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## **Representing territorial diversity: the role of local government associations**

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## **Abstract**

Local government associations (LGAs) are neglected in the intergovernmental relations and interest group literatures. This article argues that they form a key element in central-local relations. They contribute towards defending local democracy and local discretion through their three roles as the collective voices of local authorities, as countervailing public interest groups in political systems dominated by private interests and as feedback mechanisms for central government actors distant from the localities. LGAs are understood as hybrid organisations, combining governmental and interest group characteristics, and their role and influence analysed in terms of (1) the relationship between central government and LGAs; (2) LGAs' capacity to manage the dilemmas of collectively representing territorial heterogeneity, maintain and even mobilise its membership and deploy its resources; and (3) the extent of competition from other political and functional interests. These roles are illustrated through a comparative analysis of LGAs in England, Germany and the Netherlands.

## **Introduction**

Local government associations are an under-researched topic. In their comparative local government collection Goldsmith and Page (2010, p. 259) conclude by stressing the 'continuing and growing importance of national associations representing local government interests and a decline in the importance of personal contacts between local elected officials and higher levels of government'. They argue that local authorities' freedom of action or discretion depends crucially on their access to higher-levels of government, either collectively (e.g. through LGAs) or individually (via clientelistic/personal links). Meanwhile, higher-level actors also manage their relationships with localities through collective negotiations with local government representative bodies. Yet Page, Goldsmith and their contributors provide little evidence and no further conceptual analysis of the role and influence of LGAs while other publications, such as Loughlin, Hendriks and Lidström (2012), ignore them completely. LGAs are little covered in the local government and interest group literatures with the notable exceptions of Rhodes (1986), Entwistle and Laffin (2003), Cigler (2012) on the US, Schott (2015) on Canada, and Callanan (2012) on LGAs in the EU.

This article contributes to the intergovernmental and interest group literatures by providing conceptual analysis and evidence through a comparative study of LGAs. Local governments' economic and political context has changed substantially since Goldsmith and Page and they are now under considerable financial pressure. Three questions are posed. Firstly, are local government interests better placed to resist centralization in countries with

apparently stronger protections in constitutional institutions or traditions? Secondly, can local government collectively through LGAs effectively defend its interests when central governments tighten their control over localities and spending, especially given the challenges of collectively representing territorial heterogeneity? Thirdly, do other intergovernmental linkages, the parties and professional-bureaucratic channels, compete with or complement LGAs? As will be seen, LGAs' influence with central governments depends on the institutional relationship with central (and state) governments, LGAs' capacity to manage the representative and collective action problems confronting them as national representatives of local diversity and democracy, and the role of other critical interest groupings – especially the political parties and technocratic/professional-bureaucratic complexes – which also coordinate intergovernmental relationships.

### **LGAs as hybrid organizations**

LGAs are hybrid organisations combining both interest group and governmental characteristics. They resemble interest groups in that they lobby governments but are 'not just another special interest' as they pursue 'benefits not limited to their members' (Cigler, 2012; Rhodes, 1986, pp. 11-12). Firstly, they claim legitimacy as they represent elected governments so are subject to public accountability in contrast to private sector organisations, especially as they provide a counterbalance to private and sectoral interests. Secondly, this legitimacy means that they typically enjoy insider, high-level access to ministers and officials, available to few other interest groups. This access also reflects the extent to which central policymakers recognise LGAs as providers of valuable, bottom-up feedback, aggregating information from diverse localities. Thirdly, they are 'topocratic' as their authority is territorially based and defined as opposed to functionally-based, 'technocrats' whose interests are limited to particular services (Beer, 1978; Rhodes, 1986, p. 12) and to partisans or party politicians whose interests typically trump those of territory. This hybrid status is analysed in three parts: (1) the relationship between central government and LGAs; (2) LGAs capacity to manage the dilemmas of collectively representing territorial heterogeneity, to mobilise its membership and deploy its resources; and (3) the extent of competition from other political and social interests.

#### ***1. LGAs as corporatist partners or pluralistic players***

LGAs' intermediating role can be located along a pluralist-corporatist continuum. In pluralist intermediation, a LGA is a player in a pluralist arena competing with other interests and resorting primarily to the characteristic interest group strategies of lobbying ministers, senior

officials and parliamentarians, and forming allegiances with other interest groups. In corporatist intermediation a LGA is a privileged peak body in close partnership with central government, which plays ‘a leading role in orchestrating interest group participation in the policy process’ (Granados & Knoke, 2005, p. 293). An LGA negotiates with central government and can offer central actors guarantees that any agreements made will be implemented by their members. At the same time LGA leaders are caught in the classic, corporatist tension (Streeck & Kenworthy, 2002) between pursuing ‘a logic of influence’, what they need to do to influence regional or national actors, and a ‘logic of membership’, what they have to do to ensure their members implement any agreements made with government.

