruitment in 1990 but after consultation with the other councils the company’s operations were extended to the other cities. Recruitment of staff as temporary substitutes for permanent employees was a major problem and the cities agreed that it was counter-productive to compete among themselves in this section of the labour market. The trade unions were fully consulted over the proposal and had already been involved in the authorities’ campaigns to recruit more temporary substitute employees. The temporary workers recruited are covered by a service sector collective agreement which is very close to the municipal sector agreement and although they are employed by the company rather than the municipalities they are nevertheless covered by the municipal pension system.

In Austria the transfer of a range of services by the Viennese authority to municipal companies was a reaction to European Commission policies on the utilities. Important elements of the process were the long-standing tradition of social dialogue in the municipality, early consultation with the unions and a common understanding between the employers and the union about the pressures facing local government. There was also recognition from both sides that compromises would have to be made in order to bring about effective reforms.

Better treatment and care of elders when keeping these services together.”

The view from the trade union side is equally positive not just about the outcome but also about the process which is described as “a very open and mutually respectful co-operation in which all involved could have a say in all matters concerning the reform.”

25. Case study interview with TioHundra management
26. Case study interview with trade unionist
Austria is a federal republic composed of municipalities (Gemeinden) and federal states (Bundesländer) that have their own constitutions and legislative powers. The responsibilities of the nine regions include energy distribution, law and order, health, sport and leisure, environment and transport. The capital Vienna is both a municipality and a region and with 1.6 million inhabitants the largest local authority.

There are 2,358 municipalities that have responsibility for various spending programmes, such as hospital care and social assistance benefits, and concentrating financing and spending responsibilities on one government level. There has been some resistance to further amalgamation although this is again a subject for debate.

Regional and municipal government are funded by a complex system of taxation and transfers that includes measures to balance out income across local government. The income of municipalities comes mainly (around 70%) from federal transfers and tax revenue sharing with regional government. Only around 20% comes from their own tax-raising resources with 10% coming from charges for services.

The overlap of financing and responsibility for a range of different services may have contributed to what internationally could be seen as a relatively slow adoption of reforms. In its 2007 economic survey of Austria, the Organisation for Economic Co-operation and Development (OECD) argues, for example, that: "Improving the quality and efficiency of public services will require overcoming fragmentation of decision-making in various spending programmes, such as hospital care and social assistance benefits, and concentrating financing and spending responsibilities on one government level."

The OECD survey also reports how the public sector is currently working through a second period of major administrative reforms that are having an impact on regional and municipal government. These include, for example, reform of school administration with more flexibility through re-organisation of school parishes and consolidation of the administration of small schools; reform of health and hospital administration with benchmarking of health organisation and administration; promotion of administrative cooperation between municipalities and federal states; and cooperation of public authorities with regard to less bureaucratic and citizen-friendly e-government.

Cuts in the public sector workforce are part of the reform programme with plans for an overall reduction of personnel of between 15,000 and 16,000 (full-time equivalents), including 9,000-10,000 at regional and local level.

Service delivery

Regions and municipalities have been reviewing their approach to service delivery since the mid-1990s with gradual moves towards adopting some of the key elements that are associated with New Public Management such as benchmarking, performance assessment and customer orientation. With considerable political autonomy the regional governments have taken up these issues at varying times and to varying extents but all have taken some steps to reform their service delivery in response to these policies according to a report2 from the Austrian Institute for Public Management.

Privatisation, outsourcing and municipal companies

There has been a strong tradition of state ownership in Austria with even municipal ownership of banks, hotels and tourist agencies in Vienna. However, there has been a trend towards the sale of state-owned companies since the early 1990s as well as evidence of outsourcing and privatisation in the regions and at municipal level. The Institute for Public Management report gives examples of outsourcing by the regions: “Most of the provinces hived off formerly province-owned hospitals (like Burgenland, Upper Austria, Salzburg, Styria, Tyrol, Vorarlberg), and public utilities, like parts of the waste disposal and water supply in Upper Austria and the building construction in Tyrol.”

Cultural and tourism services have also been outsourced along with some regulatory services and internal services such as facilities management. The report adds that: “…around 70% of all municipal administrations are involved in restructuring and reorganising themselves and contracting or privatising parts of their scope of functions.”

Inter-municipal co-operation

The small size of many local authorities has meant that many look to work with other municipalities to take advantage of economies and efficiencies of scale to deliver services. These have traditionally included waste, sewage and water services along with some of their responsibilities in social and health services. However, it may also include back office services. In the Vorarlberg region in the West of the country, for example, municipalities have come together in a human resources network that allows member authorities to get support and advice and even to outsource their human resources to other members of the network.
Country Context and Case Studies

Case study: Austria
Municipality: Vienna
Services: Transport
Type of reform: Municipal company
Drivers for change: European Union competition rules and new public management

Initial situation
Vienna, the capital of Austria, is the country’s largest municipality and until 1999 the range of services it provided directly included gas, electricity, local transport and funeral services.

Motivation and drivers for change
All the interview respondents regarded the dominance of neo-liberal economic thought in the late 1980s as the main driving force towards legal, financial and organisational changes to remove services from direct local governmental political control. The employers underlined the pressure to comply with EU competition rules, particularly those covering energy and transport. Interviewees on both sides agreed that the need to cut the costs to the public purse was not a major consideration or rationale for the reforms that were initiated in 1999; yet they also indicated that the need to keep costs down has become a more significant consideration since then, as the ‘privatised’ companies now have to operate under market conditions, while still under the public ownership of the city of Vienna.

Objectives
The aim of the municipality was to externalise services into a number of private companies under a holding company, the Wiener Stadtwerke Holding AG, although still owned by the municipality.

Process
The GdG local government trade union was involved in discussions about the proposed changes from the start. Thanks to the early involvement of the GdG, rumours and the fears of staff concerning the reforms could be allayed. Detailed negotiations between union and employer representatives and the representatives of the city council were conducted over many meetings, and focused on the contractual conditions of existing as well as future staff. At the core of the successful negotiations between the social partners were agreements that there would be no redundancies and that the conditions of service (including pension provision) of existing staff would be maintained. At the same time it was agreed that a new collective agreement would be introduced for staff of the Wiener Stadtwerke group who joined after 1st July 2001.

Wiener Linien’s director with responsibility for human resources and legal affairs said: “Compromises had to be made, necessarily, but both sides could live with these”, an assessment echoed by the chair of the staff and council agrees, using virtually the same form of words (“compromises that we can live with”).

Results
The creation of the Stadtwerke company has involved some increase in conflicts between different groups of workers but at Wiener Linien these are currently resolved by mediation because the same person chairs both the works and staff councils, and also because there is significant overlap between the staff representative bodies and trade union membership.

The collective agreement maintained the position of the GdG as the sole trade union negotiating on behalf of the separate companies that are part of Wiener Stadtwerke group and this means that all new staff are subject to the same wage structure with the result that some groups have higher, and others lower, wages than workers in other Austrian companies operating in the sector (eg Wiener Linien employees have higher wage rates than elsewhere in the transport sectors).

28 Many of the existing members of staff had civil servant status, a status that effectively gives security of tenure and that was carried over into the new companies.
Management have gained greater operational flexibility through the collective agreement. However, at present the majority of employees across the Wiener Stadtwerke Holding are still long-standing employees who were there before July 2001. In Wiener Linien, between 10% and 20% of staff are covered by the collective agreement, but it is expected that by 2014 this proportion will have risen to 40%. The rationalisation of operations is being implemented gradually, as older workers retire. The total number of employees has fallen by 15% since 1998.

Representatives of both the trade union and management explained that the contractual conditions are not directly comparable and therefore are not in any direct sense ‘better’ or ‘worse’ with respect to wages and hours worked. But the trade union representatives also suggest that, on balance and overall, the ‘old’ employees have more favourable and secure conditions of employment than employees subject to the collective agreement32; the upward harmonisation of conditions continues to be the negotiating objective (for example a new pension fund, with compulsory contributions by employers but voluntary contributions by employees, has been negotiated; and at Wiener Linien free travel is due to be extended to the ‘new’ employees).

