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Local government reform – Plus ça change, plus c’est la même chose?

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Abstract

The perceived deficiencies in Ireland’s local government system have frequently been diagnosed, resulting in reports, White and Green Papers and action plans. This article reviews the main reform trajectories, paying particular attention to developments since 1971 and demonstrating that the reforms which did occur were affected by national and international developments. The form, functioning and financing of local government were recurrent themes in the reform documents, and these aspects are specifically examined. Political, administrative and decision-making structures are found to have been altered; the scope of existing functional programmes and the modes of implementation have changed noticeably; and, although the issue of local funding sources has been tackled, the centre’s financial hegemony has not been eliminated. Despite the insights of the reform documents, there is little evidence of a clear and consistent philosophy underpinning reform, so the cumulative changes represent a unique blend of innovation, incrementalism and entrenchment.

Keywords: Local government reform; form, functions and finance; innovation and incrementalism

Introduction

As the unit of public action closest to the citizen, local government is the level at which people expect their concerns to be acted upon. Local government serves democratic, developmental and delivery purposes, and systems are continuously reformed in order to achieve the best arrangement. This continuing quest is evident in the new designs and experiments in local government reform that have been chronicled by Batley & Stoker (1991) and Denters & Rose (2005), for example. Ireland is no exception, and since the foundation of the state, reform of local government has figured regularly in political discourse, with various reform programmes being proposed and in some cases implemented. As elsewhere, the impetus for reform has stemmed from internal catalysts such as political concerns, financial concerns, territorial issues, a drive for efficiency or a desire for democratic renewal, while external influences such as international trends, global pressures, Europeanisation, changing patterns of participation and technological opportunities have also shaped reform efforts. On occasion, local government reform has been promoted as an integral part of reform of the wider public sector. In other instances the reform focus has been concentrated solely on the sub-national level. This article reviews the reform trajectories, paying particular attention to developments since 1971. It begins with a chronological overview of the main reform efforts and their context. Because the form, functioning and financing of local government were recurrent themes in the reform documents, these aspects are examined before conclusions are drawn about the nature and impact of the various reforms.

Ireland's local government system: Development

Ireland's local government system reflects the country's history and changing political priorities. Counties are still the predominant units of local government. Many counties originated from Norman designations of the twelfth and thirteenth centuries, and their salience was heightened by the British system of grand juries and constitutional politics, which evolved until independence in 1922. The Local Government (Ireland) Act, 1898, enshrined the county as the sub-national electoral unit, reinforcing the cultural and social identification with counties and determining the territorial structure of local government. The allocation of functions to Ireland's local

authorities also had a historical basis. With urbanisation and industrialisation in Britain during the eighteenth and nineteenth centuries came an increase in the welfare and infrastructural responsibilities allocated to the local level. These developments were echoed in Ireland so that by 1899 local authorities were the main providers of housing, health and welfare services, and were responsible for the upkeep of roads, street lighting and waste management (Daly, 2001; Roche, 1982).

Decisions made at the creation of the Irish state moulded the local government system within a strongly centralised system that was typical of post-revolutionary societies. The centralisation efforts of the 1920s were aimed at avoiding anarchy and deterring corruption (Lee, 1985). Ninety years ago, the Local Government Act, 1925, put in place local government structures and processes which held sway until the recent swathe of reforms began in 1971. For the first fifty years of the Irish state, there were few systemic changes to local government. However, among the reforms which did occur were the abolition of rural district councils, reinforced powers for dissolution of local authorities, creation of a local appointments commission, introduction of a city and county management system, implementation of a code for local authority personnel, provisions for the constitution and procedures of local authorities, and, in the 1960s, the institutionalisation of a system of development plans for local authority areas. Significant reform plans that were not implemented included a memorandum to ministers in 1934 which suggested that 'in partnership with local officials, it could deal perfectly well with local affairs throughout the state without the pointless buffoonery and endless bombast of council meetings' (O'Halpin, 2001, p. 37), and a 1947 bill endorsing a change in the electoral system for local authorities by replacing multi-seat electoral areas with single-member constituencies. Significantly the Irish Constitution of 1937 did not make direct reference to local government. Thus, the first half-century of independence did little to boost the status or the role of local government in Ireland.