Typically, LGAs enjoy good access to central policy makers. This access may indicate political significance, but it does not necessarily mean influence. Nonetheless, access does provide LGA actors with opportunities to become aware of how issues are perceived by central policymakers and of any policy initiatives earlier rather than later in the policy process; and ‘[b]y being in the process, [interest groups] are in a position to achieve partial gains and to avoid the even larger losses that might have ensued had they not been on the scene (Schlozman et al., 2012, p. 309). Indeed, the extent of contacts with members of parliament, access to the bureaucracy and media presence are relevant proxy measures of interest group influence given the difficulties of measuring interest group influence (Eising, 2016). Of course, access may come at a price as central policymakers can use access as a strategy to capture or coopt LGA leaders.

Given the difficulties of assessing influence, LGAs’ influence should be judged against what might be expected of other interest groups. Interest groups are only occasionally associated with major change as the political system status quo tends to be unchanging (cf. Baumgartner, Berry, Hojnacki, Kimball & Leech, 2009). To exercise influence they are highly dependent on change-supporting windows of opportunity, resources of expertise and strong alliances with other actors. Not unexpectedly, then, LGAs have often not succeeded in halting major central government policy initiatives, especially relating to the overall control of public spending and burden-shifting services downwards. Moreover, evidence of policy influence is more likely to be during implementation rather than agenda-setting or decision-making points in the policy-making process.

Interest group lobbying is not necessarily about changing actors’ minds. Chalmers (2011) argues that the literature indicates that groups generally support sympathetic policymakers, ‘they tend to lobby friends, not foes’ (p. 472). Thus, interest groups should be seen as ‘service bureaus’ which offer a ‘form of professional labour to friendly decision-

makers' (Chalmers, 2011, p 472). Although 'service bureau' understates the aggressive (but seldom public) influence exercised by many business lobbies (Scholzman, Verba & Brady, 2012), the phrase captures LGAs' emphasis on providing information and expert opinion to central actors. It is important also to recognise that many LGA activities serve general objectives like safer streets, rubbish collection and recycling, environmental health regulations, issues which affect everyone but which seldom make the political headlines.

## ***2. LGAs and collective action and representation***

LGAs have to mobilise and maintain their membership to be effective in lobbying central government but face internal collective action problems (Cigler, 2012, p. 266, drawing on Olson 1965). LGAs provide collective benefits to their members, such as a unified voice on intergovernmental issues, but many of these benefits could be enjoyed by non-members free-riding on an association. Moreover, many individual authorities prioritise their search for special treatment or funding for themselves over joining collective action. To encourage local governments to belong, then, LGAs offer selective benefits to members – such as policy updates, other policy reports, conferences with key influential speakers and specific advice to authorities (Schott, 2015, p. 165). As Schott argues, LGAs have to balance advocacy against member services, if they are perceived as dedicating too much resource to advocacy rather than member services, members may withdraw support.

However, the collective action problem also arises as LGA leaders puzzle over collective representation – forming policy responses and positions despite being 'a contradiction in terms' as they represent *local* concerns *nationally* (Rhodes, 1986, p. 404). They have to generalize when their defence of local government necessarily celebrates local diversity and develop national policy stances while their members are focussed on 'local' problems (Rhodes, 1986, p. 405). At the same time, they are divided by cleavages such as rural/urban divide, big city/towns, institutional status (e.g. county v district) and declining/growing areas.

Central policymakers face similar problems in making policy but they have to consider society-wide redistributive and regulatory perspective and functions. They tend to perceive problems in terms of territorial equality, service quality, cost and functional/service-based coordination. Central government policymakers need to generalise for instance over determining territorial funding formula to limit, at least excessively, unequal funding across local governments. Typically, central policymakers reference arguments about avoiding postcode lotteries service in quality and the search for coordination. Yet politically contentious and partisan issues are often couched in secrecy with LGAs excluded from discussions.

