

# The future of local public services

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# To talk about future... let's look for the past trends

- Phases of local public service delivery in Europe
  - Early XX century: Local governments responsible for the narrow set of „metabolic functions” of cities, social services in the domain of charity
  - After 2nd World War:
    - Western Europe: Development of local welfare state – broadening role of local governments in social services
    - Eastern Europe: central planning, strict vertical subordination of local authorities; but with important role in social services
  - Last decade of XX and first decade of XXI century: neo-liberal wave, questioned role of the public sector – New Public Management
  - Contemporary trends
    - Questioning NPM assumptions
    - Critics of privatisation and marketisation paradigm
    - Cases of re-municipalization
    - Lack of a single, dominant model

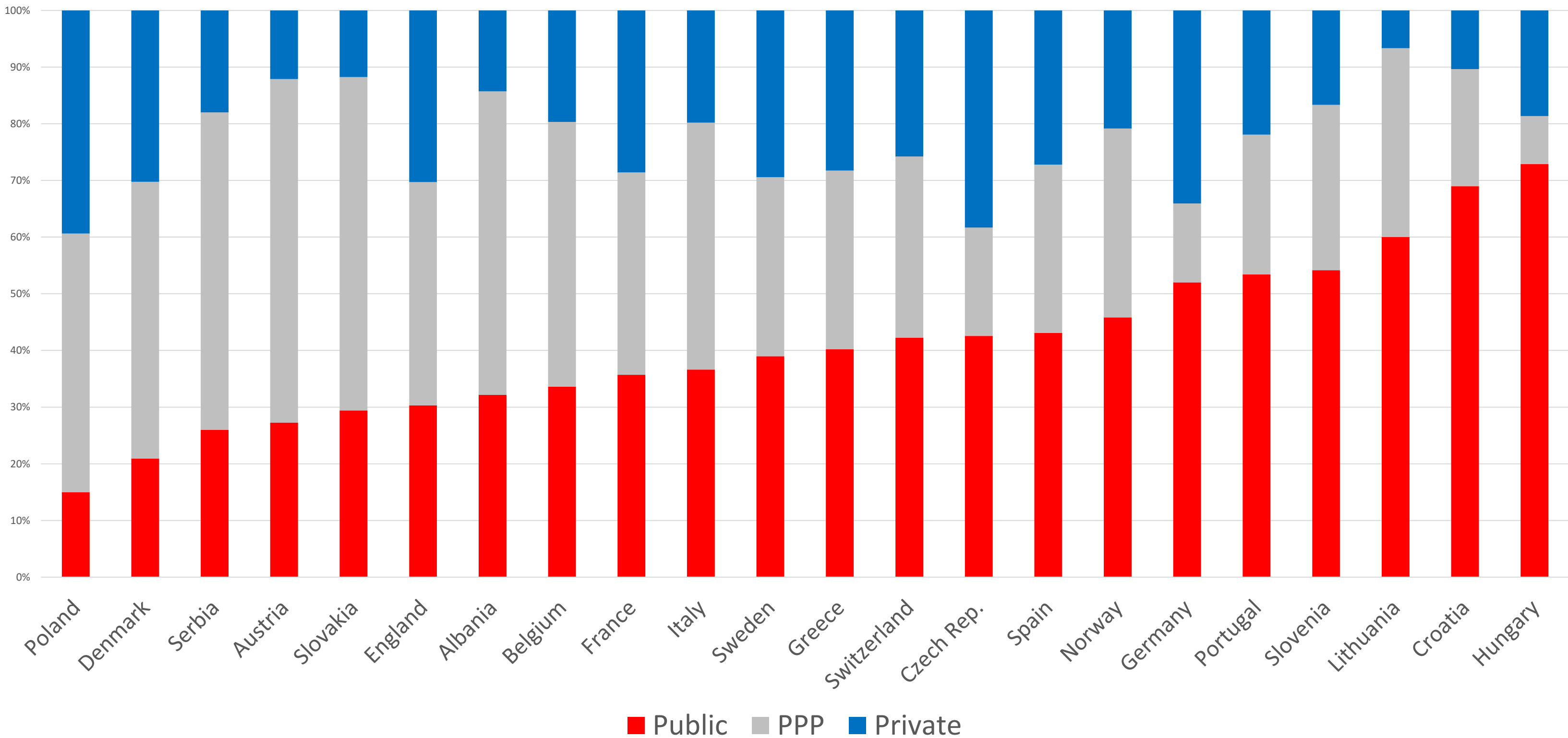


## NPM – main lines of criticism

- Wide criticism going along with the pendulum role – disappointment with neo-liberal economic doctrine
- Over-estimated impact on practice of local administration
- Consequences different from promised
  - Doubtful reduction of costs (especially in quasi-monopolist situations)
  - Negative consequences of management by performance indicators (especially in social services)
    - Pro-ranking instead of pro-social activities
- Normative rejection of „city as a firm” slogan
- Resistance of communal in-house departments
- Re-municipalization instead of privatization
- Renaissance of multi-sector municipal companies
  - Acceptance for (earlier criticised) cross-subsidizing