There is some concern that future labour turnover may lead to further staff reductions – by 1 April 2008 the number of employees of the municipal company Wiener Stadtwerke Holding AG was down to 12,87029 from 15,000 in 1998, while in Wiener Linien the decline was 9% from 8,692 in 1999 to 7,838. Management is aware of the need to avoid rumours and tensions among staff and to keep clear lines of communication for negotiations so that they can maintain a productive social dialogue.

Both old and new employees are reported to have experienced more pressurised work practices, resulting in greater stress. However, both management and union said it was difficult to separate out the effect of greater flexibilisation and new work patterns from the broader issues of increased stress arising from higher demand for services and greater traffic congestion facing bus drivers.

The change to private company status was followed by a major training initiative, including in particular developing management and leadership as well as communication and customer care skills among staff from the level of supervisor upwards to senior management.

All the interview respondents stressed that the quality of services provided by the Wiener Stadtwerke companies has been maintained or even improved since privatisation, but they differed in their view on whether this is in spite of, or because of, the reform process. Employer representatives are pleased that they are getting a good response from staff to the new market-oriented organisational culture, which has led to greater customer service orientation and increased quality in service delivery; this is evidenced for example in independent surveys of citizens’ satisfaction with the services provided by the Wiener Linien31. High ratings were achieved in spite of the increased work pressure and reduced staff numbers.

29. Hermann (2008) reports in the EU funded PIQUER project on privatisation and liberalisation that since 2001 new employees at Wiener Linien have earned around 15% less than colleagues taken on before 2001.

30. Figures provided by the trade union GdG.

31. IEST studies (Benchmarking European Services of Public Transport) are carried out periodically in major European cities. IEST was set up by the European Commission and is implemented by independent market research institutes.
growth in total output and tax revenue. However the surplus in general government is on the average at 3.1% of the GDP over the projection period 2008-2011. The debt ratio in public finances (EMU debt) is anticipated to edge down below 28%.

Ageing municipal workforce
Between now and 2025 55% of the municipal workforce will retire – that is over 270,000 workers, an average of 15,000 retirements annually. The actual retirement rate will vary from occupation to occupation and from geographic area to another but the highest rates will be among head nurses and cleaners. More people are leaving labour market than coming in creating the prospect of labour shortages over the next 20 years that will hit cities and regions at different times and to different degrees. Immigration is another factor to take into account with around 10,000 people a year expected to move to Finland. This scenario means that public services and municipalities must seriously compete with the private sector in order to satisfy their labour demand. This requires also refocusing of the vocational education to meet the demand. For the social partners labour shortages and restrictions on public spending underline the need to increase productivity in public and municipal services. For them productivity has to be determined in a broad sense, covering efficiency, quality of services and working life and meeting the needs of citizens and society.

Trends in the municipal economy
In future the financial conditions of the municipalities will differ from each other even more than today. An increasing demand for services, demographic change and economic growth will form the framework for municipal finances. In municipalities with an ageing population and net emigration the finances there will inevitably be increased pressure on financial resources and it could be impossible for these municipalities to maintain even statutory services on their tax revenues alone. On the other hand, in municipalities where the population is increasing, the need for services and investments eat away at tax revenue growth. The impact of globalisation and company closures and relocations may suddenly undermine the local economic and employment situation in a municipality.

The differentiation of municipal finances also raises the important question of citizens’ equality. Even municipalities with high tax rates may have problems with the coverage of services. For the social partners there is a need to consider the division of labour and finances between the state and the municipalities for guaranteeing equal services and a fair tax burden to all citizens, particularly with state finances currently showing a clear surplus.

Service delivery
Finnish local authorities have used a range of organisations to provide services including limited companies, co-operative societies, and foundations. There are over 1,200 municipal corporations, the vast majority of which are limited companies. For instance, local authorities have established joint waste management companies, enterprise service companies, and travel bureaux. The AFLRA is running a service delivery project to get councils to review how they provide services, looking at all the options: directly-provided services; services provided in co-operation with other municipalities; services purchased from another provider; service voucher financed by the municipality; a licence issued to an external company; rental of fixed assets needed for service provision, to an external company; co-operation between public and private sectors; privatisation – the sale of municipal operations to a private undertaking; potentially a transfer of municipal personnel to the employment of the new owner; volunteer work or informal care supported by the municipality; or award of grants to recreationally-based or voluntary sector operators.

AFLRA suggests that besides municipal and inter-municipal co-operative organisations, service providers can include private enterprises and undertakings, third sector operators, co-operative societies, regional and local units of the central government, parishes, voluntary communities and family caregivers. While constantly developing their own operations, local authorities should also examine and assess alternative options for service provision. It is important that the methods of service provision be assessed when a municipality is launching new services or adding or cutting back old ones. The objective is to create and maintain continuous interaction with operators that provide services. By considering, assessing and, finally, using alternative methods of service provision, local authorities can increasingly help service users participate in the planning and provision of services.

Privatisation
The private sector has delivered some elements of the public services for many years. In the water sector for example the main water supply companies remain municipally owned but more than 50% of their services, such as maintenance and meter readings, are contracted out. Refuse collection has also seen extensive contracting out with virtually all local authorities using private contractors. A report from the Organisation for Economic Co-operation and Development maintains that: “Private firms and non-profit institutions play a relatively small role in many social and welfare services, including in the provision of childcare and long-term care for the elderly and disabled.”

Inter-municipal co-operation
Local authorities have often set up separate organisations, joint municipal authorities, to perform certain functions. There are some 230 joint authorities dealing with educational, social and health-care services. Several local authorities can together establish a joint health centre or vocational institutions. Joint authorities include regional councils, which define regional policy, and hospital districts, which are responsible for specialist medical care. However, there are concerns about increasing the use of such of authorities to deliver services. The AFLRA suggests that: “Municipalities can’t control networks of co-operation but become paying machines.” The current reform processes are increasing the use of different forms of co-operation between municipalities, with the formation of joint municipal companies one example of this development.

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32. Waste management in Europe, Public Services International Research Unit, 2006
33. OECD Economic Surveys: Finland, 2006
Motivation and drivers for change: Financial pressure

Drivers for change: Financial pressure

Type of reform: In-house recruitment

Services: Inter-municipal employment agency

Case study: Finland

Municipalities: Helsinki, Espoo and Vantaa

Driver for change: Skill shortages and demographic change

Motivation and drivers for change

Skill requirements and demographic change are having a long-term effect on recruitment in municipal services in Finland, with the result that labour markets in some areas are becoming highly competitive and making it more difficult for local authorities to fill temporary vacancies. The cities of Helsinki, Espoo and Vantaa, have over 60,000 employees between them with a total average daily requirement for 2,000 temporary workers.

Objectives

For some time municipalities had had to meet significant requirements in terms of finding substitute workers to fill temporary vacancies where employees were on maternity leave or away from work for other reasons. In 1990, the city of Helsinki established an employment agency to focus on recruitment of workers, particularly temporary workers to fill such short-term vacancies.

Initial situation

Seure Oy was the municipal employment agency that had been established initially to recruit substitute staff for Helsinki City Council in autumn 2004 it was proposed to expand the company’s activities to the whole Helsinki metropolitan area. As labour shortages became more acute and it was increasingly difficult to find substitute staff, the
representatives of the cities of Helsinki, Espoo and Vantaa decided that it did not make sense to compete for the same workers and that a joint undertaking would be a better approach.

**Process**

There had been a strengthening of co-operation between the cities in the Helsinki Metropolitan area over several years as a result of both local and national initiatives. The unions were immediately informed when the negotiations between the cities on the implementation started at the beginning of 2005. The cities of Espoo and Vantaa were represented by their financial and personnel directors and the city of Helsinki by its City Treasurer and the company’s future managing director, who was in charge of the negotiations.

