

## **DEVELOPING LOCAL GOVERNMENT: LESSONS FOR SCOTLAND FROM POLAND**

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### **INTRODUCTION**

John Fairley (1995) has located the debate on the roles and purpose of local government within broader discussions on the future of Scottish governance. Writing in **Scottish Affairs** shortly before the dismantling of the two tier system of Scottish local government, he urged that this debate should not end with the installation of the new unitary authorities. Having spent much of their second year grappling with the immediate effects of a serious budget crisis it may not be obvious where notions of role and vision come into play. It is a paradox that as councils make hard decisions about core services the need to do so with clear reference to strategy becomes simultaneously more difficult and more imperative. Following a period of cumulative legislative changes to local government and with the creation of a Scottish Parliament, a more general problem of trying to articulate a strategy or vision for Scottish local government as a whole becomes pressing. However, the difficulty of trying to construct a clear and powerful role for local government at a time of restructuring and economic constraint is not unique to Scotland. In response to Fairley's request it is worth examining the recent experience of Polish local democracy and that country's attempt to define a role for local government within a context of both constitutional change and financial stress. This article examines the attempts to decentralise the Polish state since the deposition of the communist government in 1990 and uses the analysis to inform our understanding of the role and purpose of local government in Scotland.

Clearly the situations in Poland and Scotland are not directly analogous; indeed the position of Scotland is significantly freer. But the core issue of how to define the purpose of local government, at a time when the devolution

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of central government is occurring and in a situation of relative financial constraint, is common to both countries. For local government sensible resolutions to the important questions of finance, the allocation of responsibilities, and central-local relations can only follow from an understanding of purpose. There is a strong commonality about the key issue confronting governance in Poland and Scotland as both countries seek to define the identity, nature and purpose of local government during a period of constitutional change and fiscal constraint.

#### **LOCAL GOVERNMENT CHANGE AND REFORM IN SCOTLAND**

The reorganisation of Scottish local government in April 1996 followed a period of far-reaching legislative change which has been characterised as the 'fragmentation' of local government (Alexander and Orr 1994). In the eighteen years from 1979 until 1997, the Conservative government pursued an emphasis on local authorities as enablers rather than providers through a range of national legislative measures which have replaced internal hierarchies with complex external networks of providers and deliverers. The new Labour government's requirement on authorities to demonstrate 'best value' local services offers councils a moratorium on compulsory competitive tendering. However, the government has made it clear that any well run authority will continue to market-test services and use alternative external providers where appropriate. These centrally-imposed reforms have produced an organisational fragmentation and have brought a shift away from the concept of democratic accountability towards the more technical and managerial processes of contract specification and monitoring. Over the same period the role of local government in the big-spending services, education and social work, has been redefined through the introduction of quasi markets in education (parental choice informed by the publication of school league tables) and competition in social services with the statutory obligation for local authorities to actively stimulate private sector provision of community care services. Organisational fragmentation has also occurred through the transfer of responsibility for a number of other services from one part of the public sector to another, or, even further, into the private or voluntary sectors. The services for which local authorities have responsibility, and the conditions under which they must achieve their delivery, have been subject to extensive control by central government.

This profound centralisation is also evident in the way in which local government is funded. The centralisation of local government finance incorporates a number of elements. Britain has a public expenditure planning system where local government spending is planned by central government

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departments as if it was their own spending (Mair 1996). As this system works on the basis of the specification of expenditure ceilings on departments, it creates an inherent tendency for the Scottish Office to seek to control local councils' spending. Consequently the system requires the imposition of expenditure ceilings on each local authority and a ceiling on borrowing for asset formation (borrowing consents). More starkly, another centralist element is that central government controls directly about 85% of local authority income through control of grant levels and the central determination, pooling and allocation of domestic rate income. A result of this is that a mere 1% increase in local spending above the level assumed by the Scottish Office settlement requires a very high increase in the council tax of some 7% (the 'gearing' effect). This level of financial control and dependence is indicative of a centralisation which serves to limit local discretion over spending and distorts accountability for how that money is spent.

