

Local Government Reform in Ireland

Forum

Citizens in Focus

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Ireland – some statistics

Area 70,282 sq km

Population 2011: 4.6m

Average age: 36.1

GNP 2014: € 158.4 Billion

GNP Growth 2014: +5.2%

Unemployment Aug 2015:
9.7%

Public debt : <100% GDP
est. 2015



Number 1 of 2014

Local Government Reform Act 2014



Reform Context

Two key factors:

Local Government weakness

- structures largely unchanged since 1898
- limited functions
- weak finance
- low public confidence
- limited effect of previous proposals

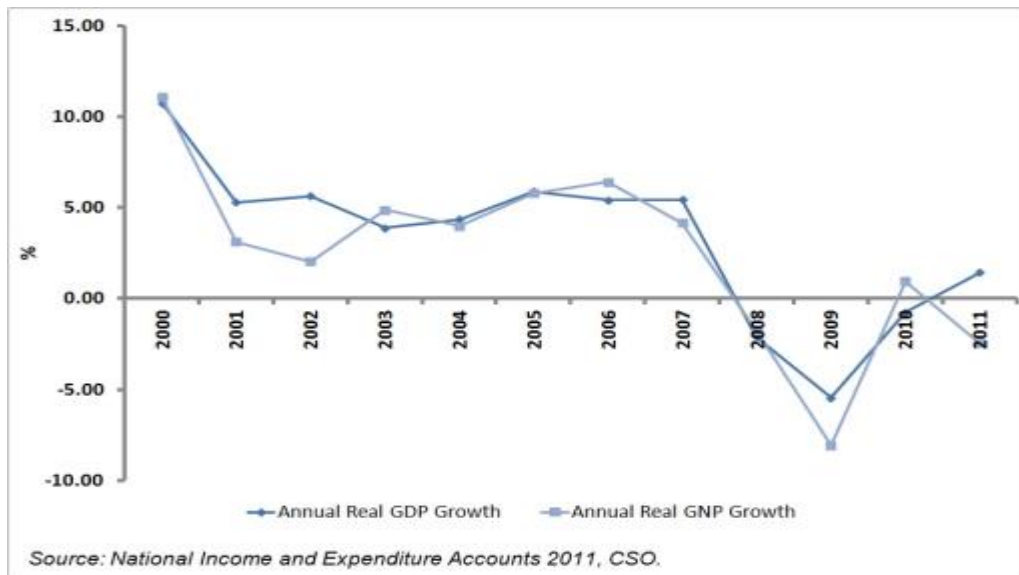
Economic crisis

- EU/IMF programme
- Severe impact on public finances - fiscal consolidation €32.4 bn >20% GDP (2008-2015)
- Public sector reform/rationalisation