The representatives of staff associations discussed the matter through the co-operation bodies of their own cities and submitted their proposals to the city representatives and to the chair of the negotiations.

The unions took a position on the legal form of the company by accepting it and also on the exact nature of the company’s operations by suggesting that the focus should be on short-term substitutes (less than three months). They also actively participated in the recruitment campaigns and thus significantly helped the company’s recruitment process.

**Results**

A new recruitment company, Seure Henkilöstöpalvelut, jointly owned by the cities, started its operations in summer 2005. For the temporary workers themselves, the greatest change is that instead of being employed by the cities they will be employed by the company. The company will follow the collective agreement of the employer association of service institutions (Palvelulaitosten työnantajayhdistys ry, PTY), which is almost identical to the municipal collective agreements on contracted employment. Since the company is fully owned by the cities, its employees are covered by the municipal pension system. These factors have been important in ensuring that the trade unions have a positive attitude towards Seure and co-operation with it.

**Germany - Context**

**Local and regional government – structure and responsibilities and funding**

Germany is a federal state with 16 regional governments (Länder). These have considerable legislative powers and along with the federal government delegate some of their responsibilities to the 14,000 municipalities across the country. The Länder themselves have responsibility for policing, education, environment and culture. Below the Länder are districts (313 Landkreise), cities (Städte) and municipalities (12,320 Gemeinde). Some cities may fall within the area of a Landkreis but others may stand alone (116 Kriesefreie Städte).

The districts and cities have responsibility for some services such as road maintenance, elements of social welfare and waste management. Exact responsibilities vary and in some cases they take on higher education, libraries and tourism promotion. The municipalities have responsibility for schools, cultural services and some welfare services but again there is some flexibility in terms of the services that municipalities run on top of those that they are required to provide.

Although the local tiers of government often have responsibility for implementing legislation passed by the federal and regional governments, they may not be given the funding for these extra responsibilities. As one study has pointed out: “Upper tiers of government have successfully infiltrated local autonomy, however, primarily by delegating more and more duties to the local level without adequate funding and by substantially reducing the levels of government grants.” Furthermore, the legal structure of government in Germany means that local authorities have considerable independence although this legal guarantee is not backed up by financial realities as the funding stream for municipalities is mainly determined and controlled at a higher level. Only around 30% of income comes from local taxes. Municipalities in Germany did not begin to experience major financial pressures until the middle of the 1990s when the enormous cost of reunification began to have an impact. This combined with the rigours of the Maastricht Treaty’s restrictions on public sector spending meant that German municipalities have been facing a major financial squeeze. The latest assessment of the situation for local authorities from the German Federation of Cities and Municipalities (DSAGB) indicates an improvement in their finances but argues there are no grounds for euphoria as serious budgetary pressures remain, not least in the continuing growth in welfare payments.

**Service delivery**

Germany local authorities have long relied on other bodies to supply some of their key services. This is particularly the case in social services where voluntary sector bodies (welfare federations – Wohlfahrtsverbände) have been around for many years. The long-term relationships with these federations meant that municipalities in Germany were no strangers to the idea of working with non-public sector organisations on a regular basis. The financial pressures of the last 10-15 years have encouraged municipalities to look at ways of cutting costs and improving efficiency. Along with this there have been external influences such as the international debate around so-called New Public Management (NPM). This was all about bringing private sector practices into the public sector and in particular the need to market test public services and contract them out if necessary.
However, unlike countries like the UK, German municipalities have not faced pressure from central government nor even compulsion through legislation to jump on the NPM bandwagon. Some NPM-type ideas did filter through, mainly emphasising issues around improving the provision of services to citizens or customers as they had become, through one-stop shops for services and the transformation of local authorities into service delivery enterprises (Dienstleistungsgesellschaften).

"German local government, then, has experienced severe pressure for about 10 years: on the one hand it is confronted with steadily growing responsibilities and service portfolios (not least because of long lasting unemployment ratios) and with the demands of its citizens. On the other hand financial resources have been shrinking over the years and any room to pursue local policies has more or less disappeared. Thus it is no surprising that initiatives to reform public management have started primarily at the local level."

Privatisation

The combination of financial pressures and European Union policies to create single markets in certain sectors – particularly energy – did lead to many local authorities to outsource services or sell off their shareholdings in local utility companies. There are high rates of privatisation in refuse collection, for example, with less than 40% of the German population now served by municipal services. In terms of health and water and energy supply, the regions and municipalities have been selling off hospitals and municipal utility companies. Other services have also been affected. Ver.di estimates, for example, that the level of privatisation in areas such as parks maintenance, leisure and administrative offices (for municipalities) and transport, administrative buildings and the judiciary (at federal, Land and municipal level). This is where two or more local authorities create a shared services centre to deal with a range of so-called back office or customer care services. A report²⁴ by the German Institute of Urban Affairs (Difu) says that: "PPP projects have been around for many years, but such cooperation has only really taken off since around 2004. The number of signed contracts increased by 100% in 2004 and 2005 on the previous years." The report focuses on PPPs in the sense of infrastructure projects and excludes those involving long-term service provision. It points out that PPPs are more common among the larger urban municipalities and over three-quarters of local authorities have no involvement with or plans for PPPs. The Difu survey found that: "By 2005 143 projects had been contractually agreed, and a further 57 are currently in various stages of preparation. Estimates suggest that at least 300 ongoing sensu stricton projects are now being implemented or planned. There are at least twice as many PPP projects in the wider sense (i.e. projects considered to be PPPs by survey participants) at federal, Land and municipal level." PPP are already common in the provision of schools, sport, tourism, leisure and administrative offices (for municipalities) and transport, administrative buildings and the judiciary (at federal and Land level) and are expected to continue to be developed in these areas. Other important sectors include culture, childcare, urban development, the environment and supply services (municipalities) and health, public safety and e-government.

Public-private partnerships

A more recent development, following the trends elsewhere particularly in the UK, has been the use of public-private partnerships to run major investment projects. A report²⁸ by the German Institute of Urban Affairs (Difu) says that: "PPP projects have been around for many years, but such cooperation has only really taken off since around 2004. The number of signed contracts increased by 100% in 2004 and 2005 on the previous years." The report focuses on PPPs in the sense of infrastructure projects and excludes those involving long-term service provision. It points out that PPPs are more common among the larger urban municipalities and over three-quarters of local authorities have no involvement with or plans for PPPs. The Difu survey found that: "By 2005 143 projects had been contractually agreed, and a further 57 are currently in various stages of preparation. Estimates suggest that at least 300 ongoing sensu stricton projects are now being implemented or planned. There are at least twice as many PPP projects in the wider sense (i.e. projects considered to be PPPs by survey participants) at federal, Land and municipal level." PPP are already common in the provision of schools, sport, tourism, leisure and administrative offices (for municipalities) and transport, administrative buildings and the judiciary (at federal and Land level) and are expected to continue to be developed in these areas. Other important sectors include culture, childcare, urban development, the environment and supply services (municipalities) and health, public safety and e-government.

Inter-municipal co-operation

Co-operation between local authorities is a well-established phenomenon in Germany and a policy backed by the services union ver.di as a way of improving services and exploiting economies of scale and thereby avoiding any push towards privatisation. The latest report²⁰ on co-operation from the DStGB emphasises its role in reducing costs while services remain provided by municipalities rather than externalised. Cultural services, high schools, water supply and tourism services are some of the main areas to benefit from inter-municipal co-operation. The type of co-operation can vary but a common form is for local authorities to form an association (Zweckverband) specifically to provide a service. These associations can be found in water supply and sewage services, refuse collection and recycling, local public transport, information technology and data inputting and high schools. The most recent manifestation of the scope for co-operation is in the idea of shared services. This is where two or more local authorities create a shared services centre to deal with a range of so-called back office or customer care services. A report²⁴ from the DStGB points out the fragmentation of regional and local government but emphasizes that with over 12,000 municipalities contact with the local community is important. The advantage of shared service centres, according to the DStGB then is that this close link with local communities can be maintained while taking advantage of the economies arising from sharing the provision of back-office services.