### ***3. LGAs in a competitive arena***

Intergovernmental relations cannot be understood solely in terms of territorially-based, centre-LGA relations. Two other sets of interests are involved – the party political and the professional-bureaucratic – neither of which necessarily align with territorially-based local government interests. Firstly, the relationship between parties and LGAs is critical (omitted from Goldsmith & Page, 2010). The political parties are the engines of major change, rather than interest groups, yet only recently have authors explored the role of parties in coordinating government policy (e.g. Bolleyer, 2011; Laffin, Shaw & Taylor, 2007). Secondly, tensions exist between territorial interests and those within the big spending service or department-based vertical channels (such as education, social services and health) linking governmental levels. These links are top-down, with a tendency to identify local governments as agents of the centre. Meanwhile, the central, or state-level, government department responsible for local government often strains to assert the local, territorial interest within government against the powerful service departments.

### **CASES AND METHODS**

Three Northern European governmental systems are selected rather than Southern European systems, where municipalities are less significant than clientelistic linkages (Goldsmith & Page, 2010). In all three countries, local government is responsible for roughly a quarter of public spending, and offer telling institutional contrasts to enable comparison – England is a majoritarian system with no formal constitutional protection for local government, Germany a federal constitutional system with some formal protection for councils, and the Netherlands a decentralized-unitary state with local government embedded in a consensual-corporatist system. In Germany, the research concentrates on the federal government and the state of North Rhine-Westphalia (NRW), Germany's largest state which Kuhlmann and Wollmann (2014, p. 169) assign a Northern European profile. The three countries have large municipalities by European standards, with average populations in the UK (139,480), Netherlands (36,890), and NRW (45,447) (Kuhlmann & Wollmann, 2014, p.168, 165). The research draws on 48 interviews, statistical data and documentary sources gathered in a study of the intergovernmental management of debt (further evidence in De Widt, 2015; and De Widt, 2016), and the authors have updated it through secondary sources. As regards the distribution of the interviews, 15 interviews were conducted in England, 14 in Germany, and 19 in the Netherlands. Interviews were conducted during 2013-14 with officials in the LGAs, and state and central level policymakers, including officials in the Finance and Interior Ministries.

The next section provides case studies of LGAs in the three countries to illustrate the issues. Each case begins by describing the constitutional position and the role of formal and informal institutional arrangements, the dilemmas of interest representation for LGAs and the impact of current issues, especially austerity with associated cutbacks and burden-shifting, on the roles of LGAs. The final section, then, summarises the strengths and weaknesses of LGAs, and how the institutional context in which they operate impacts upon their position.

## **LGA STRATEGIES IN THE INTERGOVERNMENTAL ARENA**

### **England**

English local government is subject to a powerful political executive which dominates Parliament and can abolish or reform councils to an extent unparalleled elsewhere in Europe. England is also characterised by a ‘lack of consistent channels of influence and contact between the centre and the localities’ comparable to those found in most other European countries (John & Copus, 2012, p. 35). Two other key features are the absence of constitutional protections and of an active judicial institution – while judicial review is possible, the few court cases heard have largely proven unsuccessful for local government (Wilson & Game, 2011, p. 174

The unified Local Government Association was created in 1997 through a merger of the three previous associations which had separately represented county councils, metropolitan councils and districts. The merger was urged by central government and the political parties largely in the interests of avoiding ‘pointless’ turf wars among the three associations (Entwistle, 2002). The merger meant that for central government actors much of the political awkwardness of managing institutional and territorial diversity was devolved to the LGA leadership. Presently the LGA represents 349 out of the 353 English local authorities, and all of the 22 Welsh local authorities via the Welsh LGA. The LGA has a County Council Network, Districts Network and the Metropolitan Special Interest Group among other internal Groups reflecting persistent cleavages. It also has mechanisms such as understandings not to make specific policies on especially divisive issues (e.g. over local government reorganisation), and internal party organisations and conventions to restrain the potentially disruptive impact of party politics. Regional LGAs also exist – most notably the Welsh LGA and ‘London Councils’ representing all the London Boroughs (three London Boroughs do not belong to the LGA). The LGA’s income (2016-17) is just under £20m, half of which is member subscriptions, and employs over 30 staff (75 senior officers). The LGA also has an agency, the Local Government Improvement and Development almost entirely funded by a £30m central government grant.



Over recent years, LGA political and official leaders have faced difficult issues in maintaining its membership. It has been challenged by the larger cities in particular, for instance the eight ‘core cities’ threatened to withdraw in 2013, concerned that the LGA did not fully represent their interests. Meanwhile, the LGA relationship with central government has fluctuated largely depending on central-LGA party congruency and different ministerial personalities. The LGA, then Conservative, political leaders found themselves incidental to the 2011-17 emergence of the new combined authorities much as its predecessor associations had limited influence in earlier local government reorganizations. However, they would argue that they have had a significant influence in persuading Conservative ministers to extend the combined authorities initiative to include less urbanised areas. Furthermore, the election of high-profile, sub-regional mayors in 2017 poses new challenges as the new mayors forge their own direct relationships with ministers. The 1997-2010 Labour government did establish the Central Local Partnership which hinged around regular ministerial-LGA meetings but these meetings stopped in 2007, following poor ministerial attendance, especially from the critical big service departments. The low status of the territorial-based Department of Communities and Local Government (DCLG), compared with the big service departments, also tends to weaken the LGA. At one point the LGA even suggested that DCLG’s responsibilities should be transferred to the Cabinet Office. Notably, the LGA expends considerable resource in lobbying the two Houses of Parliament and claims considerable success in achieving legislative modifications, especially in the House of Lords.