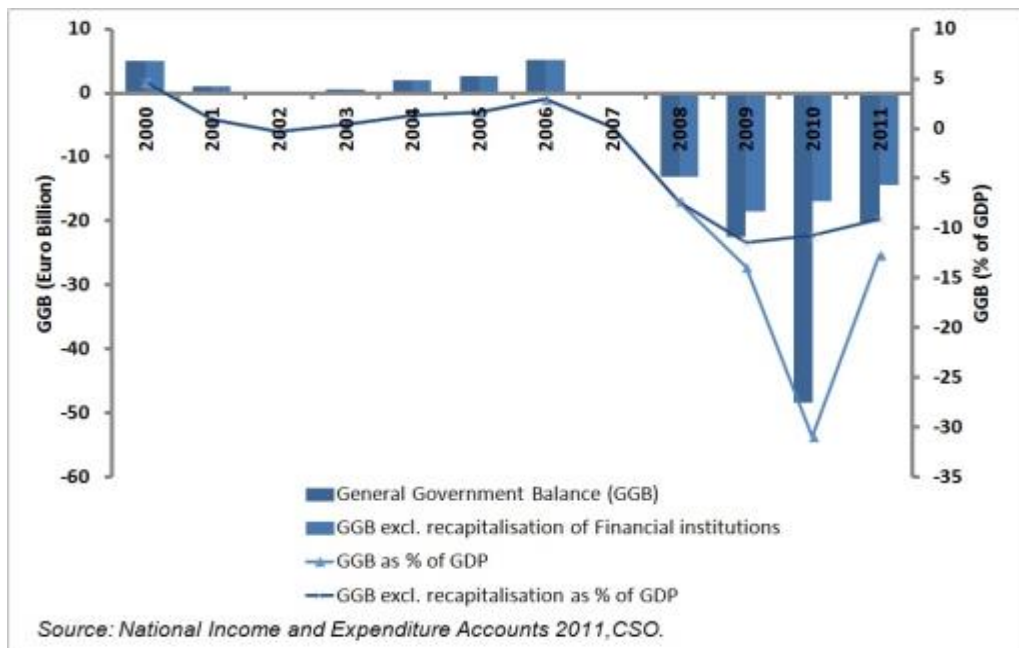


Economic crisis

GDP and GNP



Public Finances – GGB





Structures pre-reform

29 counties: population range
32,000 – 400,000

5 cities: pop. range 47,000 – 528,000

80 towns: pop. range 298 – 31,000;
expenditure range €25k - €26m

2 regional assemblies (NUTS II)

8 regional authorities

1,627 councillors



Local Government Functions - Traditional

- Housing
- Roads and Traffic
- Water
- Spatial Planning
- Environment (Water, Air, Waste)
- Fire Safety/Emergencies
- Amenities (Parks, Libraries, Community Facilities, etc)



Lack of Powers/Functions

Not Local Govt functions:

- Education
- Health
- Welfare
- Police
- Public transport

Limited role up to now in:

- Local/community development
- Economic development

Limited fiscal powers



Previous LG reform attempts

- 1971: Local Government Reorganisation White Paper
- 1973: Local Government Discussion Document
- 1985: The Reform of Local Government Policy Statement
- 1991: Local Government Reorganisation and Reform – Report of Advisory Expert Committee
- 1991: Government Statement on Local Government Reform
- 1996: Towards Cohesive Local Government – Town and County
- 1996: Devolution Commission – Interim Report
- 1996: Better Local Government – A Programme For Change
- 1997: Devolution Commission – Final Report
- 2008: Green Paper, Stronger Local Democracy – Options for Change



Putting People First

Action Programme for Effective Local Government

Department of the Environment,
Community and Local Government

October 2012



Vision

“Local government will be the main vehicle of governance and public service at local level - leading economic, social and community development, delivering efficient and good value services, and representing citizens and local communities effectively and accountably”



Rationale for strong local government

The case for strong local government:

- Advantages over centralised organisations
- Local bodies responsive to local needs and circumstances
- Local empowerment promotes commitment and “ownership”
- Overall purpose: to promote well-being and quality of life, through effective, accountable representation, and efficient services and functions