Re-municipalisation

The privatisation of services through contracting out and outsourcing to the private sector is not a guaranteed way of achieving both cost savings and higher quality services and it is not surprising that there are examples of municipalities bringing services back in-house. The ver.di website provides some case studies – building cleaning in Freiburg and refuse collection in Landkreis Soltau-Fallingbostel, for example. A report²⁴ on refuse collection suggests that there may be more than isolated examples of re-municipalisation, with the issue a major point of debate in the North-Rhine Westfalia region. The report refers to the well-known case of Bergkamen but also lists the municipalities, cities and districts of Rhein-Sieg, Rhein-Hunsrück, Uckermark, Ludwigshafen, Dossenheim, Fürstenwalde, South Brandenburg and Potsdam as taking measures to bring refuse collection and/or disposal and in some cases water services back in-house. The report also suggests that while the trend to privatisation will continue more local authorities will look to merging services with other local authorities so that they continue to be provided by municipal companies.

In early 2008 a local referendum in Leipzig produced a significant majority in opposition to partial privatisation of municipal services and meant that the local authority had to put any plans for privatisation on hold for three years. Just over 87% of voters supported the statement that companies providing municipal services should be fully owned by the local authority. At 41% the turnout was higher than the turnout in the last mayoral elections (35%).

36. Privatisierung kommunaler Wohnungen – Hintergründe, Risiken und Möglichkeiten, DStGB Dokumentation 70, July 2007, Deutsche Städte und Gemeindebund
37. Liberalisation, privatisation and regulation in the German local public transport sector, WSI, November 2006
38. Public-Private Partnership Projects in Germany – a survey of current projects at federal, Land and municipal level, Summary, 2006, German Institute of Urban Affairs
40. „Abwägung“ oder die Reform der öffentlichen Verwaltung in Deutschland durch Shared Services, DStGB Dokumentation 61, October 2006, Deutsche Städte und Gemeindebund

Country Context and Case Studies

Country Context and Case Studies
A sub committee made up of representatives of the staff council, the city council and the city administration was set up to develop specific suggestions about improving service delivery in terms of cost-effectiveness. Following this consultation the municipal council will decide on the next steps of this reform process.

As a result throughout 2008 the City is planning four public meetings with its citizens covering various districts of the city. These meetings would start with an overview of the services over the past years, a description of the current state of finances and service provision and an outline of future projects and initiatives to achieve the savings and implement change. As part of the consultation process citizens are encouraged to raise issues related to their particular region of Stuttgart and City representatives will engage in this public consultation, listening to citizens and taking their problems, ideas and advice into consideration while trying to improve effectiveness of services related to refuse collection.

Furthermore the local press will be used as a vehicle to keep citizens informed on the facts and figures related to their district and highlighting current initiatives and developments.

The final result has yet to emerge in terms of the precise reforms that will be implemented. In that sense a key outcome has been the recognition by the council that a more efficient and effective service could be achieved through internal reforms in consultation with employees and service users rather than assuming that the cheapest option achieved through privatisation would be best, recognising that issues of quality of service delivery had to be properly evaluated in terms of overall costs.

**Case study: Germany**

**Municipality:** Stuttgart  
**Services:** Refuse collection  
**Type of reform:** Keeping services in-house  
**Drivers for change:** Financial pressure to reduce costs and privatise services

**INITIAL SITUATION**

The Stuttgart municipality is in the federal region of Baden-Württemberg in Southern Germany. It was continuing to provide waste and environmental services but, with the spread of privatisation across Germany, was coming under pressure to review the direct provision of these services.

**MOTIVATION AND DRIVERS FOR CHANGE**

Financial pressure facing local authorities meant there had been widespread debate over service provision and the opportunities that privatisation could offer in cutting costs. Locally there was a lively debate on this issue partly as a result of the trade union ver.di running a high-profile campaign in opposition to privatisation. In January 2008 the outcomes of a consultation, driven by the need to examine the cost-effectiveness of self-managed public services compared to private firms were made public. Two reviews of the waste management service were published and while both concluded that there were potential savings in the way the service was being delivered, they differed significantly in how these should be achieved:

One report, from Prof. Karl-Heinz Wehking at Stuttgart University recommended privatisation and sub-contracting while the other, from the Berlin-based consultancy Stibbe, Nymoen and Partner Consult (SNPC), advised that the service could be retained by Stuttgart’s municipal waste management company Stuttgart (AWS) and reformed as part of a restructuring process in cooperation between AWS and the City of Stuttgart. Wehking argued that savings of nearly €6m were possible while SNPC came up with savings of up to €4m. Wehking said in particular that the rate of sickness (13.9%) under AWS was twice as high as under private contractors. This was further compounded by salaries and staff costs that were 22% higher. Wehking also argued that the geographical route used in refuse collections was ineffective, and that one worker in addition to the driver would be sufficient and a weekly collection of organic waste unnecessary over the winter months. He added that a non-negotiated bonus of €483,000 was being paid without being based on any performance improvements.

The SNPC reached different conclusions and recommend an internal restructuring and improvement of the AWS on the basis of an agreement between the city of Stuttgart and AWS leading to savings of €3.9m.

The political parties on the municipality were split over how to respond to the two reports, however both the Mayor of Stuttgart (from the centre-right CDU) and the deputy mayor responsible for technical services (from the centre-left SPD) were opposed to privatisation and in favour of retaining and reforming the services under AWS.

**OBJECTIVES**

The municipality aims to achieve savings and productivity improvements in its waste services by following a plan of action that involves retaining those services in-house. On the basis of the consultants’ reports the municipality is looking at saving around €10m-€11m, involving a cut of 70-80 jobs over the next 10 years but with no proposals for compulsory redundancies.
actually delivered over a lengthy period. It was hoped that this would provide a more substantial means of evaluating different service providers rather than just assess them in terms of their competing bids.

**Process**

In October 2007 the municipal department responsible for the maintenance of public spaces and parks, took the decision to start a three-year pilot project in order to return parts of the service to in-house management rather than by private sub-contracted businesses which has been the case for the past ten years.

Thus over the next three years the parks department will conduct detailed comparative case studies in parts of Nürnberg with the aim of testing their self-management. If successful, the services will be widened across the whole of the city. The main objective is not just to save costs, but to increase quality and productivity while cutting down on the administration involved with private subcontracting – the councillor with responsibility for the environmental issues made this clear when facing opposition from within his party, the centre-right CSU. While the parties of the centre-left, the SPD and the Greens, embraced the initiative from the outset, the other centre-right party, the CDU, only agreed once it was persuaded that cost savings could also be effectively achieved through an improvement in service quality.

**Results**

The final outcome will not be known until the end of the project. So far a pilot study has led to the creation of an additional 16 jobs. In this pilot €650,000 which would otherwise have been spent on subcontracting, paid for special equipment and specialised skills and would even leave enough cash to promote performance related bonuses to workers.

This restructuring is still in its very early stages, but as part of the reorganisation from April 2008 onwards the creation of the 16 new jobs will reverse the drastic reduction in personnel from 165 in the mid 1990s to now only 100. The issue of working time still remains to be finalised as agreement could only be reached on the understanding that the restructuring would involve new models of seasonal working, such as differences in summer and winter working time.
Italy - Context

Local and regional government – structure and responsibilities and funding

The Italian State is divided into 15 ‘ordinary’ and five ‘special’ regions. The latter have more extensive powers. Regional powers are constitutionally guaranteed and the regions are autonomous bodies possessing their own powers and functions, with responsibility for: planning; management of ports and airports; public works; highways and transport; commerce; labour market; agriculture, economic and spatial development; environment; health services; justice of the peace; regional administrative police; and civil protection. Social services and health account for the biggest share of expenditure for the regional authorities and provide one of the main challenges for local and regional government in ensuring that they have the right to raise enough income to cover these responsibilities. Below the regions are the provinces. The 109 provinces have responsibility for: planning; environmental and civil protection; cultural heritage; highways and transport; parks and nature reserves; hunting and fishing; labour market; territorial co-ordination plans; and school education. There are 8,100 municipalities (‘comunes’). These generally encompass a single unit, be it a city or a village and thus the size of the municipality can vary between populations of a few hundred to many millions, as in the case of the larger cities. A ‘Quinta Comunale’ composed of the mayor and the Sindace – the heads of the various municipal departments - govern the municipalities, whose mayors are directly elected. There is a similar pattern of governance for the provinces although a directly elected President, rather than a mayor heads them.