Since 2010 UK central government-imposed austerity has meant large cuts in the central block grant. The Conservative-led coalition (2010-15) cut council expenditure by 27%, exceeding the 19% central departmental average. The subsequent Conservative governments have continued these cuts and increasing numbers of English councils are at risk of failing their statutory duties and are using reserves (CIPFA, 2015). Perhaps not entirely coincidentally, central government grant calculations have become ever more complex. The House of Commons’ Public Accounts Committee concludes that ‘it is virtually impossible to follow the link between calculated needs and funding allocations’ (PAC, 2011, p. 5). Two local government interviewees referred to the system as ‘broken’ and that ‘no one any longer understands where the number [the grant allocation] comes from’. The UK Treasury does not negotiate with the LGA political leadership over financial settlements but only consults the LGA and council professionals over technical issues. Officially, financial settlements reflect need assessments but party-political considerations have long influenced weightings in the assessments, which has reduced the adverse financial effects of centrally-imposed austerity

measures for councils when national-local party-political symmetry exists (De Widt, 2016; Ward & John, 1999).

The LGA has acquired responsibility for a new Sector-Led Improvement (SLI) replacing Labour's centrally-directed performance management system. SLI is a voluntary programme of peer review challenges conducted by local authority leaders, chief executives and other senior officers. SLI is based on the principles that authorities should be responsible for their own performance and improvement and take collective responsibility for the performance of the sector (evidenced by sharing best practice, offering member and officer peers etc.). The SLI looks like a strong assertion of localism against almost 30 years of centralism through regulatory intensification by previous Conservative and Labour governments. However, Murphy and Jones (2016, p. 699) argue that the voluntary nature of SLI raises the question of how persistent underperformance by a local authority will be managed in the absence of central intervention.

### ***Germany***

The German federal system provides the strongest constitutional protection for municipalities, out of the three countries, although, unlike the states (*Länder*), they are not incorporated into the Federal Council (*Bundesrat*). While the state governments have constitutional responsibility for local government, a federal constitutional guarantee of local self-government exists guaranteeing that councils should be able to fix part of their budget by local preferences (Buettner, Holm-Hadulla, Parsche, & Starbatty, 2008, p. 14). The consultation of local interest associations has also become mandatory in all states (Vetter, 2010, p. 104) and all state governments after 2004 incorporated Connectivity Principles into their constitution to limit the extent to which they can pass unfunded responsibilities onto municipalities. Nationally German local government interests are represented by three associations – the German Association of Cities (the 216 larger cities); the County Association (295 counties); and the Association of Towns and Municipalities (12,500 smaller municipalities). The associations are organized federally with branches in all thirteen states (Hrbek & Bodenbender, 2007) and have formed a Federal Union of LGAs. These associations appear well funded and resourced, certainly in comparison with the English LGA, although we have not been able to obtain precise details of their budgets.

Although NRW lacks an independent grant allocation commission (unlike some German states), the grant allocation process is more transparently organized than in England and the Netherlands. This transparency involves just five indicators in the general grants

distribution formula and prioritizes population size. Even so this redistribution mechanism creates much inter-local controversy, given heterogeneous local interests. Although those interviewed in the LGAs stressed their common positions, the LGAs consistently failed to reach consensus on finance-related issues. The redistribution system is especially contentious as every change *within* the funding system has implications for which type of authority gets what. Thus, the NRW Interior Ministry has to balance the advantages of simplicity in a grant system against that of minimizing inter-local tensions. The advantage is that transparency and simplicity in grant funding makes it more difficult for both local and state level actors to manipulate grant allocations. In particular, undue partisan influence is easily detected. The straightforward design, too, means that local officers can calculate their allocation once the total funding amount is announced and so the system generates high certainty.