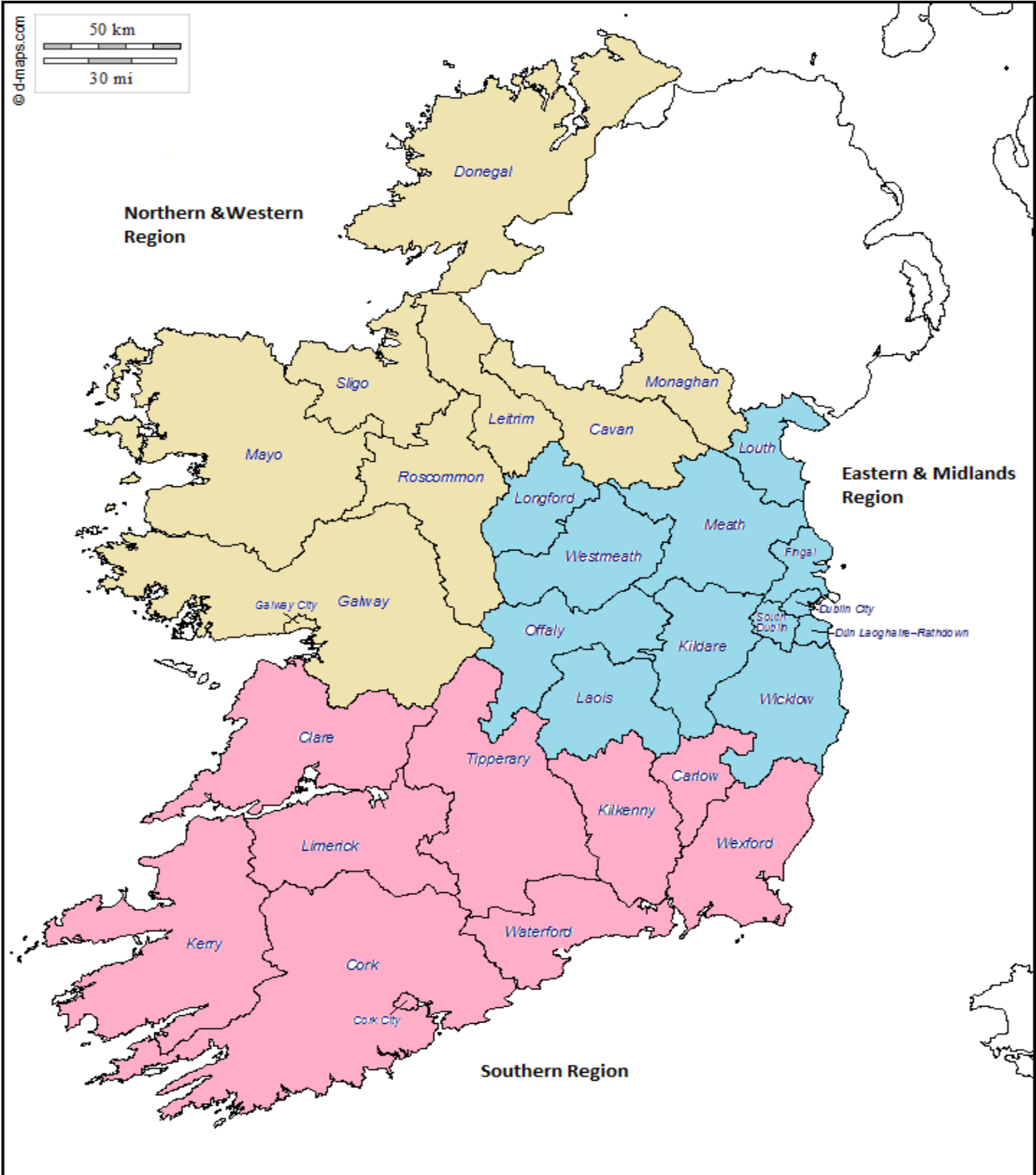


Reform - Main Headings

- 1. Reorganisation of Structures – territorial reform:** regional, county, sub-county
- 2. New Functions:** economic development, community/local development, enterprise support
- 3. Secure Finance:** stable, sustainable funding – new local property tax
- 4. Greater Operational Efficiency:** shared services, performance standards, customer focus
- 5. Effective Governance:** leadership, accountability, oversight, ethics, citizen participation, etc



Structures Post-Reform





City/County Mergers

Limerick City

Pop - 57,000; Budget - €87m

Limerick County

Pop - 135,000; Budget - €120m

Waterford City

Pop - 47,000; Budget - €60m

Waterford County

Pop - 67,000; Budget - €70m

Tipperary North

Pop - 70,000; Budget - €66m

Tipperary South

Pop - 88,000; Budget - €76m



Main Objectives of City/County Merger

- Strengthening local government - more effective governance and administration
- Improving capacity to promote economic development and address social issues
- More effective representation
- Addressing city boundary problems
- Improved services
- cost reductions - ending duplication; reduced administrative processes and management cost
- economies of scale, efficiency, more productive use of resources
- payroll savings alone approx. 5% of total budget, plus other benefits



Sub-County Reform - Aims

Address town council anomalies

- Administrative duplication
- Inconsistency – some areas without municipal status
- Restricted/outdated boundaries
- Dual franchise in towns
- Few functions, little resources
- Only 14% of population and 7% of local govt. activity but 46% of all councillors



New Municipal Districts

- 80 town councils dissolved – replaced by municipal districts (MD) across entire county
- MD **not** local authority but a sub-group of county council
- MD a decision-making unit
- Common district/county members
- Elected council functions at 2 levels
- Local decisions devolved to MD members – local area plans, bye-laws, local charges and programmes of works e.g. roads, housing and amenities
- Strategic functions at county level
- Single county-wide executive - Operational integration, efficiency



MDs County Tipperary

Local Electoral Area Boundary Committee Report 2013

County Tipperary





Regional Level

3 regions instead of 10 (2 NUTS II)

Main functions:

- Regional Economic and Spatial Strategies – built from sub-regional areas
- Management of EU investment programmes

Objectives:

- more spatial + economic linkage
- more coherence and effectiveness
- reduced administration



Reorganisation “Dividend”

Benefits not primarily financial
– stronger local government -
but also savings and efficiencies