Since the early 1970s Italy has experienced extensive decentralisation, with the devolution of power to the regions encouraged by EU policies on regionalisation. For example recent legislative changes (Law 502/92 and 229/99) delegated more powers to the regions in the management of healthcare services and this consequently has been conceived as encouraging public private partnerships in the sector. The aims of changes proposed in the late 1990s were to recognise the federal character of the Republic and to provide constitutional recognition of the equal status of the four consecutive parts of the territorial organisation – the municipalities, the provinces, the regions and the state (Furlong, 2003⁴). The Bassanini reforms introduced at the end of the 1990s involved a decentralisation of responsibilities and were expected to lead to greater liberalisation of services as local control of service provision would provide more scope for competition.

Service delivery

The Italian model of welfare is of fairly recent origin, with welfare policies developing between the 1970s and 1990s. However, since the mid-1990s there has been a growth in the outsourcing of public services together with the privatisation of some key aspects of state welfare, for example in housing, where there has been a major programme of privatisation through ‘right to buy’. Within health and social services there has been a trend towards setting up regional health enterprises and creating a purchaser-provider split that has been characteristic of health services changes in other member states.

Privatisation

Privatisation in its various guises has been part of government policy, including those of the centre-left, since the mid-1990s. From the second half of the 1990s there has been a pressure to trim the public sector by getting rid of public ‘monopolies’. The government’s 2000-2003 Economic and Financial Planning Document, states, ‘The involvement of the private sector in financing, building and operating infrastructures and public utility services is a priority for the South of Italy and the rest of the country’. The trade unions have expressed their concerns about the impact of privatisation notably in 2006 in an open letter⁴¹ that highlighted the process of externalisation and privatisation, conducted by the municipal authorities without any consultation with the unions. More recently CGIL leaders have re-visited the slogan ‘The public is better’⁴⁴.

Public-private partnerships

In Italy the Merloni law, introduced in 1994 regulates the building and construction sector. This established and set out the provisions for public works’ contracts and for the tendering process. It removed a previous 50% limit on public contributions towards public works’ contracts and the 30-year limit on the duration of concessions. It also encouraged the fostering of PPP. Additionally, also in the area of construction, the Strategic Infrastructure law (Legge Obiettivo) aims to accelerate the building of public and strategic infrastructure projects through the identification of ‘fast track’ procedures. Prior to the fall of the previous Berlusconi government some 240 projects had been identified for fast tracking. Under the Prodi government there were some restrictions imposed on this, with the cancellation, for example, of a planned PPP for the construction of the Messina Bridge to Sicily. However according to the journal Public Private Finance⁴⁵ this did not point to an abandonment of PPP but rather that ‘the future is also likely to see more deals sponsored by municipalities, in sectors such as education and health or in light rail or leisure projects’. With the recent re-election of Berlusconi, the assumption must be that PPPs will continue to be encouraged.

PPPs have been established in sectors such as education, healthcare, defence, social housing and prison services and there are examples of partnerships between local government and the private sector covering regeneration of industrial areas (Ortona in Chieti Province), environmental protection (23 public and private partners operating in Piedmont) and transport (Brescia-Milan and Cremona-Martua highways).

Water services which had been provided by over 13,000 entities, most of which were run by the municipalities, have also been subject to PPPs. As a result there has been a projection of a reduction in the number of water authorities to 89 with tenders being awarded to public/private partnerships. The Ministry of Justice has also undertaken a review of the existing legislation aimed at identifying suitable procedures to introduce elements of PPP in the construction and operation of courts and prisons.

Local healthcare authorities (Aziende Sanitarie Locali, ASL) are now required to act as private entities and are subject to stringent economic and financial constraints. They are limited in the amounts they can borrow and in the period of their debts. In 2006 Siram, a subsidiary of Dalkia International, won two public-private partnership contracts to build and manage hospitals in Ferrara and Florence. The contracts cover construction and management and include the operation of the utility plants at the hospitals for a period of between 15 and 30 years. Siram, which is the country’s leading provider of energy services to hospitals, has 330 hospitals and healthcare establishments under contract and 2,769 employees⁴⁶.

Inter-municipal co-operation

One example of inter-municipal co-operation, in addition to that of Ortona (see above) is the Sior partnership among four local health authorities in Italy in a 400 million euro project financing the construction of four hospitals in Tuscany⁴⁷.

43. CGIL, UIL, USR, Verona, Lettera Apertura alle esternalizzazioni – Si al ritiro dei servizi pubblici, March 2006
46. Source: Dalkia awarded public-private partnership contracts in the hospital segment in Italy” Dalkia Press Release, 29 June 2006
47. Source: Dalkia, Ferringham & Sebastian
This sector contributed to a failure to deliver good quality services in failure to provide adequate levels of training and so had services led to precarious employment conditions, a contracts with limited employment rights.

Private sector firms, and who had been given temporary to workers who had lost their jobs due to restructuring within of the agreement Zètema had to offer a stable employment line with requirements set by the head of cultural services that were the main shareholders but it operated under in need to promote and protect the nation’s cultural heritage. This was in response to a re-evaluation of the cultural sites as well as cultural studies and scientific research. This was in support of Rome to create municipal company cultural services firm by municipality of Rome to create municipal company Drivers for change: Provision of quality services and securing quality employment

INITIAL SITUATION

Zètema was set up in 1998 as a joint initiative of the ACEA utilities company, the Civic Association⁴, a corporate grouping for promoting cultural issues, and Costa Edutainment, a company responsible for some major cultural sites as well as cultural studies and scientific research. This was in response to a re-evaluation of the need to promote and protect the nation’s cultural heritage. The company was controlled by the three organisations that were the main shareholders but it operated under in line with requirements set by the head of cultural services in the municipality.

In March 1999 the council administration and the unions signed a stability pact for workers in the Rome area. As part of the agreement Zètema had to offer a stable employment to workers who had lost their jobs due to restructuring within private sector firms, and who had been given temporary contracts with limited employment rights.

OBJECTIVES

From its inception as a project to provide employment for the unemployed, Zètema became an important element in a strategy supported by the municipality and endorsed by the unions to improve the provision of tourism and cultural services in Rome. This meant the company would continue to bid for a range of different services that were mainly provided by a disparate group of private contractors.

MOTIVATION AND DRIVERS FOR CHANGE

The experience of the outsourcing of a range of cultural services had led to precarious employment conditions, a failure to provide adequate levels of training and so had contributed to a failure to deliver good quality services in this sector.

PROCESS

Zètema’s first success was in November 1999 when it secured a contract for a five-year period to provide services at Rome’s Capitoline Museums that had previously been delivered by contractors. These services covered a wide range of activities from basic maintenance to promotion: reception, ticket office, restaurant, café, security and public assistance (with particular reference to helping the disabled to deal with any barriers to mobility in the buildings), cloakroom services, cleaning, maintenance, editorial work, technical and administrative support, promotional work, communications, and education.

The Rome municipality wanted to ensure that services were provided by a company over which it had some regulatory control and that was supported by the national Federculture organisation that covers local authority sports and cultural services.

