



**Brief report of the EPSU workshop on
“Decentralisation, the changing role of the State and trade union responses”
Ruskin College, Oxford UK, 30 June – 2 July 2005**

1. Introduction

This meeting was the first in a series of three workshops organised by EPSU in the framework of the TRACE project <http://www.traceproject.org>. 19 representatives from EPSU affiliated unions took part, from 12 countries. Most but not all came from the LRG or NEA sectors (see participants' list), and there was a mix of representatives from both “new” and “older” Member States.

The aim of EPSU's TRACE project is to examine the impact of decentralisation on public services and employment and to analyse how decentralisation is linked with more general trends regarding the changing role of the State. At the end of the project we shall produce a handbook for affiliates based on the experiences gained during the project. The term “decentralisation” is interpreted broadly to include the decentralisation/relocation of administration as well as the devolution of political power and responsibilities.

The Oxford workshop laid the ground for future work on these issues, including in two more workshops: 15 to 17 December 2005 (in the Ver.di training centre in Berlin) and April 2006 (date/venue to be finalised).

The workshop addressed questions such as: 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 prepared case studies around these questions and there were also general presentations on:

- EPSU and its work in relation to public services;
- The concepts, definitions and trends in decentralisation from the European Institute for Public Administration;
- The links between decentralisation, new public management and impact on industrial relations, from the Labour Research Department (LRD).

The Conference report, all the case studies and other written materials presented and discussed at the workshop are on the EPSU website.

2. General presentations

EPSU and public services

EPSU's presentation covered the background to the TRACE project and 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 this respect, 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 the EU to support a positive agenda for the development of quality public services throughout Europe.

EIPA presentation on decentralisation

The EIPA presentation explored the concepts linked to decentralisation, and some of the pros and cons involved. There is a lack of comparative information and analysis on this issue so it is not easy to draw firm conclusions. In the new Member States the issue of decentralisation is recent, and refers to administrative decentralisation rather than political and/or fiscal. 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.

From examples of decentralisation given by participants, it is not evident that the motivation for reform has been linked to concerns about the quality of services. Political expediency has also played a role. A number of recent changes in the allocation of responsibilities in the new Member States have also been prompted by accession to the EU (access to structural funds, ability to implement EU public procurement law). The EU also defines public service obligations in the network industries (gas, electricity, post) and quality standards (water). At EU level there are also “softer” requirements regarding childcare provision for example. The workshop however did not discuss whether EU policy in these areas has an impact on the level at which they are provided within Member States (e.g. implementation of EU policies by regional/local authorities e.g. transport, environment or social inclusion; the additional spending required to implement EU policies).

LRD presentation

The LRD presentation illustrated the common features of the public sector management reforms taking place in many OECD countries and their links with decentralisation, e.g. budgetary reform, customer orientation, drives for efficiency. Again, debate remains largely national even though recommendations made for instance by the OCED level can have repercussions at national level (e.g. recommendations made to Denmark to reduce numbers of municipalities in order to increase the scope of outsourcing) There seems to be little societal debate on the nature and implications of reforms. In this respect, a coordinated EU level discussion could encourage wider debate and provide a forum for evaluation and assessment. To note, is that the EU Directors General for Public Administration do in any case discuss these issues.

In terms of the impact of restructuring/decentralisation on collective bargaining, the LRD presentation argued that collective bargaining (at least on the main terms and conditions of employment) cannot be significantly decentralised if funding remains central. The UK example shows the need to maintain a national framework to prevent a race to the bottom at local/workplace level. Interestingly, the LRD research points to similarities in pay and

conditions between sectors with, and without, sectoral bargaining arrangements. This was explained by “copy cat” behaviour by companies in decentralised sectors.

3. Working group sessions

The working group discussions were either country-based or divided between local regional government representatives from central government.

In the first working group session participants discussed the different case studies that had been prepared and selected 3 case studies to be presented in plenary session. These were the case studies from Norway, on the delocalisation of civil servants, a move motivated by a mix of political expediency and desire to foster good jobs in more remote areas; from Croatia, on decentralisation of health and education systems, and where a recent Court ruling had ended a levy on non-union members towards the “cost” of the collective agreement; and from Denmark, on trade union involvement in an ongoing recentralisation process involving a reduction in the numbers of municipalities and regional councils.

