



**Brief report of the 2nd EPSU workshop on
“Decentralisation, the changing role of the State and trade union responses”
Ver.di training centre, Berlin, 15-17 December 2005**

1. Introduction

This meeting was the second in a series of three workshops organised by EPSU in the framework of the TRACE project <http://www.traceproject.org>. 13 representatives from EPSU affiliated unions took part, from Austria, Belgium, Bulgaria, France, Germany, Greece, and Romania (see attached participants' list). The workshop addressed the same questions as the first workshop in Oxford: what does decentralisation really mean? Why and how is it taking place? Does decentralisation improve the quality of services to citizens? What impact does it have on employment and trade union organisation? Participants were asked to prepare case studies around these questions.

A discussion was also held on the outline of the project's final outcome, a handbook on public sector decentralisation including a glossary. This will be developed in the next months on the online TRACE server (see further comments at the end of the document).

There were also general presentations on:

- EPSU and the EU direct and indirect impact on public administration and public services in general, the European social dialogue and EPSU campaign for an EU Framework on public services;
- The concepts, definitions and trends in decentralisation from the European Institute for Public Administration (EIPA) and views from a member of the French National Council of local civil servants' training.

The workshop report, all the case studies¹ and other written materials presented and discussed at the workshop are on the TRACE section of the EPSU website.

2. General presentations

Main challenges

An introductory tour de table identified the following main challenges public sector workers and trade unions are facing:

- ✓ The speed at which restructuring takes place makes it more difficult for unions to react. Also, involvement at an early stage depends on the nature of change - in the case of decentralisation, overall there is no trade union involvement prior to the reforms;
- ✓ Outsourcing and decentralisation are key challenges: as in Oxford the link between the two was very much stressed and sometimes the terms were used interchangeably;

¹ We are waiting to receive some of these in written form.



- ✓ Changes in pension and social protection are common, leading to reduced rights and employment (e.g. in France 40% of civil servants will soon retire, a majority of whom will not be replaced);
- ✓ Changing role of the state from political decision-taker to public regulator;
- ✓ Erosion of the civil service status (e.g. in Austria, the share of civil servants in total public sector workforce is about 30% compared to 50% 15 years ago);
- ✓ EU impact, often felt as a negative one.

In response to these challenges participants stressed the need to reinforce cross-border trade union cooperation and campaigns to help bring about the positive role public services should play in Social Europe. TRACE, and the EPSU and PSI campaigns on public services have therefore key role to play.

EPSU and the EU impact on public services

EPSU's presentation pointed out that the current debate on restructuring in the EU is largely focused on the impact of globalisation pressures on internationalised sectors. One of EPSU's reasons for taking part in the TRACE project is to bring more visibility to restructuring taking place in the public sector. Many public services (as other services) are local but they are also affected by similar pressures (e.g. for cost reductions).

Furthermore, the EU restructuring debate should also be about identifying new, or alternative, areas of growth and employment and here public services should be playing a much bigger role. In its 2005 Employment report, the Commission has for the second consecutive year identified health and social services as job-creation sectors.

EPSU members have become familiar with the EU impact on public services (sectoral liberalisation directives, public private partnerships, public procurement and more recently the services directive), but perhaps less well-known is the growing impact of the EU on the organisation of public administrations, in spite of limited EC competence in this area. This takes the form of benchmarking both at EU and OECD levels, implementation of social directives as well as social dialogue, ECJ cases relating to mobility and recruitment procedures, EU accession criteria, Commission's promotion of e.government, influence of private sector human resources management, and last but not least the “*better regulation*” agenda and related administrative simplification provisions in the services directive. The informal network of EU Directors General for Public Administration, with whom EPSU is trying to establish a social dialogue, discusses some of these issues.

The EU perspective on public services is ambiguous. Although the EU recognises that public service missions (not public services as such) as defined by Member States take precedence over competition policy, in practice the EU promotes the marketisation of public services. This is why EPSU wants an EU positive legal framework for the development of quality public services throughout Europe. A presentation of the content of such a framework was provided to help guide the seminar discussion and collect more inputs on quality public service standards.

The absence of a clearly defined public sector/administration Commissioner and Council of Ministers, in contrast with other sectors, means that the EU agenda is driven by an internal market/competition perspective. It also means that we do not have a clearly identified interlocutor within the Commission to raise restructuring matters, unlike other sectors (e.g. transport, car, textile but also energy etc where different Directorate Generals of the Commission have responsibility).

