



DIRECTORATE GENERAL FOR INTERNAL POLICIES
POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES

REGIONAL DEVELOPMENT

THE ROLE OF LOCAL AUTHORITIES IN ADDRESSING SOCIAL DISPARITIES

STUDY

This study was requested by the European Parliament's committee on Regional Development.

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Abstract

This study provides a critical analysis of the competences of local authorities, their instruments and their role in addressing social disparities. It presents an overall description of the variety of local authority structures across the EU and then looks closely at how those authorities deal with specific policy challenges. This research is illustrated by case studies of 13 different local authorities, their challenges, priorities, approaches, and requirements. The paper seeks to identify common factors leading to the success or failure of these approaches, and suggests possible solutions.

EXECUTIVE SUMMARY

The division of responsibilities between the European Union and its Member States has been the subject of extensive discussions and research, not least in the preparation of the Lisbon Treaty. While it is highly probable that this debate will be a continuous one, with cyclical peaks and troughs, considerably less consideration is given to the complex and diverse interactions between the EU, its 27 Member States and their myriad Local and Regional Authorities.

This study seeks to provide the Committee on Regional Development of the European Parliament with what can only be an illustrated overview of the status, competences and structures of local authorities across the 27 Member States. It then proceeds to develop a critical analysis of the role of local authority policies, approaches and actions in terms of addressing local disparities. This analysis is developed from research and fleshed out through seven case studies on local situations and actions in different Member States.

The EU working group on multi-level governance has divided Member States into four categories: centralised unitary states, decentralised unitary states, regionalised unitary states, and finally, federal states. Local authorities have differing statuses and degrees of autonomy in each of the four models, and to further complicate the picture, there are significant differences between different levels of local authorities within individual states, and differences between their situation in Member States which fall into the same category.

At one end of the spectrum local authorities in centralised unitary states such as Romania or Ireland enjoy relatively restricted autonomy – even in policy areas where they have considerable responsibilities. In Federal States such as Belgium or Germany, the competences of Local and Regional authorities are defined by law, even by constitutional provisions. Local authorities have different status and competences as clearly illustrated by, for instance, a German Land and a German district municipality.

These differences often derive from historical and cultural bases. Such bases play at least as important a role in determining local authorities' approaches as do their legal or constitutional status. The formal boundaries of local authorities have often been overtaken by economic and social developments such as urban sprawl into neighbouring counties or provinces, and changing migratory or commuting patterns. Similar, though more complex, realities can be observed in border regions where economic catchment areas and settlement patterns cross national boundaries and affect local authorities from Member States with different structures of governance.

Levels of financial autonomy also vary widely between local authorities. Some are primarily dependent on national financing, while others are relatively free to fix and raise their own taxes and even to issue their own bonds to raise capital. Most depend on some level of national financing and there can also be significant differences both within and between different Member States. In some there is a formally established transparent system, often based on an amount per capita. In others, financing has to be politically negotiated on a case-by-case basis. There is a trend towards inviting local authorities to competitively bid publicly for project and capital financing. This is notable in Italy and the UK.

Local authorities are responsible, to varying degrees, for the delivery – if not always for the design – of a wide range of policies and services. This responsibility includes spatial and construction planning, housing, education, environment, transport (construction and operation), security, social welfare, health, and employment amongst others. etc. Almost all of these impact on local disparities. Local authorities also have an important function to play in the implementation and delivery of major European strategies such as

Lisbon and Gothenburg one, the Environmental Action Plan, the Leipzig Charter, and the Social Agenda, to mention but a few.

The rise of multi-level governance has resulted in an increasing need for coordinating mechanisms and platforms. These can function on a sectoral basis such as transport, but the European experience also facilitates the emergence of a territorial approach.

The "Territorial Agenda" document of the Informal Ministerial Meeting in Leipzig 2006 stressed the requirement for, and approaches to, territorial coordination. It also presented arguments for new forms of territorial governance. Euroregions are one well-established model, and the European Grouping for Territorial Cooperation (EGTC) offers a flexible legal tool for cooperation between different levels of government, public agencies, and private stakeholders across national frontiers. Such territorial groupings can be project-driven and may "mix-and-match" different formal territories.

Local authorities often find themselves having to address social disparities caused by developments or policies over which they have no control and little influence. Global economic shifts can lead to the decline or collapse of traditional industries. A city or region with a heavy dependency on a declining industry, such as metallurgy or ship-building, can suddenly find itself faced with massive social, spatial and development needs, as its tax base collapses. The case study of the Polish city of Elblag provides one such example.

The Marinha Grande case study describes a Portuguese town where over 60% of jobs are located in traditional industries (glass and plastics) and where the town council has been instrumental in launching a Territorial Employment Pact (TEP) involving the social partners and other stakeholders in a proactive effort to diversify the town's economy.

In some countries there has been a strong trend for people, particularly those on higher incomes, to move from cities proper to suburbs which are seen as offering higher housing standards (individual dwellings rather than high-rise apartments) and a better quality of life. This trend is illustrated in the Budapest and Vienna case studies. In other countries, such as France, the tradition has been more one where the most desirable residential areas are to be found in the city proper, with the suburbs (banlieu) being reserved for social housing.

A different trend has also become apparent in recent years where people leave cities not for the immediate suburbs but for towns and villages some distance into neighbouring rural areas. Such housing developments in the USA have been given the title of "exurbs". In Europe they pose questions to traditional definitions of "urban" and "rural" zones.