1971–91: Towards general competence

The end of the 1960s witnessed some interest in local government reform. Ireland had always been influenced by developments in the UK, and reviews of local government had appeared in Scotland, England and Northern Ireland. Furthermore, the Irish Government

appointed a Public Services Organisation Review Group to examine the operation of Ireland's public administration. Its report – commonly referred to as the Devlin report – suggested far-reaching reform of national structures and processes but also highlighted the deficiencies of the local government system. It recommended 'broadening the scope of local government so as to enable it to take a lead role in the coordination of all aspects of development in local areas' (Public Services Organisation Review Group, 1969). In response, both a *White Paper on Local Government Reorganisation* and a consultants' report, *Strengthening the Local Government Service* (the McKinsey report), were published. The White Paper asserted that 'a system of local self-government is one of the essential elements of democracy. Under such a system, local affairs can be settled by the local citizens themselves or their representatives, local services can be locally controlled and local communities can participate in the process and responsibilities of government' (Government of Ireland, 1971). The McKinsey report found problems of coordination which were detrimental to service delivery, and urged integration of administrative and technical/professional responsibility for service delivery through creation of a middle-management layer (McKinsey & Co., 1971).

In the same year a document entitled *More Local Government: A Programme For Development* was prepared by a study group at the Institute of Public Administration (IPA). The group recommended expansion of the scope of local government and embedding of decision-making bodies at regional, county, sub-county and neighbourhood levels. It also recommended changes to enable local government to operate 'responsively, flexibly and developmentally' (IPA, 1971). Thus, the early 1970s saw articulation of the shortcomings of local government and clear recommendations on how to overcome them. It was to be a quarter of a century before the McKinsey recommendations for a middle-management structure were implemented. Emphasis on the developmental role of local government was reiterated in subsequent documents but it was to take more than forty years before the developmental role was enshrined in law in 2014.

Despite many changes in the composition of national government, there were no serious attempts at local government reform between 1973 and 1985. Crucially, liability for domestic rates was transferred to the Exchequer via legislation in 1978, significantly reducing local government income. In 1985, in the context of a national public service

modernisation programme, a policy statement, *Reform of Local Government*, was issued by the government. This recommended a significant devolution of functions to local government and proposed that every town with a population of more than 2,000 be granted an elected town council. Once again, there was no political will to implement the recommendations.

In 1990 an Advisory Expert Committee on Local Government Reorganisation and Reform was appointed. However, the group was requested not to undermine the role of the county. The group's recommendations – commonly referred to as the Barrington report (1991) – urged comprehensive reform of local government structures, functions and financing. The ambitious report had the potential to transform subnational governance in Ireland, highlighting as it did the failings of the system and proposing measures to redress them. But as with other schemata for reform, the response was minimalist, selective, piecemeal and conservative. The group's recommendation for creation of eight regional authorities was implemented in 1994. A recommendation regarding the division of Dublin into a number of local authorities was also implemented, with the creation of Fingal, South Dublin and Dún Laoghaire–Rathdown councils. However, the comprehensive, phased reform that the Barrington report advocated did not gain political traction. The Local Government Act, 1991, granted local authorities general competence and rescinded the doctrine of 'ultra vires' which was perceived to limit the power of local authorities and was frequently used as the explanation for lack of innovation or entrepreneurship.

1996–2015: Waves of reform

The year 1996 can be regarded as a watershed in the reform trajectory because a number of key documents were published that year. They included *Towards Cohesive Local Government – Town and County* and KPMG's report *The Financing of Local Government in Ireland*, but the most influential document was *Better Local Government* (Department of the Environment, Heritage and Local Government, 1996), a programme which was the basis for significant processual and structural changes. It proposed changes based on four pillars, namely: enhancing local democracy, serving the customer better, developing efficiency and providing proper resources for local authorities. Its impact was far-reaching and the changes it instigated continue to be influential, particularly those facilitating strategic planning and

improving customer service. Reports published by the Devolution Commission in 1996 and an Oireachtas Committee in 1997 also advocated reform of the sub-national government system. Constitutional recognition was bestowed on local government following a referendum in 1999, finally enshrining local government's role in defining local priorities, promoting the interests of community, providing statutory services and making clear provision for local elections every five years.