All of the organisation of museum services and promotion and organisation of events was handed over to Zètema and on 18 April 2000 it assumed responsibility for all the 170 workers that had previously been on employment schemes covering redundant workers. This meant that the company could offer them better employment contracts and put them on a proper job and pay grading system. Over the next couple of years Zètema won more contracts, including the Montmartini museum from 1 November 2000. In 2002 Zètema took over the organisation of the “white nights” and literature festivals in Rome and won the contracts to provide tourist information services, including a call centre providing tourist information and information on event, taking on workers who up until then had been working for a company called Arethusa.

By doing this Zètema was pursuing the aims of the council which wanted Zètema to enlarge its operations. This then also included providing job security for workers in the municipality’s public libraries. The company was planning to bid for a range of new contracts that were due for tendering from the beginning of 2008, including library services as well as contracts covering the Silvano Togni theatre, the Hall of St Rita, the house of the theatre, the holocaust centre, the Capitoline archive and the house of literature.

The local trade union and employee representative bodies (OOSS and RSU) were involved from the beginning with this project from the setting up of Zètema and at each stage as the company won new contracts and when it was eventually taken over by the municipality.

Zètema’s contract successes have included the House of Rafael, at Villa Borghese, Tecnocentro at Villa Torlonia. It was in a position to take on staff providing cleaning services when their employer, the contractors All Clean (Ama Group), had collapsed.

RESULTS

Zètema, as a municipal company has been able to provide a co-ordinated programme of education in museum studies and foreign languages as well as a range of training for security, restoration, ticket office, bookshop and other staff. This training included specialist courses on management training, auditing, higher grade duty, communications and promotion, course in art direction, on copyright, on tourism, education, the museum language, inter-culturalism, participation and organising conferences; cataloguing.

Today, Zètema provides a range of services including conservation and maintenance, event organisation, museum services and security and employs over 680 workers plus 15 apprentices and over 50 temporary and fixed-term employees.

Overall Zètema has provided stable employment and training for a group of workers, most of whom had been unemployed following company restructuring. At the same time it has delivered a more co-ordinated range of services across the capital’s museums and other cultural facilities with support from the trade unions.
Sweden - Context

Local and regional government – structure and responsibilities and funding

The municipalities are legally responsible for social services, education, planning, environmental and public health, refuse collection and waste management, water and sewage, rescue services, civil defence, libraries and housing. They may also deal with leisure and culture, technical services, energy provision and street maintenance. The county councils are required to organise health and medical care and may take on responsibility for culture, education and tourism. Regional and local transport is a joint mandatory responsibility of municipalities and county councils. The January 2007 report40 from the government-appointed Committee on Public Sector Responsibilities recommended that county councils be replaced with a system of large regional authorities. The report said that these larger organisations would be able to cope better with knowledge dissemination and long-term development. Many local authorities have set up municipal companies to run certain services. There are around 1,700 of these, mainly limited companies, usually dealing with housing provision, property management and energy services.

Municipalities or county councils increasingly co-operate by forming local federations that have special decision-making assemblies. There are around 80 local federations, with most dealing with rescue services and education. Joint committees are another form for cooperation between several municipalities or county councils. Since 1 January 2003 municipalities and county councils in a county can also form local government cooperation bodies that can take over functions from the state and be responsible for regional development issues. Municipalities and county councils are increasingly cooperating in networks with business and organisations and with universities and other higher education institutions. An important part of their autonomy is the right of local authorities to tax personal income and set their own tax rate. However, the central government has powers to intervene if it regards local tax rate increases as excessive, as it did in the period 1991–1993. Tax revenue accounts for around 70% of local government income with the rest made up mainly by government funding that aims to compensate for different economic circumstances of each council.

Service delivery

The Swedish government set up a Committee on Public Sector Responsibilities in January 2003 to examine the challenges facing central and local government. In particular it identified demographic change as a major factor with municipalities and county councils needing to confront much higher health and social care costs from an ageing population at the same time as recruitment shortages in staff to provide these services. The Committee also found what it described as a wide variation in the quality of welfare services across the country and recommended increased central government monitoring to try to reach higher standards. The Local Government Act of 1991 gave municipalities “a wide autonomy to decide on … how to organise the delivery of social services. The new legislation explicitly allowed the municipal councils to transfer and to contract out local government functions to a ‘local government-owned’ corporation, a trading partnership, an incorporated association, a non-profit association, a foundation, or a private person’.

Privatisation

The private sector has had a role in providing some municipal services for many years. This is particularly the case with cleaning, catering and food services. However, the idea of extending contracting-out to other public sector services began to be promoted by leading figures in the Social Democrat government in the early 1990s and then full-scale support for privatisation came during the conservative government period of 1991–1994. Although the government at the time provided political support for market testing of public services, it did not introduce legislation to compel municipalities to pursue these reforms. The actual trend across local government was therefore more dependent on where more market-oriented political parties local political control. For example, when under conservative control, the municipality of Stockholm proved a leading advocate of health service reform pushing patient choice and a greater role for the private sector. A report by the Welfare Commission in 2002 noted the increased influence of the market in welfare provision during the 1990s with local authorities setting up purchaser and provider arrangement and introducing competitive tendering and other elements of New Public Management. As one study41 on welfare services points out even services that remain in-house could be significantly transformed: “The mode of organizing and managing municipal operations is influenced by private business enterprises in a way that makes it appropriate to talk about a 'companization' of public activities.”

Privatisation also took the form of the sale of hospitals starting with the sale of S:t Göran’s in 199942. Further moves to selling hospitals were blocked by legislation in 2002 but indications are that the new conservative government will support further privatisation of public companies. In common with other countries environmental services have also seen considerable privatisation. A report43 from PSRU indicated that around 40% of the refuse collection market in Sweden is in private hands. Local transport privatisation began in the mid-1980s and gathered pace in the 1990s. By 2007 40 local transport companies had been privatised leaving only seven directly run by municipalities44. One study45 concludes that: "NPM-derived concepts, such as outsourcing and 'vouchers', have made some inroads into the hitherto existing quasi-monopoly of the municipalities in the delivery of the social services. But so far the 'outsourcing' has been quantitatively limited.”

Inter-municipal co-operation

This has long been practised in Sweden and is recognised as a way for local authorities to deal with services more effectively and efficiently than if they tried to deliver them as a single authority. Inter-municipal co-operation was one of the issues focussed on by the Committee on Public Sector Responsibilities that noted that: “…inter-municipal co-operation is very common and necessary.” However, the Committee expressed some concern over the impact on accountability. It recommended that central government set up an information system to get a comprehensive picture of the latest state of play with this kind of co-operation. It noted that smaller municipalities might find it more difficult in the long term to cope with the increasingly large and complex demands of changing welfare services.

Municipal companies and co-operatives

A range of services are provided by municipal companies, particularly in the utilities although there has been no significant change in their numbers over the last 10 years with 1,482 operating in 1996 and 1,581 in 2006. The setting up of co-operatives to run municipal services is development seen as providing another alternative to privatisation of services.
Country Context and Case Studies

Case study: Sweden
Municipality: Norrtälje municipality and Stockholm County
Services: Health and social services
Type of reform: Setting up municipal company
Drivers for change: Financial pressures and threat of hospital closure

Initial situation
The responsibility for hospital services and a range of care services for the elderly, disabled and other disadvantaged citizens in the Norrtälje area was shared between the Norrtälje municipality itself and the county administration of Stockholm.

Motivation and drivers for change
Discussions over the need for reform began in 2003 because the hospital of Norrtälje was threatened with closure or serious cost-cutting measures. The question was how to safeguard quality while achieving a more efficient structure of operations in order to keep the hospital open.

Previously there had been difficulties in getting satisfactory care services because of the way responsibility was structured in between the county level (formal responsibility) and the municipal level that were practically responsible for providing these services. These problems were not limited to Norrtälje municipality but were experienced more or less throughout the country. But the main reasons for the change can be summed up as the need to save the hospital in Norrtälje especially the emergency branch and the possibility of providing a better range of care services by creating a separate municipal company in conjunction with the county administration.