Federally, LGAs are also crowded out by a lack of shared interests amongst the states. The view of NRW Finance Ministry officials was that they had little scope to influence the Federal Council legislative process given divergent state interests. The NRW representatives on the Council, in particular, found themselves out of line with many other states because of the more problematic condition of local government finances in NRW compared to the southern German states. Once Germany's industrial heartland, substantial parts of NRW have undergone significant economic decline with consequent social problems. Yet NRW remains the major, net contributing state to the federal level equalization mechanism. The consequent financial squeeze has led the NRW government to require its local authorities to contribute to the state's federal equalization system. The East German states' special financial position further complicates NRW's efforts to build a coalition within the Federal Council. As the eastern states remain dependent on additional federal financial support, they tend to support federal legislative initiatives.

Municipalities face escalating welfare costs mainly following the transfer of social welfare tasks from the federal to the local level. This transfer took place in the early 2000s under the Schröder government's Hartz IV social welfare reforms which were intended to reduce federal spending and free up the labour market. The federal LGAs were united in their opposition to Hartz IV as they argued that the federal government's demand forecasts for the new services were a huge underestimation. But the LGAs found themselves excluded from key federal financial negotiations, according to our interviews. The main leeway for LGAs to influence the federal legislative process was by lobbying federal actors. Lobbying efforts were particularly focused on federal government departments, and for the LGAs in the states on their respective state governments, in the hope that this would eventually influence the position

taken by the Federal Council. With only a procedural requirement in place for federal government departments to consult local government on federal policies, there were limited institutional safeguards in place to strengthen local interest representation at the federal level. Whilst the federal government made some concessions during the Hartz IV legislative process, our LGA interviewees stressed their inadequacy. Indeed, Hartz IV has created substantial financial pressures across local government, significantly increasing local debt (Boysen-Hogrefe, 2014; De Widt, 2016; Hauser, 2014). It is clear that the federal government underestimated the local financial impact of social welfare legislation. However, as a German Federal Ministry of Finance official argued, it was up to the states to protect local government:

When the federal government negotiates with the states, safeguarding local finances is not a primary concern. It is the states, of which the local level is part of, who have the main responsibility to watch over local level interests.

Thus, the federal assumption is that the Federal Council, comprising state representatives, has the responsibility to represent, indirectly at least, local interests. Yet the federal LGAs emphasised that they found it very difficult to get the states to listen to their criticism of Hartz IV. It would seem, based on interviewees' accounts, that party-political linkages were critical and the federal-state are stronger than state-local linkages. Federal ministers used party linkages to persuade state governments of the same party to support their policies. Thus, state governments, like NRW, accepted the federal government's proposals. As an LGA interviewee observed, the states 'failed to demonstrate the assertiveness required to protect the financial interests of their own local government sector'.

More recently the institutional safeguards have improved, especially following the states' adoption of the Connectivity Principle restricting the ability of state governments to decentralise unfunded tasks to local government. Following its introduction in NRW in 2004, NRW LGAs have successfully used the Connectivity Principle in several cases in the NRW state court to compel the state to reconsider its local funding procedures (e.g. *Kinderförderungsgesetz* in 2010). Although the Principle does not directly apply to federal legislation, it now provides an incentive for the states to be more assertive at the federal level in defending the financial interests of local government, as it is the states who will be held responsible, through the Connectivity Principle, if unfunded mandates are assigned to municipalities. The 2006 Federalism Reform I also prohibits the federal government from assigning new tasks directly to the local level. It now has to negotiate with the states which,

consequent on the state-level Connectivity Principles, are more sensitive to LGA demands. The federal response to local financial pressures has been mainly to re-federalize the ‘Basic insurance for pensioners’ from 2012. It also gave federal LGAs better representation in federal policymaking processes, such as requiring federal departments to consult LGAs on relevant legislative proposals (Henneke, 2012, p. 215). LGA leaders stressed that the Connectivity Principle was the most significant measure strengthening their position. Yet they emphasised that the Connectivity Principle has not fundamentally changed the German system, and provided less protection in practice than a formal institutional analysis would imply. Firstly, the Principle can intensify rather than reduce intergovernmental tensions, as state departments seek to work around rather than with local governments. An interviewee at NRW’s County Association recalls:

The introduction of the Connectivity Principle has led to an almost phobia among some of NRW’s state departments against transferring any new tasks to the local sector. They prefer to work with their own agencies, as they reason working with ‘the local sector is too much of a hassle’.

Secondly, the Principle applies only to new laws, and not retrospectively, so that municipalities have not obtained any relief from the financial burdens imposed by the pre-2004 social welfare legislation, especially Hartz IV. In addition, even though the NRW LGAs have successfully relied upon the Connectivity Principle in court procedures, in many other cases the NRW State Court has judged state funding to local government adequate ‘in light of the state’s own restricted budgetary space’ (NRW State Court, 2011).