The new millennium continued the impetus for local government reform. *Modernising Government – The Challenge for Local Government*, published in 2000, outlined how elements of the national Strategic Management Initiative (SMI) were to be applied at local authority level (Department of the Environment and Local Government, 2000). The *Task Force on Integration of Local Government and Local Development Systems Report* (1998) served as a blueprint for the structural reform which resulted in creation of county/city development boards (CDBs). The plethora of disparate laws relating to local government was consolidated in the Local Government Act of 2001, which also served to modernise some of the archaic provisions still in force. From 2003, politicians were no longer allowed to have a dual national/local mandate, in a move designed to separate local and national government systems to the perceived benefit of both. This altered the practice where, for example, following the 2002 elections, 138 of the 226 members elected to the Oireachtas were also members of local councils. In 2008 a Green Paper on local government reform, *Stronger Local Democracy*, was published. It outlined significant reforms for regional and sub-county levels, and advocated stronger democratic processes (Department of the Environment, Heritage and Local Government, 2008). The resultant White Paper prepared in 2010 never reached the public domain due to the imminent general election – once again, diagnosis and prescription but no curative action.

An OECD report on public sector reform was commissioned by the Irish Government. Published in 2008, it assessed that 'much of local authority activity is conducted within defined statutory frameworks and many functions are performed according to legislative and departmental guidelines' (2008, p. 243). Implementation of its recommendations was affected by the unprecedented recession which affected Ireland from 2008 and caused a shrinking of the services and staffing of local authorities. The *Report of the Special Group on Public Service Numbers and Expenditure Programmes* (2009) led to the *Report of the Local Government Efficiency Review Group* (Department of the

Environment, Heritage and Local Government, 2010) and the reports by the Local Government Efficiency Review Implementation Group (2012, 2013). All advocated a reduction in local government staffing and reform of administration and financing. The local government sector surpassed the recommendations proposed in the 2010 *Report of the Local Government Efficiency Review Group* (County & City Managers' Association, 2013). Local authority staffing decreased by 24.2 per cent nationally in the five years to 2013 while gross savings of €839 million were achieved in the period 2008–12. Achieving these savings and efficiencies involved modifying practices, attitudes and resource usage, reforms which have had lasting impact, both positive and negative.

One of the main topics during the general election campaign of 2011 was political reform, which featured in the manifestos of both coalition parties and in the subsequent programme for government, which promised 'fundamental reorganisation of local governance structures' (Government of Ireland, 2011). The reform spotlight focused on local government during 2012, with publication of *Putting People First: Action Programme for Effective Local Government* (Department of the Environment, Community and Local Government), a comprehensive document which combined aspiration and ambition, and was championed by a minister determined to reform the system. One year later, a Local Government Bill was introduced, which the Minister described as 'the most radical reform of local government in over 100 years' (Hogan, 2013). Following amendments during the legislative process, the Local Government Reform Act, 2014, became law. The Act embodied changes to local authority functions, structures, funding, performance and governance. These changes came into force following the local elections of May 2014, and are modifying the democratic, developmental and service-delivery functions of Irish local government.

This overview of the reform efforts has identified some of the recurrent themes and persistent problems confronting Ireland's local government, particularly issues regarding form, financing and functions. The Devlin, McKinsey, IPA and Barrington reports, as well as various White and Green Papers on local government reform, chronicled the perceived flaws of the system and proposed ways of overcoming those flaws. Repeated calls were made for devolution of decision-making power to the local level, increased financial autonomy, a wider range of functions and a greater developmental role for local government. As evidenced above, reforms were

implemented which particularly impacted on the three Fs of local government: form, functions and financing.

The reforms which did occur were affected by national and international developments. National purposes, priorities and perspectives impelled or constrained reform of local government. General public service reform efforts, such as those of the 1970s or in response to the 2008 OECD report, for example, shaped the reforms at local level. The institutionalisation of social partnership at national level facilitated a partnership approach at local level. International trends also influenced the nature and focus of reform. The discourse of New Public Management ensured a focus on efficiency and performance while the discourse of governance facilitated linkage between local government and local development organisations. EU policies, particularly the evolving cohesion policy, and obligations (e.g. programming, evaluation and consultation) also affected the reform agenda.

Reaction to the reforms has been mixed. Callanan (2008) highlighted the emphasis on reform of services and their delivery while also noting the increased policy role of elected representatives and the implementation of participative structures. Other assessments have been dubious, if not negative, about changes in the power or status of local government despite the extensive reform efforts. Rhodes & Boyle concluded that 'reforms targeting local government have resulted in very little devolved authority or capacity in local government' (2012, p. 40). The most recent assessment of the Congress of Local and Regional Authorities of the Council of Europe reported 'the rapporteurs had the impression that, at national level, there is a strong tendency to keep the guidance of local government affairs in central government hands, with the argument that this is necessary in order to avoid mismanagement or clientelist tendencies and to guarantee efficiency' (2013). These assessments took place before implementation of the 2014 reforms but will the latest reforms be enough to overcome the long-chronicled deficiencies of the system? The following sections assess the extent to which reforms to the structures, functions and financing of local government have produced change.