The Scottish parliament will have full power to overhaul the funding of local government. Over the period of Conservative government, however, two trends have emerged in Scottish local government: fragmentation and centralisation. In that government's view, however, for fragmentation read decentralisation. The government presented decentralisation as a key theme of its local government reforms after 1988. The introduction of charters, competition, parental choice and the restructuring of Scotland's authorities, according to the Conservative government, decentralised power and influence from remote inefficient bureaucracies to individual consumers, clients, parents and council tax payers.

This tension between centralisation and the government's apparent commitment to decentralisation are also themes which figure prominently in Polish local government. In discussing these issues in relation to the development of local government in Poland it is possible to reflect back in revealing ways upon our understanding of the challenges faced by Scottish local government.

### **LOCAL GOVERNMENT REFORM IN POLAND**

Though there has been a gradual functional decentralisation of responsibilities to local councils in post-communist Poland the powers of elected local authorities remain circumscribed in important ways. In discussing this I will draw on research which I completed last year in a sample of Polish authorities which found that although there is wide agreement over the importance of the principle of localism, expressions of

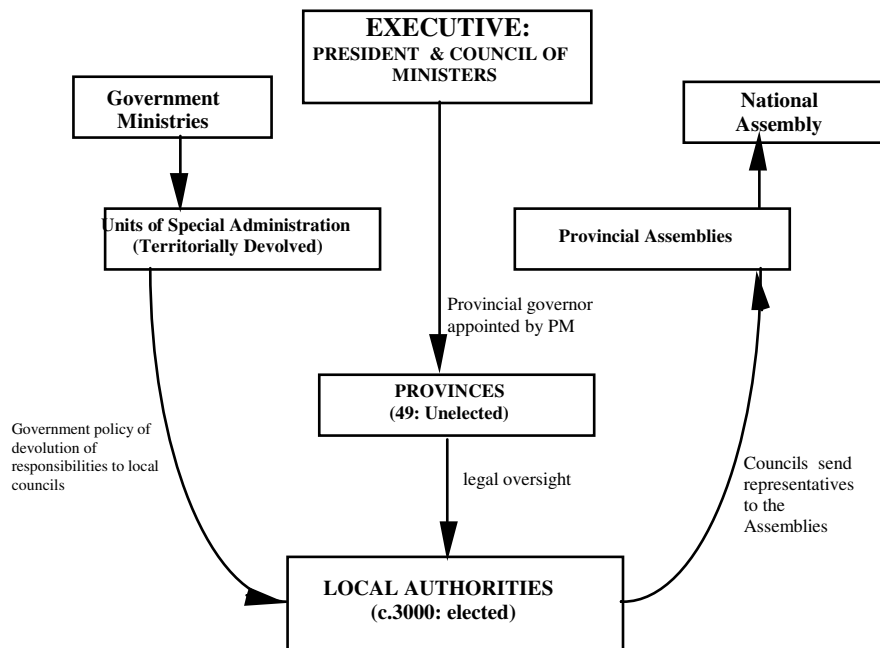
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this have so far been functionally-driven rather than informed by an articulated vision for the role of local government in the country's developing democratic system. Before developing these points and discussing the implications for debates about Scottish local government it is necessary to give a brief outline of the Polish system.

The system of local governance which is evolving in Poland is complex and has been subject to substantial change and uncertainty. Communist control came to an end with the 'Round Table' negotiations with Solidarity in the winter of 1988-89. One of Solidarity's key proposals for the democratisation of Poland was the radical reform of local government, and to this end a legislative package was introduced in the first half of 1990. Local government in Poland had existed for several centuries, with local parliaments considering local issues until the end of the eighteenth century, at which point the country was partitioned among Russia, Prussia and Austria. From 1918 to 1939, when Poland regained independence, relatively strong local councils developed in the central and north western parts of the country. Professor Jerzy Regulski, former Solidarity spokesman on local government and later the local government minister (Regulski 1991), contextualises the 1990 reform of local government in terms of the dismantling of 'the five fundamental monopolies of a communist state': party political monopoly, the uniformity of state power, state monopoly of property and ownership rights, financial monopoly (a uniform state budget which subsumed all local budgets), and the monopoly of administration (a uniform state administration executing central orders).