### ***The Netherlands***

Dutch municipalities exist within a ‘small consensual–corporatist state, where decision-making is about “eternal” deliberation, consultation and compromising’ (Kickert, 2012, p. 300). The Dutch intergovernmental system emphasizes government policy on equality in public service provision (Goedhart, 1989, p. 680) and the convention is that central government avoids unilateral decisions affecting subnational interests. The Association of Dutch Municipalities (VNG) is a unified LGA, representing all 388 municipalities. Steen and Toonen (2010, p. 159) stress that the VNG is ‘an important partner in central-local consultation and negotiation’ and one of our interviewees described it as the second most influential Dutch lobby group after the Dutch Employers’ Federation. It has a budget of 111.1 million euros and significantly is heavily

dependent on central government funding (79.6 million euros (71.6%) with membership fees constituting just 18.6% of income (20.7m) and other revenues 9.7% (10.8m) (VNG, 2017).

From an institutional perspective, the decentralized-unitary constitutional nature of the Dutch government system involves several formal and informal practices apparently favourable to local government interests and the negotiating position of the VNG. Firstly, general grant funding to local government is closely tied into the central government budget, by connecting general local government funding to the central government's corrected net expenditure. This methodology ensures that the majority of local funding is shared equally with the central services if government expenditure increases, and it supposedly prevents local government from suffering disproportionately if it decreases. Although interviewees in the VNG recognised that the mechanism offers some protection for local funding, they were critical of central government's decision to 'switch it off' during the three years following the financial crisis 2009-2011 (Rfv, 2012), with adverse consequences for local finances.

A second intergovernmental tradition that seems to safeguard local government interests is the maximization of the maximum financial reduction considered to be permissible when central government implements changes in the distributional mechanisms of general grant funding (set at 15 euro per inhabitant, per year) (VNG, 2012, p. 3). Although this procedure protects the local level from absolute funding reductions, it provided limited protection during the negotiations on the Big Decentralizations, as decentralizations increase the overall size of local funding but often involve efficiency cuts which reduce the size of the budgetary transfer. As Dutch municipalities are generally expected to maintain comparable service levels after decentralization, and the forecasted efficiency gains of decentralizations often reflect optimistic assumptions, they have faced growing financial pressures.

A third Dutch constitutional tradition that ostensibly strengthens local government's position is legislation that has made the budgetary process more open. The Law on Intergovernmental Finances (1996) requires central government departments to attach to legislative proposals an appendix indicating the likely local, financial impact. The Interior Ministry monitors departmental compliance with this requirement. Although the principle has increased cost awareness amongst national policymakers of the subnational impact of proposed reforms, the practice often falls short of the principle, an Interior Ministry official:

... it's a kind of sport for departments to mirror the financial consequences of proposed reforms as favourable as possible to all actors, so it [drafting the financial appendix] doesn't go well automatically.

The issue partly reflects the Interior Ministry's loss of authority and capacity to evaluate effectively other departments' financial impact assessments as it has been eclipsed by the big service departments and the Finance Ministry. VNG interviewees reflected that this loss of status made it sometimes more difficult to build political-bureaucratic coalitions favourable to local interests. For the VNG, this problem has been aggravated by strong competition from interest groups with a strong service rather than territorial focus. These service-oriented interest groups maintain strong links to the service departments, such as the association of Dutch health insurers that maintains strong links to the Ministry of Health, Welfare and Sport. As they stress uniform nationwide service levels, the service-oriented interest groups clash with local government interest groups, as the VNG maintain the view that cost effective decentralization can only occur if subnational entities are equipped with sufficient implementation autonomy, a position fiercely opposed by non-territorial interest groups who fear widening inter-local differences in service levels.

Beyond the Interior Ministry, other organisations including the independent Financial Relations Council, and the *Bofv*, a high level working group on intergovernmental financial relationships, strengthen the local government voice at the central level. Whilst interviewees emphasize that these organisations represent significant access points into national policymaking processes, the personal contacts of local government representatives, such as mayors, with central government policymakers, including government ministers were seen as more critical. The in practice central appointment of mayors and the high levels of rotation between local and national level politicians – in both directions – are more significant in ensuring that local views are included in central policymaking processes. However, it is a relatively narrow representation of local interests as it is often dominated by the voice of the big cities and the VNG leadership. The need to rebalance this interest representation has led to several initiatives to improve diversity in the association's interest representation such as the formation of G32 as an association of midsize cities, and P10, a collaboration of large rural municipalities. Unusually, the Big Decentralizations negotiations saw the big cities siding with other municipalities in rejecting the initial agreement which the VNG leadership had reached with Cabinet. This interrupted a pattern in the VNG whereby large municipalities tend to endorse the VNG leadership in favouring decentralization often despite opposition from the smaller municipalities who fear increased financial burdens.