Process
Consultations and negotiations led to the key decisions being taken in the late spring of 2005. It was recognised at the beginning of the process that there had to be as broad a consultation as possible involving local citizens and trade unions. The trade unions were notified and consulted in line with normal practice and it helped that guarantees were given about the protection of pay and conditions. Where there were any differences arising from the previous arrangements then terms and conditions were harmonised upwards, ensuring that no employees would lose out as a result of the changes. There was considerable consensus among all interest groups about the reform.

Results
The result was the setting up of a municipal company, Tiohundra, that is jointly owned by the Norrtälje Municipality and Stockholm County Council. From 1 January 2006 Tiohundra has taken over full responsibility for providing the health care services in Norrtälje that had previously been provided by the county administration. In fact, there are two parts to the new arrangements - one operational, the company and the other a political board that commissions the services from the operational branch. Both are public organisations. Private companies may however in turn be hired by the operational branch to facilitate the quality of services, for example to provide board and room for the long-term care.

After two years both management and trade unions argue that care services have improved considerably in efficiency. Through keeping specialised care and municipal care together there has been a decline in the consumption of confined psychiatric care, and there is better treatment and care of the elderly when keeping these services together. Fewer people stay in the hospital. Costs have not increased. Although it is still an initial phase more time will be need to see how efficiency and quality will develop over a longer period of time. But all indications so far are positive.

Not all issues have been resolved and management and trade unions are working to resolve problems around working time and shift patterns.
The process began in September 1991 with a commission of inquiry that was initiated by three of the later to become seven municipalities involved in the service sharing and it investigated the possibilities and practicalities of inter-municipal co-operation.

The inquiry did not really lead to any concrete measures taken or even suggested but it got the discussion going. A new attempt was initiated by the management of four municipalities, which led to a concrete proposal in September 1992 that called for the co-ordination of fire and rescue services across municipal borders. During 1993 and 1994 an agreement was drafted which eventually came to involve seven municipalities and the co-ordination of their fire and rescue services.

The agreement, initially for a four-year period, became operational on 1 January 1995. The actual work of planning and organising was mostly carried out by the fire and rescue chief executive officers on the municipal level. In the centralised administration and co-ordination of the fire and rescue services was given a formal legal status (kommunförbund). The project at that stage was evaluated by the four municipalities involved who concluded that the co-operation was mutually beneficial and that it should be established on a permanent basis.

The 186 law (Räddningstjänstlagen 186:1102) encouraged regional co-operation between municipalities to mutually share resources and thus better provide for services on the local and regional level. So this was actually a trend in development that started throughout the whole country. There was also a window of opportunity in the early 1990s because several Chief Executive Officers on the municipal level of the Fire and Rescues Services were retiring, which rendered a structural change more feasible.

The aim was to create a centralised administration of up to seven municipalities in the same region while retaining the local operating units, to provide for the best coverage of services throughout the region. The trade unions were informed from the very beginning in line with the legal duty to inform and consult with them. This assures that union representatives can take part in the decision-making process affecting the conditions of the workers they represent and ensuring that any changes are in line with the protections afforded by the relevant collective agreement. No one has been made redundant as a consequence of the reorganisation. The employees in these administrative units were themselves very much involved in the decisions taken by the management although it is not apparent that the views of either the employees or the trade unions had any specific impact on the overall outcome of the reform.

The new organisation is based in Skövde and the assessment from both the employer and trade union perspective is that the impact of the reorganisation on quality of services has been positive. The change has enabled a much better administration and co-ordination of resources. Before there was more difficult to maintain non-emergency services such as administration and fire preventative services during holiday periods but now there are no such fluctuations in the ability to deliver services and so the quality has increased, in the sense that it has a stable standard throughout the year. While fire and rescue operations were always maintained at appropriate levels in the individual authorities, the co-operation means that there is now access to more resources across the region and so the guarantee of higher safety levels.
United Kingdom - Context

Local and regional government – structure and responsibilities and funding

The structure of local government across the United Kingdom varies between the constituent countries with one or two levels of councils across England but a single level of unitary authorities in Scotland and Wales. In England the 34 county councils cover education, social services, highways and transport, strategic planning advice, waste disposal and libraries while the 274 districts deal with local planning, housing, licensing, building control, environmental health, waste collection, park and leisure services. The unitary authorities (79 in England, 22 in Wales and 32 in Scotland) are responsible for all these areas. Northern Ireland’s 26 district councils have fewer responsibilities than councils in the rest of the UK with some key services such as education run by regional boards. Responsibility for local government in Scotland has been devolved to the Scottish Parliament while the Welsh Assembly has weaker legislative powers but its remit also covers local government. The only directly elected regional council is the Greater London Authority, whose responsibilities include public transport, sustainable development planning, fire and emergency planning, and the Metropolitan Police.

Local government funding is divided roughly half and half between central government grants and income from local taxation. However, councils only have limited control over taxation rates as 25% of their income comes from a local business tax whose rate is set by central government. Local authorities can set the level of the council tax, the local property-based tax, although even here central government might intervene if it regards increases as being too high.

Service delivery

In recent times the most dramatic changes to service delivery began in the late 1970s and early 1980s with the emergence of a radical right-wing within the Conservative Party that began to push for a reduction in state intervention and increased role for the private sector in the provision of public services. The election of the first government led by Margaret Thatcher in 1979 was a spur to the right and while the national administration had not yet made any major policy decisions on privatisation some local authorities were already taking the initiative to put a range of services out to tender. By 1987 and the third Thatcher administration, the government decided that it wasn’t good enough to leave it up to local authorities to decide whether or not to put services out to tender. It introduced legislation requiring most municipalities to subject specific services to compulsory competitive tendering (CCT). The legislation initially covered blue-collar services such as refuse collection, street cleansing, building cleaning and grounds maintenance. However, later amendments applied CCT to other services including white-collar services such as housing management.

Competitive tendering was also embraced by the Audit Commission, the government appointed body that assessed efficiency in local government. Its Preparing for compulsory competition report of 1989 talked about savings of 20%. However, as one study64 points out many local authorities rejected the policy and the compulsion while “Research suggested that the regime was proving costly to implement and often failed to deliver genuine competition.” The new Labour government decided to scrap CCT and in 2000 replaced it with “best value” legislation which it hoped would encourage local authorities to embrace “innovate approaches to commissioning, procuring and providing services.”

There was a view in some quarters that best value was simply a repackaging of CCT and the government continued to argue for greater private and voluntary sector involvement in the provision of services. However, the government also talked more about partnership and also criticised routine market-testing by local authorities. According to a report65 from the Office of the Deputy Prime Minister, market testing could actually reduce competition, distort the market and impose costs on local authorities and potential suppliers. The government and the Audit Commission now underline how partnership can provide access to funds and/or to a range of expertise not found within local authorities. They argue that the private and voluntary sectors might also encourage the development of more flexible approaches to service provision. Overall the emphasis has shifted from CCT’s narrow focus on cutting costs to a broader aim of improving standards and the quality of services.

Shared services

Shared services are an arrangement providing local authorities to save money by taking advantage of economies of scale by sharing the provision of certain services with other local authorities. This has been a policy promoted by the Labour government with the focus on quality improvement as well as cost savings, standardisation and automation of services.

Public-private partnerships

Public-private partnerships in the UK cover in general long-term relationships between public sector organisations and private companies as well as the more specific private finance initiative (PFI) projects that are more specifically about the design, building, financing and operation of infrastructure such as schools and other facilities. With PFI projects the impact on service delivery is usually that various elements of, or all facility management services are handed over to a private contractor or consortium. The broader category of public-private partnerships (PPP) encompasses long-term projects that may be less about capital investment and more about a private contractor taking on a particular service or range of services that are directly provided to the local community. The difference between contracting-out and this type of PPP is that a PPP is less about narrowly delivering on a contract specification and more about having a long-term role in developing and improving a service or range of services. Information from the 4PS organisation that promotes and advises on PPPs across the public sector indicates there are at least 450 PPPs at various stages of planning and development across most areas of activity – roads, schools, fire service, magistrates, municipal buildings, transport.