Migratory patterns between the towns and cities where 74% of EU citizens live and their outskirts or neighbouring rural areas impact on land and house prices, local tax bases, and services. Such lifestyle choices normally involve increased use of private cars as opposed to public transport with all the questions of sustainability which that poses.

Unchecked market forces tend to push people on low incomes into areas with low cost, and often low standard, accommodation. Local policies and interventions can either reinforce market trends, or balance them to ensure a stable social mix while avoiding the creation of disadvantaged pockets in towns and cities.

The new Member States from Central and Eastern Europe inherited housing stock largely composed of apartment building housing estates which were of course in public ownership under Communist rule. The case study of the Havanna housing estate in Budapest illustrates how city and local municipalities are dealing with privatising housing while maintaining the social fabric of their communities.

Inward migration from other Member States, or from beyond the European Union, brings new strains to bear on local services including housing, education and employment. The case study of the city of Leicester's Strategy Business plan offers an insight into how a local consortium backed by the city, national and EU funds, seeks to deal with a reality where approximately 40% of residents are from ethnic minorities.

Inward migration poses particular challenges in societies more accustomed to emigration. The Turku Diversity Policy case study shows how that Finnish city is seeking to adapt to just such a novel situation. The city of Turku has laid special emphasis on providing employment and training opportunities for the 4.4% of its population who are migrants, many with refugee status.

The structure, traditions and resources of local authorities obviously condition their capacity to develop policies to address and balance disparities. All local authorities, whatever their status, do have real local knowledge and contacts and are confronted with their local realities on a daily basis. This can allow them to develop integrated approaches and strategies in areas such as housing, health care, education and employment. Some local authorities may need to develop their capacity to bid for national and EU funding to implement such approaches.

Social disparities at the local level are multifaceted phenomena and have proved to be equally resistant to top-down narrow sectoral approaches and isolated local measures – building new housing does not by itself eliminate social disadvantages in a specific area. Coordinated actions involving the social partners, the local civil society, the local authority and the various arms of national government have shown themselves to be effectively obligatory. Local authorities have a unique contribution to make in bringing all these strands and stakeholders together.

Improving skills, offering training, associating local educational services and resources with economic development goals, form an essential part of any local strategic approach. Local authorities are, once again, well positioned to draw these different stakeholders together.

Identifying a local area's assets and marketing them is a vital part of attracting capital and human skills. Local authorities have much of that local knowledge at "their fingertips", and usually also have a relatively accurate picture of local shortcomings. There must be access to national and/or EU funding for local authorities to be able to undertake some of the investment such analyses and efforts require.

Local knowledge and experience needs to be identified, recorded and shared. Such sharing can involve Local authorities pooling best practice experiences – as indicated in the Elblag case study where Swedish and UK Local authorities were able to offer guidance to the city's authorities.

There must also be a clear operating mechanism whereby local experiences can be effectively fed into national and European policy making systems. The assessment of policies also needs to feed back into the process of creating local knowledge. The exemplary cycle from policy development to implementation and learning is piloted in all territorial EU policies which require the involvement of the relevant local stakeholders.

This study cannot provide a comprehensive view of the actions and problems of all Local authorities throughout the EU. What it does show is how different authorities have identified local problems, real or potential, and the approaches they have employed or are developing to address local disparities.

Inclusive multi-level governance is both a necessity and increasingly a reality. It needs to be studied, recorded, and facilitated as a key part of the process of achieving sustainable social and economic development.

Key Recommendations

- (1) Multi-level governance solutions can help to compensate the lack of competences of local authorities in different fields and therefore must be further promoted at EU level. Models and applicable instruments for multi-level-governance need to be developed for the local level.
- (2) Territorial approaches should be fostered also in other than the ERDF in order to create additional “access points” for local authorities.
- (3) Housing and employment are two policy fields in which smaller local authorities tend to suffer most from a lack of adequate competences to combat disparities. In these fields the EU’s enabling role (promoting projects, research and actions) needs to be further developed.
- (4) Funding-schemes which allow for “innovative” and “explorative” answers to the quickly changing local problems are essential for small and medium-sized local authorities and need to be further developed.
- (5) The promotion and support of knowledge-exchange in particular on local issues needs to be integrated in relevant EU-programmes (e.g. stronger consideration in transnational cooperation programmes).
- (6) The assessment of local policies needs to feed back into the process of creating local knowledge. The exemplary cycle from policy development to implementation and learning is piloted in all territorial EU policies, which require the involvement of local actors.
- (7) Know-how on local issues needs to be built up also within local administrations, which often tend to be overloaded with “administrative implementation” issues and the timely absorption of resources.
- (8) Activities promoted by groups of local actors (e.g. Local Action Groups) create a high visibility and ownership of results. Approaches fostering the self-responsible identification of local needs, the preparation of local strategies and the implementation (e.g. via global grants) should be further expanded.
- (9) In order to enhance the chances of local authorities in competitive funding programmes respective capacity-building programmes need to be fostered (also at EU level).
- (10) With respect to the administrative burden, related to the management of EU projects, considerations concerning the proportionality of the requirements need to be revised in particular with a view to small and medium-sized local authorities.
- (11) Local authorities should be more involved in policy design (at regional, national and EU level) in order to ensure the breakdown of the actions at the local level and the “translation” of EU strategies to local stakeholders.
- (12) The development, delivery and reporting of major EU Strategies (Lisbon, Gothenburg etc.) needs to consider and to make visible the local contribution with a view to raise the commitment of local actors.