# Lack of clearly dominant model

Preferred form of service delivery - waste management



Source: 2015 survey of European mayors

# The same arguments of supporters of increase and decrease in outsourcing

Expected effects	Supporters of more outsourcing	Supporters of less outsourcing
Lower costs for citizens	24%	18%
Better financial situation of the local budget	20%	16%
More flexible services	<sup>5</sup> 28%	21%
Better control over quality	4%	11%
Higher quality of services	24%	33%



# New Public Management and its critics – the Polish perspective

- Time gap (delay)
- Cases of re-municipalization
  - Communal housing
  - Water & sewage – Gdańsk
  - Public transport - Kalisz
- Myth of task-oriented budgeting

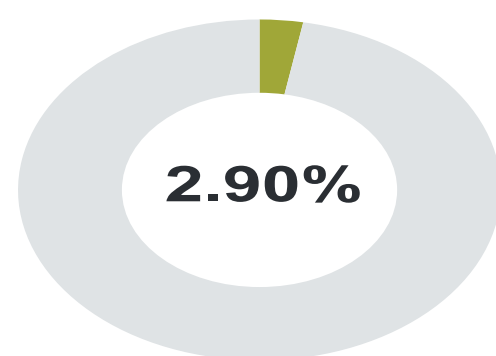


## Effects of privatisation – academic conclusions

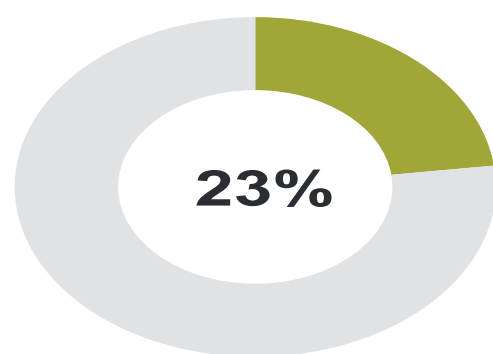
- Positive cost effects often visible in technical infrastructure services but rarely in social policies
- Cost savings are frequent in the initial period but decrease in following years
- More visible in studies concerning US and UK than in Continental Europe
- Not sufficient number of studies which apply convincing methodology to control impact on costs by quality of services

# Current trends and possible paths of further developments – stress on Inter-Municipal Cooperation

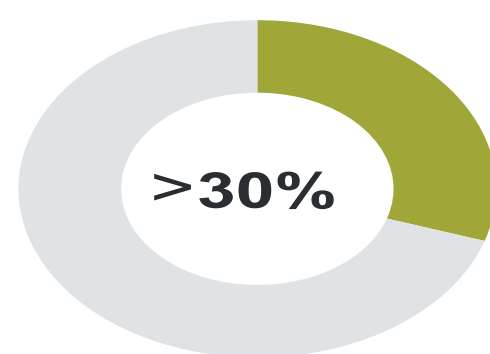
- Growing trend to rely on IMC in several European countries
  - Especially in territorially fragmented systems (i.e. France, Italy)
  - But also in countries with more territorially consolidated systems (e.g. Finland, Netherlands)
- Arguments for IMC include:
  - Economies of scale
  - Better coordination in functionally integrated areas
  - Better visibility
- Variety of institutional forms (contracts, IMC private or public law institutions)
- The role of IMC highly diversified across countries