Structural reform – The ever-changing *form*

The territorial structures currently in place differ from those created in the 1920s and even from what pertained in the 1970s. The political

structures, decision-making structures and administrative structures have all undergone significant change. The new arrangements which came into effect in 2014 are intended to improve operational efficiency and value for money, with a single county-wide executive and operational structure. The 2014 reforms radically altered the political structures, reducing the number of elected councillors from 1,627 to 949. Local authorities were merged in Limerick, Waterford and Tipperary, reducing the number of councils to 31. The 80 town councils which had led and served their localities were abolished, and 95 municipal/metropolitan districts (MDs) were created. Whereas the town councils only served approximately 15 per cent of the population, the MDs were designed to endow the whole country with a structure which gives recognition and limited power to towns and their hinterland.

Regional structures, a recurrent and divisive topic in reform plans, have changed. Economic development in Ireland has always been uneven and government approaches to regional development have been capricious. The ad hoc designation of regions for various administrative purposes has often been criticised (O'Leary, 2005) but consistency has not yet emerged. Various attempts at differentiated development of sectors (e.g. tourism) or territories (e.g. Gaeltachtaí, growth poles) had been implemented before the creation of regions to coincide with EU NUTS (Nomenclature of Territorial Statistical Units) designations. In the 1990s the concurrence of the Barrington report recommendations and the EU's insistence on regional structures for Structural Fund interventions led to the creation of the eight regional authorities in 1994. A pragmatic decision to maximise eligibility for EU funding resulted in the creation of two regional assemblies in 1999. Both the regional authorities and the regional assemblies included members of the constituent local authorities but their boundaries were not aligned with other administrative regions, such as waste-management regions. The 2014 reforms led to the creation in 2015 of three regional assemblies with yet another set of boundaries, albeit with more specific functions regarding regional spatial and economic strategies, EU funding programmes, oversight of local authority performance and implementation of national policy. Yet again, the new regions do not dovetail with the designations used by state agencies, government departments and service-delivery organisations, so reform efforts have not achieved cohesion of regional structures.

Structural reform: Facilitating consultation and concertation

Within local authorities much structural change has been implemented, reflecting changed attitudes towards participation, decision-making, administration and service delivery. Following on from *Better Local Government* and the Local Government Act, 2001, area committees were established within local authorities for the purpose of dealing with local representational issues and operational issues. Area offices were established by most local authorities, enabling the delivery of services in a decentralised manner. In some local authorities these offices are linked to the new MD designations. One-stop shops were developed by individual local authorities to streamline the delivery of services and much emphasis has been placed on customer relations since *Better Local Government*.

In 2000 strategic policy committees (SPCs) were institutionalised to provide wide-ranging input on policy development. They were retained and strengthened under the 2012–14 reforms, as were corporate policy groups which bring together the chairpersons of the SPCs and the mayor/leader to act as a forum for policy issues. Since the 1960s various structures have emerged to link representatives of local government, local development, the social partners and state agencies to ensure coordinated delivery of public and local development services. They included county development teams, county strategy teams, and CDBs, which were established in 2000 and replaced in 2014 by local community development committees (LCDCs), whose role is ‘developing, co-ordinating and implementing a coherent and integrated approach to local and community development’ (Local Government Reform Act, 2014). The various linkage bodies have sought to address the problems of coordination, duplication, efficiency and effectiveness identified in so many of the reform documents. However, the constantly changing structures, roles and relationships suggest that integration issues persist.

Since the 1990s a range of structures has been put in place, bringing together governmental and non-governmental actors for specific purposes. These include county/city childcare committees, local sports partnerships, joint policing committees, social inclusion groups and Traveller inter-agency groups. Audit committees link external experts and elected councillors with officials. County/city enterprise boards provided support for the establishment and development of microenterprises until their replacement by local enterprise offices in 2014, a move aimed at strengthening the economic development role of local authorities. In 2008 audit committees were established in each

local authority area, bringing together external experts and elected councillors to review budgetary reporting practices, promote efficiency and foster best practice. The 2014 reforms put them on a statutory footing and also created a National Oversight and Audit Commission (NOAC) to provide independent scrutiny of local government performance and ensure value for money is achieved. These disparate structures achieved specific purposes but in a fragmented fashion which even the latest reforms have not totally eliminated.