- Efficiency with greater scale and integration
- End administrative duplication
- Less process – no separate corporate plans, strategy statements, annual reports, audit, accounts, development plans, etc - frees up resources for development, services, etc



Functions - Wider Local Govt. Role

Extra Functions Now:

- Economic Development – stronger local government role
- Micro-enterprise supports
- Local economic development plan
- Regional Economic and Spatial Strategies
- Community and Local Development - EU-funded programmes (e.g. LEADER)

In the Future:

- Power to devolve functions
- Devolution over time as LG structures, functions, funding, governance and operations strengthen



Local Govt. Finance

Total local govt. expenditure (€Bn)

	Revenue	Capital	Total
2008	5,086	6,528	11,614
2011	4,793	2,222	7,015
2014	4,173	1,094	5,267
2015	3,911	1,094	5,005

Reduction 2008-2015 = 57%



Funding reform

- New Local Property Tax (LPT)
- Sustainable funding, less dependence on Central Govt
- Some LPT redistributed to areas with less resources
- Local authorities can vary LPT rate by +/- 15%

Operational Efficiency

- 2010 Local Government Efficiency Review – measures worth €511m
- 2008/2012 overall €800m+ savings
- Staff reductions of 27%

Efficiencies without structural change

- Key measure: Shared Services – transactional, professional, IT, procurement
- Services organised collectively on a national or regional basis



Governance

Executive and Elected council

A unique system in Ireland

- **Elected council:** policy, oversight and specific “reserved” functions
- **Chief executive:** implementation of policy and general “executive” functions
- Chief executive has quite strong independent statutory powers



Governance Reform - Stronger Council Role

- Chief Executive appointment approved by elected council
- Greater council oversight of executive
 - Monthly reports
 - Report on implementation of policy
 - Report on implementation of executive functions
 - Adoption of service delivery plan
- New Strategic Policy Ctte for Economic Development and Enterprise
- Strategic Policy Cttes can request attendance by public authorities
- Statutory audit committees



Stronger Members' Role in Policy Formulation

- Enhanced information for elected council
- Members consulted at earlier stages of policy formulation
- Corporate Plan to include all policies of council
- Council power to vary rate of Local Property Tax
- New “reserved functions” for elected council



External Oversight - NOAC

National Oversight and Audit Commission

- independent scrutiny of LG performance
- review spending and VFM
- review implementation of national policy
- address performance by council and executive
- reports to Ministers and Parliament



Citizen engagement

Public Participation Networks (PPNs)

New means of structured community engagement and input to decision-making being established

- Community and sectoral groups can register on the PPN
- 3 categories: Environment ; Social Inclusion; Voluntary Sector
- Consultation by local authority with community through PPN
- Community representation on local authority committees through PPN



Key Outcomes of Reform

- More rational structures
- More equitable representation but fewer councillors – from 1,627 to 950
- Stronger governance
- New functions - reversing years of decline
- Stronger funding – more self-reliant
- Greater efficiency, less administration, cost reduction, better use of resources
- Qualitative benefits – stronger, more integrated system; more customer focus; more community focus; more credibility

Overall outcome

– a system that works better for members, for officials, and above all, for citizens

– important changes in the short term but also a platform for future development



Further Reform

- Operational Review of new arrangements - adjust if necessary
- Review of arrangements in two further city/county areas – Cork and Galway – city boundary alteration or city/county merger
- Boundary review in 4 other urban areas
- Pursue further devolution of functions

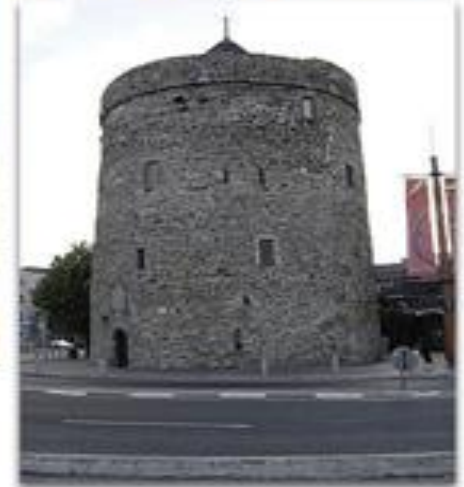


Views from the merged authorities

Tipperary Rock of Cashel – early Christian origin



Waterford - Reginald's Tower - Viking



Limerick King John's Castle – Norman period