The new system essentially retains the territorial division which was introduced by the communists in 1975. It is constructed around a two-tier structure of 49 centrally-controlled, unelected provinces (*voivodships*) and a directly-elected lower tier of around 3000 local councils (*communes*). Both tiers are responsible for a range of local services. The local councils are effectively 'creatures of parliament' (as in Scotland) and there are controls on their power to act - the constraint of ultra vires applies in Poland as in this country. In addition, ministries and other central institutions operate through territorially decentralised units of 'special administration' which operate according to 200 local divisions. Such units have responsibility for police, fire brigades and some hospitals. The restoration of an intermediate, regional tier (the *powiat*) is expected, but no clear timetable has yet been set for this structural reform. Figure 1 provides a picture of the current structure of Polish governance.

Figure 1 POLISH GOVERNANCE: A BASIC STRUCTURE



## RESPONSIBILITIES

The local councils are responsible for broadly the same range of services as their Scottish counterparts. However not all of the functions are mandatory and, especially in the areas of education, health care and culture, many of the smaller councils have declined to assume control of a number of the more major services. There is also a twin-track process of decentralisation which gives several of the larger cities special rights over schools, cultural institutions, and parts of the health service. Thus extra responsibilities are devolved to urban authorities but not to the smaller, less capable councils, which makes the task of understanding the division of responsibilities more complex.

The province - the unelected upper tier - provides scrutiny and legal oversight of local authority decisions. In this prefectural model there is legal provision for the provincial governor, who is appointed by the prime minister, to overrule any decision taken by a local council if it is held to conflict with

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central government policy (Cielecka 1995). In certain respects the province is analogous to the Scottish Office which acts as a territorially deconcentrated unit, ensures that local authorities act within the law and serves as an appeal body. The Secretary of State for Scotland, as the Cabinet's representative in Scotland rather than vice versa, has been seen as a government functionary in a centralised unitary state. As Mair (1996) has suggested, this uneasy relationship between local authorities and the Secretary of State may not be resolved by the decision to retain 'reserve' capping powers centrally.

Finally, local councils also send delegates to a Provincial Assembly made up of delegates from the local councils in the area, and these are in turn represented in the National Assembly (the legislature) in Warsaw.

### **LOCAL GOVERNMENT FINANCE**

An examination of the autonomy of local government must consider the financing of local authorities. The first step in decentralising the system of public finance in post-communist Poland was to separate the local authorities' budgets from the central budget. However the process of establishing a workable and effective system of local finance has been difficult. The local authorities have five main sources of income: local taxes (14%), earnings from council rents (16%) (though these are set by central government), shares of national taxation (40%), specific grants from central government (20%), and general grants from central government (20%).

Local government finance may be set in the context of the difficult process of economic restructuring which Poland experienced in the early part of the decade, as part of the country's 'shock therapy'. Reforms aimed to introduce a market economy through the withdrawal of state subsidies for market goods and the removal of price regulation and a general reduction of state spending. While adapting to the disappearance of the guaranteed markets of the Soviet Union, strict monetary policy resulted in increased unemployment, high inflation and high interest rates, and steep declines in both production and consumption (Gorzalak 1993).

What has emerged is a system of local government finance which places substantial limits on the autonomy of the local authorities and which rather than empowering councils in a process of decentralisation reinforces the power and influence of central government. As in Scotland, local authorities remain dependent upon central government for the largest portion of their income with local taxes subject to upper limits set by central government.

## **CONSTRAINTS ON DECENTRALISATION IN POLAND**

There are other ways in which the process of the decentralisation of powers to local authorities in Poland has been limited. The plans of central government for the development of local governance are informative here. The Central Office of Planning (1994) complains of the lack of a suitable local coordinating body for regional policy. Rather than advocating the strengthening of local authorities, however, it favours, in a process of deconcentration, the strengthening of the centrally-controlled, unelected provinces in order that they can act as 'effective representatives of the government administration in regional policy' (p.6). The ministry's position suggests a reluctance to pursue policies which would involve giving greater responsibilities to local government within the existing structure.