In addition to the structures specifically designed around the local authority system, a network of area-based partnerships has evolved, mainly in response to EU funding opportunities. Until July 2014, fifty partnerships were responsible for the Local and Community Development Programme (replaced in April 2015 by the new Social Inclusion and Community Activation Programme) and/or the LEADER Rural Development Programme. Amid some controversy, responsibility for the management of the programmes was transferred to LCDCs during 2014 in a bid to align local government and local development activity, increase the role of local authorities in local service delivery and ensure an integrated approach to local authority community development programmes and local development programmes funded by government departments and/or the EU. This reform was expected to be ‘underpinned at national level by a new national policy framework and a more joined-up “whole-of government” approach to the planning, delivery and oversight of local/community development interventions’ (Department of the Environment, Community and Local Government, 2012, p. 32). But, to date, there is little evidence of the new national policy framework. The local-level reforms will only succeed if there is a whole-of-government approach at national level to programme design, delivery and evaluation.

While many of the reform plans outlined in earlier sections had recommended sub-county structures, the new architecture does not seem to provide the strong sub-county structures recommended by review groups of the 1970s and 1990s. There have been criticisms of the configuration of the MDs since they do not all coincide with electoral districts and some, such as West Kerry, cover a large geographical area. There are also fears that the focus on towns and the new structures may disadvantage very rural areas. Government commitment to the new structures may also be questionable since a senior minister, Brendan Howlin, TD, asserted in March 2015 that

the abolition of town councils was a mistake and urged their reinstatement. This suggestion was rapidly dismissed by the Taoiseach. Such dissension does not augur well for the new structures.

Reforming administrative structures and practices

In addition to the political structures, administrative structures have also changed as a result of the reforms. The technical-administrative divide amongst local authority staff has been eliminated since the late 1990s. Following the creation of the role of director of services, management teams have been put in place as part of the *Better Local Government* reforms. Many of the reform documents referred to the sometimes uneasy relationship between the professional manager and the elected council, and advocated more power for the elected councils. The 2014 reforms replaced the position of county/city manager with that of chief executive, who must carry into effect all lawful directions of the elected council, and must report and respond to the council as well as provide advice and assistance. Reform has also led to various structures to enable democratic input. Although community and voluntary fora in each local authority area served to select community representatives for various bodies since 2000, the 2014 reforms oblige councils to establish public participation networks as the channel for representation. These new structures are currently evolving and are expected to facilitate networking and dissemination, to identify issues of common concern and elect representatives onto decision-making bodies.

The structural reforms synthesised above reflect the changing aspirations for local government, which were framed by changing discourses of increased involvement, better coordination, efficiency, effectiveness and the avoidance of duplication. Some of the structures, such as CDBs and now LCDCs, serve both strategic and democratic purposes, bringing non-state actors into the policymaking and policy-delivery spheres, and boosting the policy role of elected members. Structural reform has waxed and waned over the years, with the most recent reforms focused on streamlining. It can be argued that there is a lack of continuity and consistency in the structures (e.g. the various iterations from county strategy teams to LCDCs), and that change has been rather ad hoc and path dependent, so the reformed structures do not attest to the radical institutional change repeatedly promised. The continuing melange of policy consideration and implementation bodies results in administrative complexity and a lack of role clarity. The problem of uneven buy-in by administrators, politicians and civil

society representatives persists even in the reformed multi-agency bodies. This has been recognised in Ireland but, as in other jurisdictions, there are no easy solutions (see Cheyne, 2015; Purcell, 2014). Cumulatively these structural changes, particularly those initiated since 2014, have altered the territorial dimension of Irish local government in an unprecedented manner, but it is not yet clear whether the structural dilemmas have been solved.

Changing tasks – Reform of local authority functions

Ireland's local authorities currently carry out a range of functions which are mainly concerned with physical infrastructure, environmental issues and recreation facilities. The functions are discharged via eight programmes, namely:

- Division A – Housing and Building;
- Division B – Road Transport and Safety;
- Division C – Water Supply and Sewerage;
- Division D – Development Incentives and Controls;
- Division E – Environmental Protection;
- Division F – Recreation and Amenity;
- Division G – Agriculture, Education, Health and Welfare;
- Division H – Miscellaneous Services.