EIPA presentation on decentralisation

The EIPA presentation provided a typology on the different political and administrative decentralisation structures of EU members states – i.e. political, administrative and/or fiscal decentralisation- and highlighted pros and cons involved. While different terms and processes are at play such as devolution, deconcentration, delocation, decentralisation, they all imply a transfer of authority, responsibility and resources. There is a lack of comparative information and analysis on this issue. There is no single recipe for the best way to provide public services to citizens but shifts towards decentralisation tend to be supported by arguments about the local level being better placed to identify and respond to citizens’ needs and aspirations. On the other hand, there is also at times an assumption that the local level cannot do as well as central government. Clearly it makes a difference whether decentralisation is imposed or not, and whether financial and human resources are also decentralised. There can also be tension between ensuring equality in the provision, and quality of public services, and in adapting to specific needs.

National (and indeed EU) public service standards and/or frameworks remain necessary to ensure equity across national territory while allowing for local specificities. The EU already defines public service obligations in the network industries (gas, electricity, post, and soon railway) and quality standards (water). There are also “softer” requirements regarding childcare provision for example. During the discussion it was said it was important that EU and national frameworks be negotiated with trade unions involving citizens. Such frameworks must protect and promote public services. If decentralisation takes place, it is important that such standards are addressed.

Overall, there is still little real integration of the EU level of governance in national/local administrations, which is partly due to lack of resources including training on EU matters.

Contribution by and comments by CNFPT (National Council of local civil servants’ training)

Jean Pierre Bouquet, local MP and civil servant at the CNFPT shared his experience on the motives and effects of decentralisation. The importance of terminology was stressed as the same words can in fact mean different political structures (e.g. Romania’s 41 “regions” are in fact small units closer to French “*department*” than regions), which makes comparison of different civil services difficult.

In Jean-Pierre’s views “*the state decentralises what it does not do well or can no longer regulate*”. Financial aspects play a very important role in determining the nature of decentralisation, its impact on quality public services and the definition of the general interest. In France between 2002 and 2005 the public debt increased from 60% of GDP to 66% (excluding public pensions). This explains that the current decentralisation phase in France is mostly motivated by financial considerations unlike the previous decentralisation phase in 1982. Discussion on the size of the public debt needs to take into account that public debt can be tool for investment in future gains, e.g. research and development and that poorer regions may be more dependent on public sector employment and so therefore more vulnerable to budget reductions (e.g. Belgian Wallonian region).

Participants pointed out that sufficient resources are a major ingredient of a successful decentralisation. There was also a discussion on the link between debt level and share of public sector employment, and on the absence of EU tax policy. It was suggested that these macroeconomic aspects should be dealt with more extensively in the 3rd workshop.

3. General case studies

The working groups were country based.

In the first working group session participants discussed different case studies: the merging of 5 hospitals into one in a Belgian province for mainly financial reasons; changes in Romania about the organisation and financing rules in the local water sector; France's second round of decentralisation, notably in the education sector; and two German cases, one relating to veterinary controls in the Eastern part of Germany, the other relating to restructuring of the region in Hanover (see written reports for details).

A discussion followed on the role of trade unions and whether we should be more proactive in a positive public service agenda building alliances with service users. For a majority trade union campaigns in the defence of public services are doomed to failure if service users are not taken on board. For others trade union priority should remain focused on protecting jobs and pay and working conditions. This "*citizen/worker*" issue needs to be addressed in a coherent way.

4. Decentralisation, collective bargaining and quality public services

The second working group and plenary sessions then tackled questions raised in the case studies by theme, i.e., the link between decentralisation and changes in collective bargaining, quality of public services and the role of the EU.

The examples of decentralisation given by participants indicated, as in the first workshop, that the motivation for reform is not linked to concerns about the quality of services. Political and financial expediency play a role, and for the new and candidate countries the new allocation of responsibilities has been/is prompted by accession to the EU (access to structural funds, ability to implement EU public procurement law).

There is a clear impact on employment and working conditions, and also on trade union organisation as well as, in cases of outsourcing, trade union membership (because of the lower unionisation in outsourced activities).

Trade unions are mostly not involved in decisions prior to decentralisation. In the cases where they are involved, they are not listened to. Decentralisation is deemed a political or administrative reform, and as such is outside regular informing and consulting rules on restructuring. Trade unions are mostly involved after a decision has been taken to address changes in personnel and working conditions matters and mitigate possible negative effects.

This is an issue that may require changes in legislation and trade union rights on information and consultation. In this it would be interesting to know the extent to which the EU directive on information and consultation is being helpful. We know that the directive is not well or not at all implemented in public administration.

The table below shows examples of the effects of decentralisation, as told by participants. Both positive and negative effects can take place at the same time. Trade unions can counter negative effects (and here cooperation between trade unions is key) and user involvement or local referenda (e.g. German case relating to veterinary controls) can also play an important role. These examples will be useful for the handbook that will include both positive and negative examples of restructuring and decentralisation.