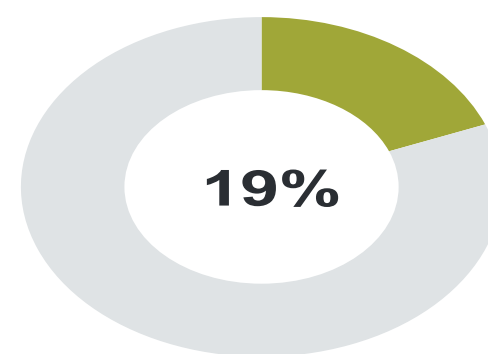
Czechia



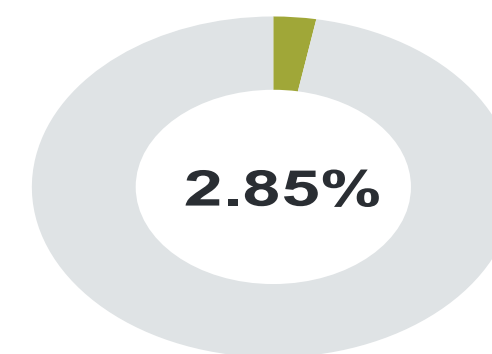
Finland



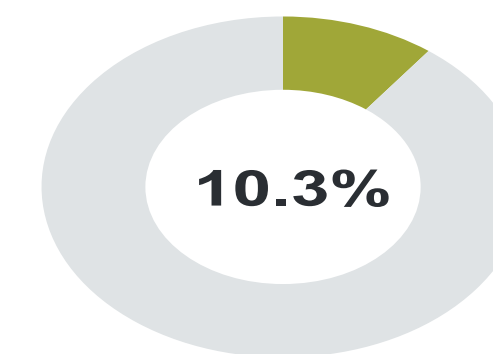
France



Netherlands



Poland



Portugal



# Does Inter-Municipal Cooperation really provide cost savings?

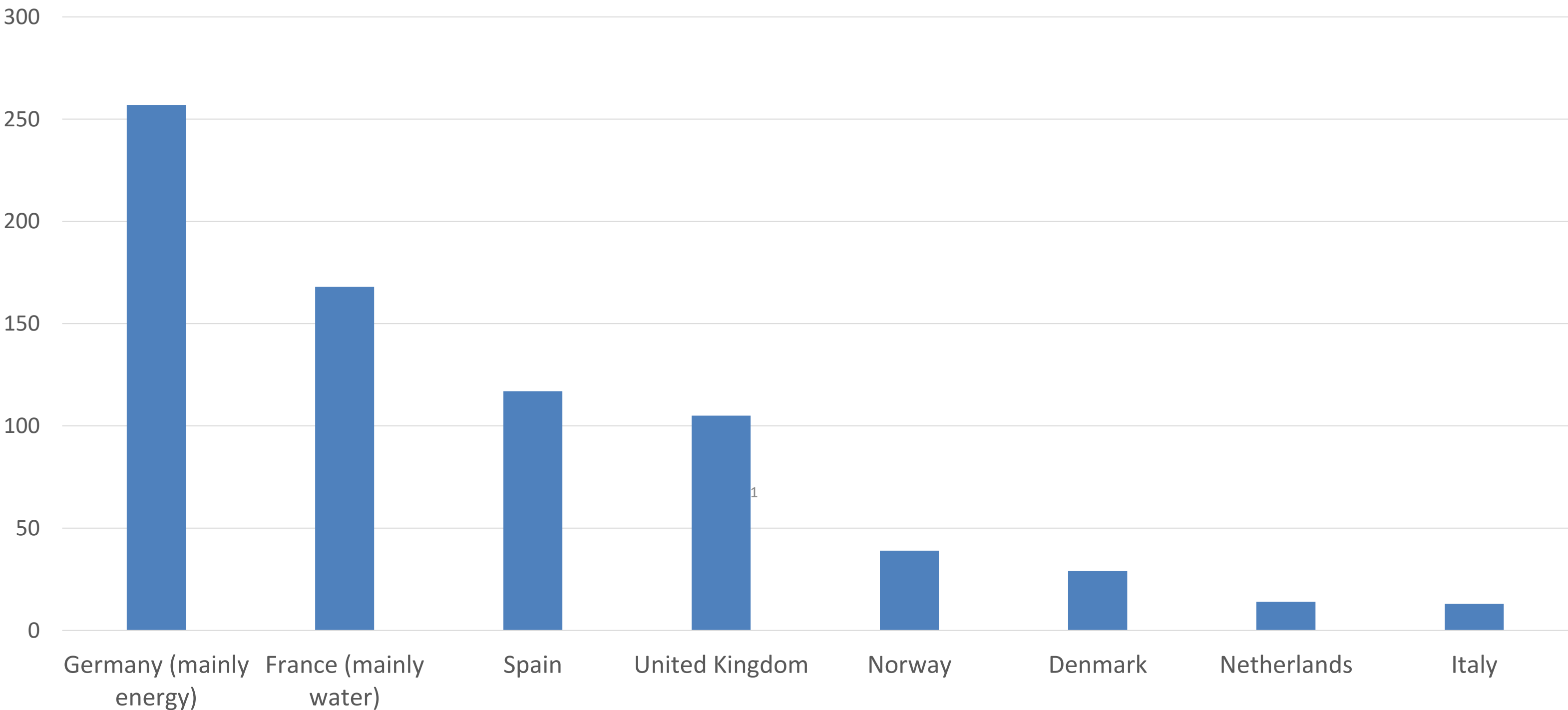
- Mixed results of various empirical studies
- Likelihood of saving increased in case of:
  - Small size of cooperating municipalities
  - Voluntary (not compulsory) cooperation
  - Cooperation related to single service rather than multi-task arrangements
- Therefore: strong incentives rather than obligation