Thus, Irish local authorities are multipurpose bodies but have narrower scope than local authorities elsewhere. The Council of Europe asserts that the range of functions carried out by local government in Ireland is limited by comparison with other countries and assesses that what we have in Ireland is 'a system of local government that is a combination of local self-government and state administration offices under "one roof"' (Congress of Local and Regional Authorities, 2013). Unlike many other countries, Irish local government does not have responsibility for health, policing or most aspects of education, and its welfare role is limited. The limited functions have been referred to in almost all reform documents. The Barrington report, for example, advocated devolution of certain functions from the centre, integration of functions traditionally carried out from the centre with the work of local authorities, and the development of local authority roles in spheres such as policing, education, health and welfare. The reports of the Constitutional Review Group in 1996 and the Oireachtas Committee on the

Constitution in 1997 advocated the development of the widest possible role for local authorities in relation to specific functional areas where the individual or local community might benefit from local administration of services. Despite the aspirations, little expansion of functions took place over the years. In fact, local government's role in health and agriculture diminished.

The Irish Government's latest reform documents and commentaries convey a message of significant expansion of the functions of local government, citing the allocation of seventy functions to the singular or shared jurisdiction of the MDs and councils. An important outcome of the 2012–14 reforms was the strengthening of the functions of local authorities with regard to economic and community development. This role expansion seems to have been actively embraced by local authorities. The 2012 action programme ascribed an important functional role to the sub-county level, anticipating that 'elected members will perform a substantial range of reserved functions at district level on a fully devolved basis, including: a local policy/regulatory role in areas such as planning, roads, traffic, housing, environmental services, recreation, amenity and community development; formal civic functions; a general representational and oversight role; and citizen/community engagement' (Department of the Environment, Community and Local Government, 2012, p. 63).

The 2014 Act seems to have taken a more qualified approach. The MDs are not corporate entities, but decision-making structures. The rhetorical rationale is that MDs will be responsive to the day-to-day needs of communities and much more representative of their priorities in setting policies and making decisions. However, their classification as MDs rather than municipal district councils or assemblies intimates a limited status. While devolved functions include placenames and parking, taxi ranks and trees, the specification of MD functions regarding budgetary and economic and community plans in the 2014 Act is tempered by phrases such as 'consideration', 'adoption of statements' and 'amendment'. While the making by MD members of a statement regarding the local authority's draft six-year local economic and community plan is to be a reserved function, such plans will ultimately be decided on by the full elected council of the local authority. The reality of reform does not seem to assign as many significant functions to districts as the rhetoric did, so the recommendations made in the 1970s and later have not yet come to fruition.

Notwithstanding the reluctance to devolve a greater range of functions to local government, the scope of existing functional programmes and the modes of implementation have changed noticeably. The growth in the range of programmes delivered at local level, the impact of both boom and bust, and the movement of functions traditionally performed by local government to specialist organisations resulted in rather unsystematic functional reform. Some privatisation of services previously delivered by local authorities has occurred, particularly waste collection and road maintenance. Health, national roads, planning appeals, administration of higher education grants, issuing of driving licences and public water supply are all functions previously carried out by local authorities which have been recentralised through various reform efforts. Such recentralisation has diminished the core identity of local authorities as service providers to their citizens. By contrast, since the 1980s the social inclusion role of local government has increased, with formal social inclusion units being established on a phased basis since 2000, and the social role of local government is expected to be enhanced through the LCDs. Similarly, local government has been given a limited policing function with the creation of joint policing committees. The functions of local government have also been affected by the agencification phenomenon, with the Environmental Protection Agency, for example, taking over some of the functions formerly belonging to local government.

While reform of the *range* of functions has been limited, considerable reform has been achieved in *how* the functions are implemented. This involved strategic approaches to planning (corporate plans are now obligatory), new modes of service delivery, increased use of technology, employment of specialist personnel, changes in procurement practices and outsourcing of certain services, as well as new consultation, benchmarking and evaluation processes. Technology has been harnessed to improve service options and delivery, and to enable monitoring and benchmarking. Currently, thirty-two shared-service projects are being implemented, with HR, payroll, pensions and ICT being prioritised as part of the most recent reform round. Reform is likely to continue, not only to the 'how' but also with regard to the 'what' and 'why' of local government functions.

Money, money, money: Reform of local government *finance*

The issue of financing of local government has always been contentious and calls for greater financial autonomy for local

government have been frequent. From the 1920s onwards there was continuous growth in local services and in the level of state subvention for local services. However, no significant changes to the structure of local authority finance took place for many years.