56. Office of the Deputy Prime Minister circular on best value quoted in Entwistle and Martin.
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MOTIVATION AND DRIVERS FOR CHANGE

As a trading unit, CAM ARC was required to achieve a year-end balanced trading account. It operates in a fiercely competitive sector characterised by three types of operations – small consultancies, medium businesses employing 50-60 people (CAM ARC) and large businesses, of which there are three in the UK.

OBJECTIVES

In 2006, as a result of these competitive pressures, the decision was taken by the Council to examine ways to sustain the department, which included the option of outsourcing.

PROCESS

Initially the Council set about testing the market, to ascertain the kinds of opportunities that existed. At this time the head of CAM ARC decided to consult staff about the possibility of outsourcing the department by undertaking a staff attitude survey. The results showed that a small number of staff were either opposed or supportive with the majority open to discussion on the issue. The results of the staff survey were presented and employees were given the opportunity to ask questions on the findings and possible options. Eventually 16 organisations expressed an interest in acquiring CAM ARC. The head of the department then began to consult with Council Members about the options available, presenting a paper to them for discussion.

Union, the recognised trade union, was involved in this forum. All interested bidders were sent a pre-qualification questionnaire to complete, and employees were given an input into the questions asked. The Council then took an innovative approach by scoring the 16 interested parties by using, in addition to typical scoring criteria, issues such as the ethos and culture of the bidding organisations; whether they would utilise local expertise; and whether or not they were just interested in stripping the service. This holistic approach allowed the Council to judge potential bidders not just on business grounds but also on whether they could sustain the department and build on its strengths. At the end of this process only three bidders remained.

CAM ARC then undertook discussions with all the staff through a Staff Forum, specifically established for this process and on which a representative from each level of the operations had a seat. The Steering Group overseeing this transition composed of the Director responsible for CAM ARC, the Head of CAM ARC and representatives from the legal department, human resources and the unit manager. In addition the Council, established a project team to direct the day-to-day work of the restructuring which was composed of 15 people and a representative from Unison.

Another innovative approach was the introduction of a shared online folder. This was an electronic noticeboard that contained all correspondence between potential bidders and the Council, and employees were allowed to freely view all of these documents, adding further to the transparency of this process and reducing the impact on staff wellbeing. Employees were also invited to visit the premises of the bidding organisations. This was followed by briefing sessions by the employer to the staff, followed by question and answer sessions.

It became clear to the Head of CAM ARC at this point that the majority of employees were on board with the process and with the direction of discussions. One member of staff, who fiercely resisted the Council’s proposal, took time off work to produce a robust defence of maintaining the service in-house. His document, along with a response from management, were placed on the shared online folder and employees had the opportunity to comment, although none did.

The next phase of the process was to invite all staff to meet with the bidding organisations and for those organisations to meet staff at their offices, followed by further briefing sessions and more opportunities for staff to ask questions. The three remaining organisations then submitted detailed proposals, at which point one bidder dropped out. The remaining two bidders consisted of a commercial property developer and an educational trust. All staff attended presentations by the final two bidders and feedback from staff following the presentations was passed to the Steering Group to ensure the management knew the concerns of the employees.

RESULTS

Finally a decision was made by the Council Cabinet who approved the outsourcing of CAM ARC to the educational trust, which was the organisation preferred by the staff. The entire process has taken nearly two years to complete and illustrates how employers, employees and their trade union can work together constructively to ensure a smooth transition. Although it remains to be seen how the operation works under the new employer the trade union and management are convinced that proper safeguards have been negotiated both in terms of individual employment rights and conditions and the overall provision of the service, including a service agreement that guarantees continuing delivery of outreach and educational work.
Country Context and Case Studies

PRocess

A large consultation exercise was undertaken with service users, family carers and employees about the modernisation of services for people with learning disabilities. The consultation revealed the need for a more streamlined approach, providing a «joined up» service across social services and health services that would support people with a learning disability to have fulfilled lives.

A Joint Learning Disabilities Service was actually established at an early stage and then a project was set up to look at the implications of the merger and to deliver service improvements through a partnership approach to working with unions and ultimately, to deliver a single framework for working with the recognised unions. A Steering Group was established with members from trade unions, human resources and management from both the City Council and Care Trust. The group agreed a three-stage approach to the project, with workshops at each stage - identifying the problem; establishing principles of partnership working; and working in partnership to deliver service improvements.

The first stage of the project involved a diagnostic activity using a questionnaire with all the key stakeholders from the newly founded learning disabilities service. The results of the questionnaire were presented to the stakeholders gave an overview of all the current practices which existed in the care trust and social services. They also provided an insight into what the Joint Learning Disabilities Service wanted to achieve regarding its own culture and industrial relations framework.

The second stage focused on joint working and the principles of good communication. This involved trade union reps, staff members, team leaders and managers. The group considered how to establish a system of partnership working in the new joint service.

The final stage concentrated on the practical issues such as training people to be able to work in partnership and to establish an effective communication strategy, involving in particular frontline staff with most experience of dealing with service users. The event was successful in bringing the different stakeholders together and in reaching agreement on how the new service can work to deliver improved services through joint working.

The Joint Learning Disabilities Service now has a single partnership agreement that lays out the agreed way of working across all recognised unions and both employing organisations. The assessment from both management and trade unions is that Sheffield Joint Learning Disabilities Services was successful in actively engaging the workforce and trade unions in developing new ways of working and a vision for improved service delivery.

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Appendix

Main questions for case study interviewees

The aim of each case study was to outline the key events in the process of reforming local government services and identify the contribution of social dialogue towards achieving a positive outcome for both trade unions and management. The main questions are outlined below. It was understood by the interviewers that not questions would be relevant to all case studies and so a flexible approach was adopted.

What service(s) was/were involved?

When did the process begin? This would be the date (month/year) that the local authority employers decided that reform of the particular service(s) was necessary. And when (month/year) were the reforms implemented?

What was the main reason that the local authority decided that reform was necessary? Or did the pressure for reform come from outside the local authority?

And what was the nature of the change – for example setting up municipal company, public-private partnership, public-public partnership, bringing services back in-house, internal reorganisation, externalisation, transfer of services to private or voluntary sector or co-operative.

For example:

Was there any role played by elected officials – councillors or mayors in the consultation process and did they influence the consultation process?

Were the consultations/negotiations different from normal practice within the municipality?

Was/were the trade union(s) consulted over work organisation and service delivery or only over the employment conditions of the workers affected by the service reforms?

Can you identify the specific contribution of the trade union(s) to the reform process?

For example, were any of their proposals for changes in work organisation or service delivery accepted and implemented?

Please provide details of the outcome – the number of employees affected, any major changes in employment conditions, the new way in which the services are provided, and, if possible any indication of an improvement in the efficiency and quality of the services.

For example:

Number and gender of employees affected.

Occupational breakdown of workers affected, or at least indication of proportion of blue/white collar employers.

Any significant change in pay rates or other conditions such as working time, annual leave, pensions?

Were any employees redeployed, re-trained, made redundant or retired early?
This research has been developed, with the EU financial support, within the framework of the EU social dialogue committee for local and regional government where employers and unions discuss relevant employment issues and trends for the sector.

EPSU is the European Federation of Public Service Unions. It is the largest federation of the ETUC, with 8 million public service workers from over 200 trade unions. EPSU organizes in health and social services, and local and national administration, and energy, water and waste sectors. For more information on EPSU and our work: www.epsu.org

The Council of European Municipalities and Regions (CEMR) is the representative organisation of over 100,000 local and regional authorities federated through 50 national associations in 37 European countries. Its Employers’ Platform (CEMR-EP) acts as the employers’ side of the European social dialogue committee for local and regional government.

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