One explanation of this reluctance may be the expectation of further structural change to the system of local government. The re-introduction of the regions as an intermediate tier has been on the agenda since 1991. However this plan has been repeatedly postponed and the structural uncertainty caused by the delay in introducing the regions may have had implications for the process of decentralisation and the empowerment of local authorities. The delays seem to be hobbling the government's stated policy of decentralising powers from centralised institutions to elected local authorities. The current structure, as confirmed by the position of the Central Office for Planning, seems to be seen as inadequate for a number of purposes, and in particular the lack of strategic capacity of the current authorities is something which appears to be acting as a barrier to further decentralisation.

Local authorities themselves have expressed enthusiasm for further structural reform, perhaps involving the creation of larger, more autonomous units along the lines of the German Länder (Orr 1996). It is suggested that the current structure limits the aspiration of effective self government. This view draws upon arguments of efficiency, representation and engagement with local issues. In an argument which has echoes of the case for a Scottish parliament, one senior local officer suggested that a truly regional council would offer more effective representation for the people and bring a better appreciation of local needs: 'The clerks in Warsaw will no longer make the decisions for the people. We are closer to the problems than in Warsaw.'

What may give cause for concern is the way in which discussions of structure have taken place without reference to any articulated vision of the purpose of local government. Van Cauwenberghe (1992, p.135) ploughs a fairly typical, functionalist line when he concludes: '[I]n view of the fact that local authorities have to accomplish a multiplicity of tasks, their optimum size

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should represent a compromise between the hypothetical optimal dimensions decided on for each of the various functions.'

There has been little recognition that the allocation of functions and questions of structure are only important in terms of the wider purpose of local government - what it is that local authorities are supposed to achieve. In other words, structural change is not an end in itself. Nor is decentralisation simply an emblematic concept which can be used to call for the automatic transfer of powers from central government. The possible re-creation of an additional tier of local government makes such issues particularly salient. If a meaningful reform of the structure of local government in Poland is to take place then certainly this will involve a consideration of functions, of strategic capacity and of structure, but it first must involve a more fundamental consideration of the role and purpose of local authorities.

**ASSESSING LOCAL GOVERNMENT IN POLAND - THE ABSENCE OF VISION**

A number of further, often related, weaknesses in the Polish system of local government may be identified. Local authorities have suffered from long-standing staff shortages - low pay, inadequate training and politicisation are cited as major factors here. For councillors there is a lack of understanding of what the role of the local elected member should be, with narrow territorial concerns prevailing over more strategic views of community interest. In addition the complex, multi-speed process of decentralisation means that for the public some confusion surrounds the different responsibilities of the local bodies, while it has been suggested that there has been a wider failure on the part of local government to establish a base of public support for the institution in the country (turnout at local elections is around 35%), leading some commentators to question the extent to which Polish public administration has been reformed in any progressive way.

Finally, there is no clear or articulate vision, beyond the merely functional, of what local government is. Local government as it stands has a much greater functional role and almost no obvious representative role. As the process of the decentralisation of powers and responsibilities to local government continues in Poland it is important that this 'democratic/representative' role is attended to.

The act of receiving ownership of the assets and control over the services is seen in itself as symbolically important to those in local government. For example when a senior politician in a council in southern Poland was asked about the hand-over of schools and cultural matters he explained that, 'we will

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feel proud. We are proud to do something for ourselves, to have control over the management.' Similarly the chief officer commented, 'We have more powers. This is the most important thing: we do it for ourselves. We do not work for the central government.'