Over recent years the key issues have been the 'Big Decentralization' programme and related local spending pressures. In 2011 the then Christian Democratic-Liberal coalition

government initiated the Big Decentralizations programme as a post-2008 austerity measure. Ministers sought savings of 6 billion euro in a budget of 15.6 billion euro by transferring three social welfare services, including youth care, special care and support for those at the bottom of the labour market. Notably these intergovernmental negotiations took almost four years before the responsibilities were decentralized in 2015. As the welfare tasks are decentralized and combined with major cuts, the consequences of decentralization have become a major local spending pressure. The Netherlands Bureau for Economic Policy Analysis (CPB) evaluated previous decentralizations and showed that municipalities had responded to tighter budgets by reducing services for specific categories of citizens, particularly the disabled and elderly.

During the Big Decentralizations negotiations, many municipalities raised concerns over the financial implications. Ministers could have pushed through the reforms without VNG support but they were unwilling to act without gaining local support. The first stage deal in 2011 took six-months of negotiation between the VNG leadership and the Cabinet, but met fierce resistance from many municipalities which were unhappy with the VNG leadership's position. They saw significant financial and operational risks, especially in the proposed labour market reforms. When the large cities criticized the VNG position and the agreement, the leadership put the agreement for approval to its members, but excluded the labour market reform agreement which was the most contentious. Although this amended version of the agreement received support from 86.6% of the municipalities, the Cabinet itself criticized the association's decision to allow its members to vote on just one part of the agreement. The VNG leadership-membership divisions intensified again at a later stage of the reform process in 2014, when 67% of the municipalities participating in the vote rejected another agreement reached between the association's leadership and the Cabinet. A central government civil servant noted that at this point of the negotiations internal opposition against the VNG leadership had reached such a high level that: 'We [central government] were holding the VNG in the air'.

Traditionally, the VNG has strongly supported decentralization and the leadership advised the membership to vote for its agreement with the Cabinet. But the association's own organizational interests fuelled the leadership-membership division. VNG officials expected to acquire a key role in coordinating the reform and receive significantly increased central government funding. Indeed, after 2015 the Big Decentralizations have significantly increased the VNG's role with increased central funding to support its monitoring and support role (from 17 million euro in 2012 to 35 million in 2015) (BZK, 2015). But many local level interviewees



criticized the VNG leadership for being co-opted by central government as they saw it pursuing its organizational interests rather than members' interests.

Partly because of membership resistance, the VNG leadership re-entered negotiations with central government in 2013, and was able to extract significant financial concessions from central government. For example, 200 million euro extra funding was made available to support the transition of tasks from the central to the local level (one-off funding), and around 325 million euro extra funding annually for two of the major decentralized tasks (Wmo and PV budget) (VNG, 2013). However, the reform package eventually implemented was still perceived as containing substantial risks, with an analysis by the independent CPB concluding that they entail a risk that municipalities will provide 'less of the decentralized services than socially desirable' (CPB, 2015, p. 5).

During the Big Decentralizations negotiations, the VNG only had a significant impact after it had been reined in by its members, and the association's tougher negotiation approach led to substantial concessions from central government. It avoided co-optation despite the mechanisms for co-optation, such as increased central government financial support. Notwithstanding these concessions, the implications of the Big Decentralizations on the financial position of Dutch local government are highly uncertain, with some municipalities having reported substantial financial pressures in their newly acquired service areas (AEF, 2017).

## **CONCLUSIONS**

This conclusion will summarise the three cases and advance some generalisations about LGAs based around the three questions posed relating to (1) the role of constitutional institutions and traditions in protecting local government, (2) the dilemmas of collectively representing territorial heterogeneity and (3) how other IGR linkages, mainly the parties and professional-bureaucratic channels, compete or complement LGAs. The Dutch VNG highlights the potential for, and limits of, central co-optation through a corporatist-partnership, in this case, underpinned by Dutch co-governance traditions. Central government support, especially as the main funder of the VNG plus central influence over mayoral appointments, reduced the VNG leaders' dependence on the membership. The VNG's political and bureaucratic leadership then developed their own interest in cooperating with the centre to increase the association's income and responsibilities. However, this pursuit of the logic of influence during the Big Decentralizations was circumscribed by member municipalities which meant the leadership had to return to the centre to ask for further concessions.