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

Decentralisation and collective bargaining

The report back from the first working group session on *collective bargaining* illustrated some of the conceptual hurdles of discussing this issue. Are we focusing on the decentralisation of collective bargaining or the impact of decentralisation *on* collective bargaining? Or both? From the discussion it seems that political decentralisation does tend to be accompanied by a degree of decentralisation of collective bargaining, especially when the funding for financing the services is also decentralised. However, the discussion did not go much more into detail on this.

The working group made up of LRG participants saw this question more in terms of the need for coordination of collective bargaining. In the new Member States (and Turkey) unions have to approach each municipality. In Turkey for example unions have signed agreements with 400 municipalities but this still leaves many more to go. Clearly if both sides can coordinate and agree on a national framework for certain issues at least, this is easier.

While there was in some countries (e.g. Croatia, Czech Republic, Turkey, France) a clear link between decentralisation and outsourcing, the trend towards outsourcing, privatisation, PPPs appear to be more general. There is a clear impact on employment and working conditions, and also on trade union membership (because of the lower unionisation in outsourced activities). In this respect the acquired rights directive is a key piece of EU legislation and merits further discussion. However, unions need also to propose alternatives to outsourcing and privatisation (e.g. inter-municipal cooperation. From the examples given, outsourcing is either being obliged directly by law (e.g. in Croatia for cleaning and security services) or “encouraged” by tight spending limits (e.g. Turkey, UK).

We did not discuss how decentralisation impacts on differences in employment conditions (including freedom of association) between workers and/or civil servants in national government and those in local and regional government. In most countries it seems that conditions are better at national level. In Croatia for example, it was said that the employment conditions of government civil servants are not as good as those in the regions, but whether this is linked to decentralisation is not clear.

There were also many general comments about insufficient trade unions rights and collective bargaining, e.g. problems in coverage in Czech republic, Baltic countries; or in freedom of association (civil servants in Turkey); or on right to strike (civil servants in Estonia). Unions in both “old” and “new” complained of not having enough say in changes introduced by the government and which affected their members e.g. Croatia, Denmark, Norway, and Czech republic...

Reference was also made to the consequences of an ageing workforce (and ageing trade union members) e.g. Denmark where an estimated 25% of trade union members will retire in next 5 years.

Decentralisation and quality of services

Discussion in this working group was mixed. The issue of finance clearly plays a central role in determining the impact of decentralisation on quality of services e.g. if municipalities do not have the resources to meet their responsibilities. This is partly a question of having limited rights to raise local finance (which is a problem in some countries, e.g. Latvia) but more a question linked to the distribution of resources within countries, within regions, and indeed within Europe. In some countries there are strong pressures to reduce the costs of public services, e.g. Sweden, Norway, Denmark, France. In France the pressure to save money has triggered the decentralisation of elderly homes from the regions to the “department” levels. This has led to a deterioration of the services and greater private sector involvement (which in turn has led to higher costs and greater inequalities). In the Czech Republic healthcare decentralisation has paved the way to privatisation. In other countries this is less apparent, but nobody expected big increases in spending on public services. The need for such increases has been identified in the EU report on social inclusion in the new Member States.

In determining *quality*, general interest criteria must be used, at every level. An example was given of the need for common, inter-municipal policy (e.g., regarding refuse disposal in Athens); for national policy (e.g. regarding reducing gaps between prosperous and less prosperous regions); and indeed for EU policy (e.g. the structural and cohesion funds, or universal service obligations in telecoms or energy directives). With the marketisation of public services and erosion of public service ethos, these general interest “measurements” are weakening.

Should we make these general interest measurements more explicit? Clearly “market-based” indicators are not appropriate but, as the LRD presentation showed, they are being used more and more. Also to take into account is that Member States are increasingly obliged to specify their public service objectives (for example in relation to network industries or State Aid policies). Many participants said that citizens have a positive view about the quality of public services, and it is worth considering whether appropriate indicators could reinforce this.