Revenue issues

The Walker report of 1962 recommended a combination of own resources and state grants. This was followed by the establishment of an interdepartmental committee on local finance and taxation, which published three reports during the 1960s. In 1972 the government issued a *White Paper on Local Finance and Taxation*, which suggested that local authorities be given a general power to charge for their services, and also suggested changes with regard to rates and valuation. Another report was published in 1975 by the Economic and Social Research Institute and dealt with economic aspects of local authority expenditure and finance. Again, it envisaged rates as a form of local taxation. However, following an election promise, liability for domestic rates was transferred to the Exchequer from January 1978. This had a negative effect on the finances of local authorities, from which they have never recovered. Although national government was to provide a rates support grant to compensate for the domestic rates, this system did not provide sufficient funding. Also during the 1980s rates on agricultural land were terminated following a court case.

In 1985 the National Economic and Social Council published a report entitled *The Financing of Local Authorities*. This recommended that local authorities should have greater discretion to determine their overall spending levels and urged some form of property tax. That year also saw publication of the *Fourth Report of the Commission on Taxation*, and again this argued for a significant independent source of locally raised funding. It argued that national services should be financed from central taxation but that there should be some form of property tax (Commission on Taxation, 1985). Thus, there was strong support for local taxation among experts but the political will to support local taxation was not evident. Service charges were introduced in the early eighties for domestic water in urban areas, domestic refuse and sewerage, and in some cases for library services. There was strong public opposition to the service charges and they did not yield the anticipated revenue for local authorities.

The 1990s witnessed significant reform of the financing of local government. The Barrington report concluded that there should be a link between spending and raising money, and urged that local

authorities raise a significant proportion of revenue at local level. The KPMG report of 1996 recommended a local property tax (LPT) or local income tax to provide necessary buoyancy for local government finance. It also suggested an equalisation element to provide support for local authorities whose funding base was weak or limited. Notwithstanding changes of government, many of these recommendations were actually implemented. In conjunction with the reforms under *Better Local Government*, efforts were made to improve the financing of local government. The Local Government (Financial Provisions) Act, 1997, led to the full proceeds of motor taxation becoming a dedicated local government revenue source to replace service charges and the rates support grant. This system was superseded by the Local Government Fund (LGF) in 1999. This was funded through a combination of an Exchequer contribution and the net proceeds of motor tax. The Exchequer contribution was ring-fenced and index-linked, and had to make provision for additional expenditure needs incurred by local authorities as a result of new tasks assigned to them by government. The LGF also included an equalisation element.

A needs and resources model was implemented in 2000 and, although complex, did improve the financial position of rural local authorities. The revamp of the development contribution system under the Planning and Development Act, 2000, also helped increase the income of local authorities. During the Celtic tiger era, the income from development levies provided local authorities with significant discretionary funding. The valuation base of local authorities increased continually as a result of national economic growth, and revenue from motor taxation increased exponentially. A major review of local government financing was commissioned by the Minister for the Environment, Heritage and Local Government in 2004, and the resultant 2006 Indecon report focused on local authority current expenditure. It maintained that the funding gaps it predicted would 'have to be addressed by a combination of efficiencies, increases in charges, commercial rates or motor taxation, new sources of local revenues or increases in exchequer funds or a reduction in services' (Indecon, 2006, p. iv). Initially political willingness to implement the income-generating recommendations was absent. The then minister stated that 'the revenue generating options identified by the consultants run counter to current Government policy' (MacCarthaigh & Callanan, 2006, p. 7). The Department of the Environment, Heritage and Local Government, however, did

implement suggestions relating to sharing of services, contracting-out of services, and further changes to the financial management system and service indicators in local authorities.

The recession of 2008 had a devastating effect on local government financing, significantly reducing local income and necessitating spending and staffing cuts imposed by central government. A 2009 Act broadened the revenue base of local authorities through the introduction of a charge on non-principal private residences. As part of the *EU/IMF Programme of Financial Support for Ireland*, the government committed to the introduction of an LPT. An interim household charge was implemented in 2012, with an LPT introduced in 2013. Following the reforms of 2014, local service delivery is linked to local revenue-raising, and from 2015 local authorities have discretion in setting the property tax level since a variation of 15 per cent is allowed vis-à-vis the national central rate. Fourteen local authorities opted to reduce the level of LPT in their areas for 2015. It is envisaged that the tax will expand local government revenue since 80 per cent of the LPT will be allocated to the local authority which collects it, with the remaining 20 per cent forming an equalisation fund. The establishment of Irish Water on 1 January 2014 further affected the funding model for local authorities. Service-provision responsibilities moved from the local authorities to Irish Water, infrastructure is being transferred, financing arrangements have altered and local authorities are operating on behalf of Irish Water under service-level agreements. General purpose grants in 2014 were reduced to €282 million (from €637 million in 2013), reflecting the removal of water-related costs from local authorities to Irish Water.