Positive and negative examples of restructuring and decentralisation

PROS	CONS
<ul style="list-style-type: none"> • improve quality of services: e.g. France’s high schools, rail and road, countryside opening up, Germany’s kindergarten, water licences in Bulgaria • increase inter-city partnerships (e.g. France) • improve role of the state and local authorities • quality norms better influenced by local authorities (e.g. Germany) • local democratisation and vote sanction that may limit the scope for reducing public services (e.g. Germany, Romania, France) • increase employment (first decentralisation round in France) • greater staff cohesion (e.g. Belgian hospitals), simplicity in terms of key employer/interlocutor (e.g. Germany), 	<ul style="list-style-type: none"> • reduce employment especially civil servants (e.g. Austria, Germany) • develop two-tier workforce (e.g. Austria), pay rise for managers and pay freeze for other staff (Greece) • increase risks of externalisation/privatisation if not coupled with sufficient resources (e.g. Vienna university) • tendency to decentralise “expensive” services e.g. social services but without the necessary means to ensure quality and continuity of services • corruption linked to public contracts (France; Romania) • can be more difficult to organise workers, especially if on different terms and conditions • Overall all the above can lead to a reduced quality of services, which in turn exacerbates users’ unmet demands placing pressure on staff

In light of the above, participants’ expectations from the EU can be summed up as follows

- ✓ Common standards and principles through a legal framework on Services of General Interest quality standards to support national/regional ones, financial rules and participation of trade unions and citizens. Equal access, social justice, affordability, good organisation are key concepts;
- ✓ Common social and working conditions standards (information/consultation rights, working time, training);
- ✓ Limits of marketisation of public services. Should we more concretely set out what we think the ultimate perimeter of public services is and how far can we externalise and privatise?

5. Conclusions and project outcomes: handbook and online server

As was stressed in Oxford, the relationships between different levels of government are under constant review everywhere. A central question for us is what are the best trade union strategies and essential requirements to ensure that decentralisation really brings better services. Decentralisation does not automatically lead to outsourcing and loss of trade union and public power, but clearly it can pave the way for negative reforms. It largely depends on political objectives and financial context. The guiding criteria on choices of transfer should be long-term policy objectives on the basis on peoples’ needs

Compared to Oxford, the second workshop laid more emphasis on the (future) role of the state – from service provider to service regulator – and on the role of the EU. It also addressed the different roles of trade unions, i.e., working conditions and employment vs wider user needs’ issues. The issue of the civil service status surfaced many times in the discussion, as a guarantee to keep same working conditions in place in case of

decentralisation (French case study). The EPSU campaign for an EU legal framework on public services, support for which was formally endorsed by the Executive Committee just before the workshop, was also given more prominence in the discussion.

Trade union handbook

Participants discussed a first outline of the handbook, which will take the form of a checklist on "dos" and "don'ts" on decentralisation of services.

- EU and national institutional framework on public service standards, trade union rights and social dialogue;
- Reasons for decentralisation and resources allocation: Political? Financial? Meeting real needs? Will transfer include transfer of funds? Is there a (legal) framework for standards? Is there a (legal) framework for collective bargaining?
- Human resources management policy and training;
- Workers' information and consultation rights, prior reforms and during implementation;
- Trade union cooperation and social dialogue: decentralisation means multiplicity of players that requires trade unions cooperation at all levels;
- Potential risks and gains;
- Glossary.

The EPSU secretariat will now draw up a skeleton handbook with the main headings for the different sections. Each section will be illustrated with information from the national case studies that have been provided to date, plus those we may receive in the next months. An ongoing version of the handbook will be on the EPSU TRACE server (see below) and the 3rd workshop (in June) will discuss and finalise the text.

Online server

Participants also discussed the layout of the TRACE online server, which is now up and running and available on the EPSU website. The purpose is to collect TRACE-related information (background information and meetings) and follow new developments relating to decentralisation/restructuring. Country factsheets on government and administrative structure and collective bargaining arrangement in public sector will also be published.

All EPSU affiliates can join TRACE, and members can download and publish documents (files) and post short messages, like on a regular email system. The server is accessible from the EPSU homepage.

username= epsu
Password= network

Work on the handbook will be the main activity in the run-up to the 3rd workshop in June (date to follow). For the third workshop, Oxford and Berlin participants will be invited to come together. As well as working on the handbook, the workshop will include sessions on macro-economic policy, the legal framework on public services at national and EU levels and the role of social dialogue.

5. Final remarks

Last but not least, participants stressed the value of the working group sessions and suggested that more time should be set aside for these (so more than 90 mins!). Attached to this note is a short questionnaire for participants, where other suggestions and comments on this report would be welcome.

PC/NS/HK

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