This view of local government is based upon a healthy local pride stemming from a long history of central control. Indeed it demonstrates a sense of civic pride which normative academic writers such as Stewart and Stoker have been urging local authorities to develop and rekindle (for example, Stewart and Stoker 1989, Clarke and Stewart 1986). It is this kind of local pride which has become less evident in our local government, suggesting that there may be lessons which we could take from Poland. It is always difficult to say at what level community identity is either defined or best represented but the recent reorganisation of local government has been problematic in so far as it has involved the creation of a range of rather arbitrary boundaries for many parts of Scotland. There are particular difficulties for a number of new councils in trying to build civic pride in these new divisions in the absence of historical identities. Many of the abolished district councils may have been closer to community identities than those the current boundaries express. For an authority such as Highlands council there is the problem of how to create a unified pride among quite disparate and scattered communities which were previously more locally represented. Indeed it may be that the kind of local pride or sense of identity evident in some of the new authorities is very negatively defined: 'we are not Glasgow', or 'we are not Strathclyde'.

Beyond the point of civic pride, however, the conception of the role of local government in the new Polish system is vague and ill-defined. Authorities may be keen on more decentralist measures but do not seem able to articulate any reason for this beyond the assertion that it is 'better for the local people'. Indeed the lack of an articulate vision of local government may be the common thread which draws together many of the problems of the Polish system of local government. Any discussion of the future structure of local government in Poland must take place within a more fundamental consideration of the role and purpose of democratic local government. Thus far discussions of structure seem to have been divorced from such a context. There has been little recognition that far from being an end in itself structural change can only be evaluated in terms of what the system is meant to achieve. Structure should be the servant of purpose. The debate about structure in Poland has not recognised the wider need to examine the role of local government and has concentrated more narrowly on economic questions of perceived efficiencies, inefficiencies, strategic capacity of existing authorities and economies of scale. These are important questions but are meaningless

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outwith the context of purpose. Whilst there is clarity about the failings of the old system, there is less certainty about the purpose of the new one.

Finally, a vision of local government is necessary to prevent the already confusing multi-speed process of decentralisation from becoming a messy ad hoc arrangement under which authorities bolt on services which they have extricated from central government on the basis of little more than the instinctive assertion that it is 'better for the people' if the local council controls and delivers them. The articulation of a well defined role for local government would also help the local authorities in their task of arguing against a cynical decentralisation of austerity from central government.

At the start of the reforms in 1990 the new government defined the aims of the process of decentralisation as the creation of 'proper self government' for Poland. It seems that there has been a failure on the part of both the government and the local authorities themselves to move beyond this emblematic, if charismatic, statement of the aims of the reforms and to argue for a clearer role and purpose for local government.

### **REFLECTIONS AND CONCLUSION**

What is initially striking is the apparent strangeness of the Polish system. Its multi-layered prefectural structure is complex and appears more tangled in light of the differentiated process of decentralisation underway. Our local authorities do not suffer from a shortage of well-qualified staff, experience such severe funding shortages, or face the same threats to their integrity. Though a government minister retains capping powers, the limits of local government spending are controlled by total, not by detail. There are audit and inspection arrangements, but broadly local authorities are free to operate within the limits set by the government. Further, the UK is not dictated to by international agencies and financial institutions in terms of its economic policies and domestic activities. Local government here has an established position and a powerful institutional capacity which rest on a tradition of local democracy which is absent in Poland.

So these are some of the relative strengths of the Scottish system. Worryingly however, many of the constraints on the process of decentralisation which are observed in Poland look very like those which may be identified here. Charges of excessive centralism, shortage of funds, the limits of local power and the underdevelopment of the representative role of local government have immediate echoes here. Perhaps it should not be surprising that Poland remains centralised given the centralisation of the UK within less acute financial and institutional constraints.

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Indeed reflecting upon recent developments in Poland highlights similarities and parallels rather than difference and divergence. Thus if it is to be argued that the territorial allegiances of Polish councillors constitute a parochial barrier to a more strategic policy-making role - rather than a sign of a healthy sense of localness - then British local authorities cannot claim universally to have solved this problem (Audit Commission 1990, Kerley 1992). A lack of clarity in the public's mind about the allocation of different local functions is not exclusive to Poland, while the lack of public support for the institution of local government in Poland chimes with the 'legitimation crisis' of local government which has so exercised the minds of British academics (for example, Stewart 1983, Stewart and Walsh 1992, Stoker 1987). The centralisation and fragmentation of local government and the functional emphasis inherent in this process have meant that local government's representative capacity has been neglected.