In contrast, the English case illustrates how an LGA in a more pluralist arena, with fewer well-established conventions and institutional arrangements underpinning its position, has had to adapt to uneven access opportunities to central government which fluctuate significantly according to shifts in party control and ministerial style. The LGA political and official leadership has had to work hard to maintain close to 100% membership given the lack of a strong institutionalised relationship with the centre, its dependency on membership fees and the increasing assertiveness of powerful territorial interests within and outside the LGA, especially the big cities. Most recently the LGA political leadership has largely been a spectator to the introduction of the sub-regional mayoralities. It has tended to move towards a service bureau role under the pressure of these cleavages which suggests that the more pluralist the arena, the more likely that a LGA will operate as a service bureau.

The German case shows how federal structures tend to crowd out or marginalize local government interests (Cigler, 2012, makes a similar point in the US) and how multiple levels complicate local government lobbying activities. The 'joint decision traps' (Scharpf, 1988), within the intergovernmental system involve bargaining among the states, rather than collaborative problem-solving, and inter-state bargaining marginalizes municipal interests at the federal level (cf. De Widt, 2016, p. 682). The federal LGAs have struggled to influence federally-driven reforms and have had to acquiesce, following intergovernmental pressures, in increased local debt. The case, too, illustrates the role of partisan factors as federal policymakers used political party links to steer the states and the Federal Council, so that the local government voice was incidentally marginalised at this level. Nonetheless, the Connectivity Principle and other state-level developments show how constitutional measures strengthened LGAs' roles and relationships at state level, and so indirectly at federal level, although many of the key battles over unfunded mandates had already been lost by the time it was introduced.

These cases indicate that LGAs can be significant actors at least part of the time. The Dutch case suggests that well-grounded constitutional and cooperative conventions can enable LGAs to mitigate, but seldom prevent, centrally-imposed reforms and draconian cutbacks. In particular, these conventions mean that it is difficult for central actors unilaterally to change the rules (but not unknown). Even so Dutch LGAs, and German LGAs, have faced significant challenges in limiting major direct and indirect cuts through burden-shifting. In the absence of such well-grounded conventions, English local government has endured considerably more reorganizations and severe cutbacks with limited consultation. One parliamentary report has considered a code to protect local government (PCRC, 2012). Even if a code providing strong

local government protections was introduced, it would remain a largely pious statement as it would be ungrounded in a wider system of established constitutional conventions of the type found in Germany and the Netherlands. Nonetheless, the position of English local government could be strengthened if funding mechanisms were more transparent and determined more independently. However, as the NRW's experience illustrates, there is a trade-off between increased simplicity and responding to inter-local diversity and territorial inequalities.

LGAs routinely enjoy easy access to key policymakers and are extensively consulted by them, all of which suggests that they have some influence. Their leaders would argue that they have occasionally deflected central policy initiatives inimical to local government (which is difficult to prove) and maintained pressure on central policymakers over many low profile issues – such as rubbish disposal, road maintenance and safer streets – which are vital public goods. Clearly their role and influence is externally limited by powerful central governments, or state governments, which are not only much better resourced but also have society-wide redistributive and regulatory perspectives and functions. LGAs have limited resources to challenge central government's assessments of local need and face serious constraints given their need to manage diverse and multiple interests. They have to work within political arenas populated by powerful partisan and functional interests. Party affiliations and links can both support and undermine LGAs at different times in their struggle to represent topocratic interests. Functional interests, based in the big service central government departments and often closely integrated with local government services, also pose a serious challenge to bodies representing the territorial interests of local government. LGAs again have limited resources to challenge these functional interests, staffed by technocrats and professionals, and are wary of being coopted by them. Meanwhile, interior ministries and local government departments are weak allies as they have been eclipsed at the central level by the big service departments especially as service delivery issues and austerity have risen up the political agenda. This tension between territorial and functional interests is most evident in England as German cooperative federalist and Dutch co-governance institutions tend to act as countervailing forces to the centrifugal pressures of functional, service linkages.

Finally, our research demonstrates the value of researching LGAs as a way of understanding the institutional dynamics and territorial tensions inherent in intergovernmental relations. LGAs are significant not just as key players in those relations and but also as telling indicators of the shifting balance of power between central and local governments, and no study of central-local relations should neglect these associations. As such further comparative research on LGAs promises to provide further vital insights into how central and local

policymakers seek to manage pressing contemporary territorial questions – such as how the interests of big cities can be balanced against those of smaller towns, urban areas against rural interests, and growing against declining areas.

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