Finally, there were some comments on education, which was felt to illustrate many of the issues regarding levels of responsibility, finance, standards and choice. It was surprising to learn, that twice as many children go to private schools in Denmark than in the UK. To note, there has now been an interesting case in the ECJ, based on freedom of movement principles, forbidding Austrian Universities from refusing German students, and which has forced a change in the Austrian education system.

4. Conclusions

The Oxford workshop is only the first reflection on this issue and we shall develop and refine our thoughts in the upcoming months. The conclusions are rather open, which reflects the fact this topic is relatively new to EPSU and its affiliates. However, what comes out from this first workshop is that the relationships between different levels of government seem to be under constant review everywhere.

For the second workshop, we should stick to the same theme of decentralisation and involve other countries in order to complete the mosaic of information that we are collecting. Our network and contacts should involve as many EPSU members from the NEA and LRG standing committees as possible, and could go beyond (e.g., it was useful to have the experience of the restructuring of the hospital sector in the Czech republic).

Although we had some debate, we have not yet answered the question of whether decentralisation is linked to the changing role of the State, from being provider of public services to a regulator (if that) of these services. We need to continue our discussion on whether the changes taking place are improving public services or not, and assess the conditions and circumstances that support quality-orientated change. Democracy is more than the right to vote, it is also about transparency and participation in decision-making. Dialogue is needed not only on the necessity / benefits of reforms but also on the type of controls and regulations that are required for these reforms to work.

In this respect: some points for further consideration and debate include:

- *the reasons for reforms.* If there is no logic to them, particularly in relation to the quality of services, why is it not possible to have more influence on their direction? Is this also a question of building alliances with other groups in society? Is it more to do with a lack of debate in general on the best way to provide public services to citizens?
- *the “pros and cons” of decentralisation* linked to specific cases, not least as this could feed into our handbook. For example, we had some reflection on the need for local accountability versus the benefits of economies of scale; the question of addressing local specificities versus the need for uniform standards and control; the importance of maintaining or developing national (or European) policy objectives, e.g. in relation to cohesion. Also mentioned was the issue of what weight to give to self determination (i.e. do people want more local autonomy) and to the issue of corruption.
- *the distribution of resources and wealth* within society, between regions and between different groups. Solidarity funding is key in this. It would be useful to put together a clearer picture linking the allocation of responsibilities with the distribution of resources within Member States. In England, for example, 75% of funding for local services comes from central government and local authorities have limited tax raising powers. There is also the question of distribution of resources and equal treatment/access of citizens across the territory. For example, it was said that hospitals in Catalonia treat patients from all over Spain but do not receive corresponding resources. Also linked to this is the need to better inform and involve citizens on questions regarding the allocation of public resources.
- issues related to *decentralisation and employment*, collective bargaining and workers' rights, including on differences between groups of public service workers (e.g. civil servants and workers, NEA and LRG, women and men, nationals and non-nationals and ethnic minorities). It may be interesting to have more examples both of countries where broad decentralising of public services responsibilities has been matched by decentralisation of some or all of collective bargaining, as well as examples where this has not happened. We would need to have a better idea of the level at which different

employment conditions are determined (by negotiation or otherwise). We also need to raise the profile of public sector as a better employer than the private sector in terms of equity (e.g. lesser pay dispersion, better work/life balance arrangements).

- the problems of *outsourcing, privatisation, PPPs*. It may be useful to look at these issues in more detail in the framework of the project, also in relation to corruption. We said too that we should look at examples of alternatives (e.g. inter-municipal cooperation). To note, the NEA, LRG (and also Health and Social Services Committee) will discuss outsourcing in the autumn. Public service unions tend to have higher trade union membership than the private sector and clearly privatisation etc has a big impact on the organisational capacity of unions. This touches on the issue of trade *union strategies* in general in relation to “bread and butter” issues (organising and retaining members, negotiating agreements, representing members, information and consultation rights..).

5. Final remarks

Last but not least, participants made a number of suggestions for future workshops:

- More breaks;
- More comparative information, including in advance of the workshop;
- Better note taking in the working group sessions.

Attached to this note is a short questionnaire for participants, where comments on this report and on the workshop, would be welcome.

PC/NS/HK 20.7.05

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