It is not unduly ironic to note that two of the five fundamental monopolies of a communist state identified by Regulski obtain in the UK: the uniformity of state power and financial monopoly. The responsibilities of local government are contingent upon the powers conferred upon it by central government, and, as has been noted, the public expenditure planning system in the UK is extremely centralised. In other words, we may be more affluent in our difficulties but we face a number of similar problems. Many of the observations which can be made of the Polish set-up are criticisms which may be levelled against the UK system; but there is less to be said in the defence of our examples of incoherence.

This paper has suggested that the lack of vision for local government is a pressing issue which confronts Polish local democracy. In Scotland the last fifteen years has seen the pursuit of a management agenda separate from any profound reflection on the role of local government (Alexander and Orr 1994). There is also evidence which suggests that local vision is being subsumed by national politics (Alexander and Orr 1995). The changes to local government outlined earlier in this article have been gradual and incremental rather than revolutionary. It is also the case that the responses of local authorities to the legislative agenda have been functionally informed rather than an expression of wider aspirations for local government. Indeed it is the exclusive emphasis on the service delivery role which weakens local government's position within the changing system of Scottish governance. Nearly two years on from the reorganisation of Scottish local government, even a half-critical analysis serves to highlight the salience for Scotland of questions which this article has raised of Polish local governance: what is local government supposed to stand for, what are the role and purpose of local elected public institutions, and what is the strategic vision which

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emerges from this? The first two years of the unitary authorities have been less impressive for the vision that they are seen to be bringing to their local communities than for the way in which they have been forced down the traditional budget-driven functional route. Local authorities can certainly point to corporate mission statements and so on, but in many cases these have been subordinate to the politics of constraint and the expediencies of the budgetary process. Vision in the meaningful sense involves not only an intelligent articulation of strategy but then, crucially, also a demonstration that the vision drives practice. Examples of this happening are hard to spot, though the new 'best value' requirements on local councils bring a new urgency to the task.

More broadly there seems to be a lack of vision for local government in terms of its role and purpose in Scotland's governance. COSLA's recent manifesto for local government makes some valid points about the unhappy nature of central-local relations in Scotland in the last two decades. However the content of the COSLA position paper is fairly predictable rather than especially radical in what it has to say about local government. In particular the concept of 'localness' is tacitly assumed to be easily agreed upon and unproblematic. What is currently local is asserted to be properly local. This ignores the incoherent nature of the current system of Scottish governance. For example, the health service is a national service on the basis of national rights, whereas education, despite fundamental elements of national prescription and control in relation to funding, the curriculum and standards, remains 'local'. Community social work is local but community health is not. The police service is organised according to the political attitudes of two decades ago (Mair and Wilkie 1997) and no longer even fits the current local government structure. Local government's role therefore seems to be to deal with services which it has either wrested from central government or has had dumped upon it. A more visionary view, or manifesto for local government, would involve a serious discussion about localness, openness and political accountability in light of the new democratic options generated by a Scottish parliament (rather than what begins to look like the entrenchment of defensive positions on the part of an interest group).

Localness remains a taken for granted term. However, until we articulate more fully what we mean by the term then we will be unable to deal coherently with other important issues of representation, finance and central-local relations. As we move into what Tony Blair called a 'deconcentrated central government system', we are in danger of arriving at the embryo of a federal system without having resolved this key issue. For local government in Scotland the expectation of a Scottish Parliament should make the need to be clear about its own role and purpose a compelling one.

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It may be argued that in Poland, with its smaller fiscal base and without the tradition of local government and the institutional capacity that accompanies this, the functional is rightly currently being given priority. If there is a lesson from Scotland for Poland, however, it may be a rather depressing one: the more developed the system becomes the less likely it is that questions of vision and strategy will be addressed. In other words, progress down the functional line and the resolution of practical dilemmas may force Poland away from a coherent vision of local government rather than towards one. The constitutional restructuring implied by a Scottish Parliament may give this country an opportunity to rectify this.

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