Financial process reforms

In addition to revenue reforms, many financial-process reforms have been put in place, reflecting the modernisation trajectory within Ireland's public sector. *Better Local Government* led to systemic changes such as the appointment of dedicated, qualified finance officers. Other financial reforms included a move to accrual accounting in 2000, establishment of audit committees in 2008 and the publication of an accounting code of practice in 2010. Since 2005, local authorities have been obliged to produce corporate procurement plans, and a strategy for e-procurement has been in place since 2003. Adoption of technology has also led to further improvements through use of systems such as CORE and Agresso. These centrally driven changes have had positive outcomes on the administration of local government

finance. The Local Government Audit Service provides independent scrutiny of the financial stewardship of local authorities and other local bodies. It audits each local authority's accounts each year and issues an audit opinion on the council's annual financial statement. The Value for Money (VFM) Unit was established in 1993 and by 2010 had published twenty-five VFM reports. It broadened its scope in 2009 to include 'enquiring into councils' arrangements for securing economy, efficiency and effectiveness in the use of resources' (Department of the Environment, Community and Local Government, 2014, p. 125). Risk-management processes have been introduced nationally and locally to ensure optimum return from resources. The establishment of NOAC will ensure scrutiny of the performance of local government bodies against relevant indicators and will assess their financial performance and value for money, as well as promoting best practice.

Although it had been observed that 'relative to other OECD countries, there is little local fiscal autonomy in Ireland' (OECD, 2008, p. 41), recent reforms are beginning to address some of the perennial challenges which beset Ireland's local authorities, such as the need for local funding sources. However, the financial dependence on the centre and the centre's financial hegemony have not been eliminated.

Conclusions

'The capacity of local government in Ireland matters because the functions it carries out matter, both to the citizen and the state' (Boyle & O'Riordan, 2013, p. 23). Have the reforms ensured that capacity? The review of reform documents at the beginning of this article highlighted the perceived shortcomings which were repeatedly identified. Those functional, financial, structural, administrative and managerial dimensions of local government in Ireland have been the focus of broad reform, culminating in the changes implemented in 2014. However, despite the range and insights of the many reform documents, there is little evidence of a clear and consistent philosophy underpinning reform over the years. Rather, politically acceptable changes reflecting national priorities and international modes and discourses, as well as some system-specific innovations, have been pragmatically grafted on to a system which lacks proper recognition from the public, as well as from national officials, politicians and commentators.

Neither the authority nor autonomy of local government has changed fundamentally. Although their economic development and

community development roles have been recently enhanced, the core functions of local government have not been expanded despite the rhetoric of the reform documents. Financially the most recent reforms could increase autonomy but central government seems intent on decreasing financial support in line with the potential gain from the LPT, thereby negating the expected benefit for local authorities. Ostensibly there has been significant structural reform, particularly at sub-county and regional levels, but the outcome is a series of structures which are likely to be rendered impotent by enduring partisan, functional and revenue-raising constraints. The establishment, in June 2015, by the Minister for the Environment, Community and Local Government of a Local Government Advisory Group and Local Government Forum to carry out an operational review of the new local government arrangements is a welcome development. Its findings will provide a useful assessment of the reform impact.

Various factors have served to facilitate or impede reform. The reforms of 1996 and 2014 have had the most obvious impacts, whereas in 1991 and 2008 plans for comprehensive reform had also been carefully compiled but were not executed. One difference has been the political championing (by Ministers Noel Dempsey and Phil Hogan) and Oireachtas support for the reforms that were implemented. The 1996/2001 reforms impacted asymmetrically due to uneven buy-in by elected representatives, administrators and non-governmental actors. Despite the dominant discourse of partnership and collaboration, the particularist discourses of the partners and sectors have persisted. If fully implemented, recent reforms could achieve horizontal and vertical accountability, and enable the various governance networks to achieve their purpose and potential. Innovation has occurred in service design and delivery and in administrative processes but levels of innovation vary between local authorities.

Political and operational reform has been achieved but systemic problems remain, particularly regarding the central–local relationship, financing, and the roles of politicians, administrators and non-governmental actors. Lessons have been learnt from elsewhere. International ideas have been adopted and adapted but in a reactive, rather than proactive, way. The reform path to date represents a unique blend of innovation, incrementalism and entrenchment aimed at tackling persistent challenges regarding the form, functioning and financing of local government.

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