# Pendulum response of re-municipalization as a future?

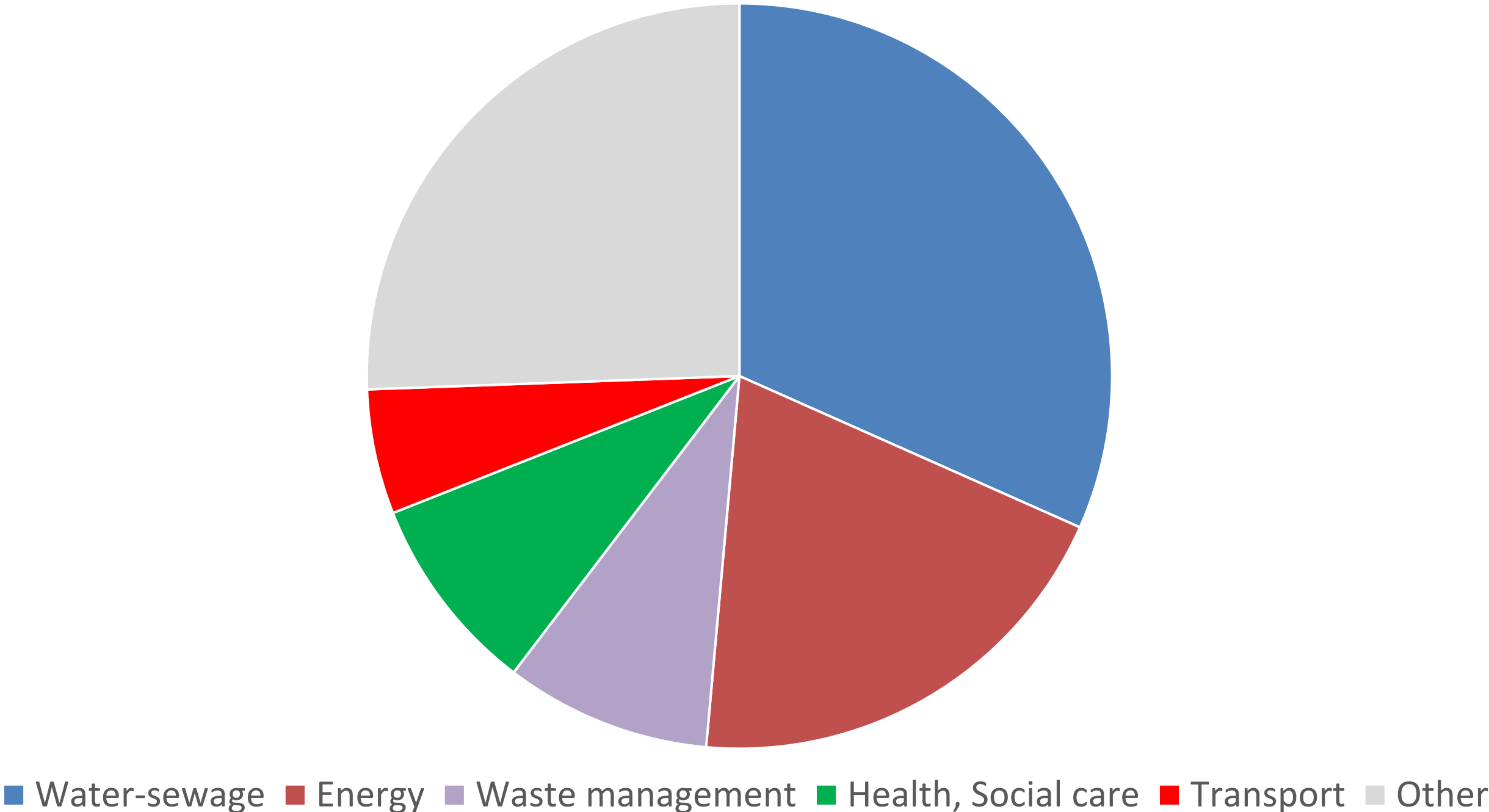
- H. Wollmann, G. Marcou (2010) *The provision of public services in Europe: between state, local government and market*, Cheltenham: Edward Elgar.
- Critics of the logic of privatization as an engine
- Examples of the return of public sector in XXI c.
  - Germany
    - Buying shares of earlier privatized Energy companies
    - Buying earlier privatised waste management companies
  - France
    - Several cities not extending concession for private water-sewage provision (Paris 2009, followed by Grenoble and other cities)
  - Italy
    - Rejection of water sector privatisation in referendum

# Number of re-municipalisation cases until beginning of 2024



D. Albalade, G. Bel & E. Reeves (2024) Extent and dynamics of the remunicipalisation of public services  
Local Government Studies, 50:4, 663-676, DOI: 10.1080/03003930.2024.2331561

# Cases of re-municipalisation until beginning of 2024

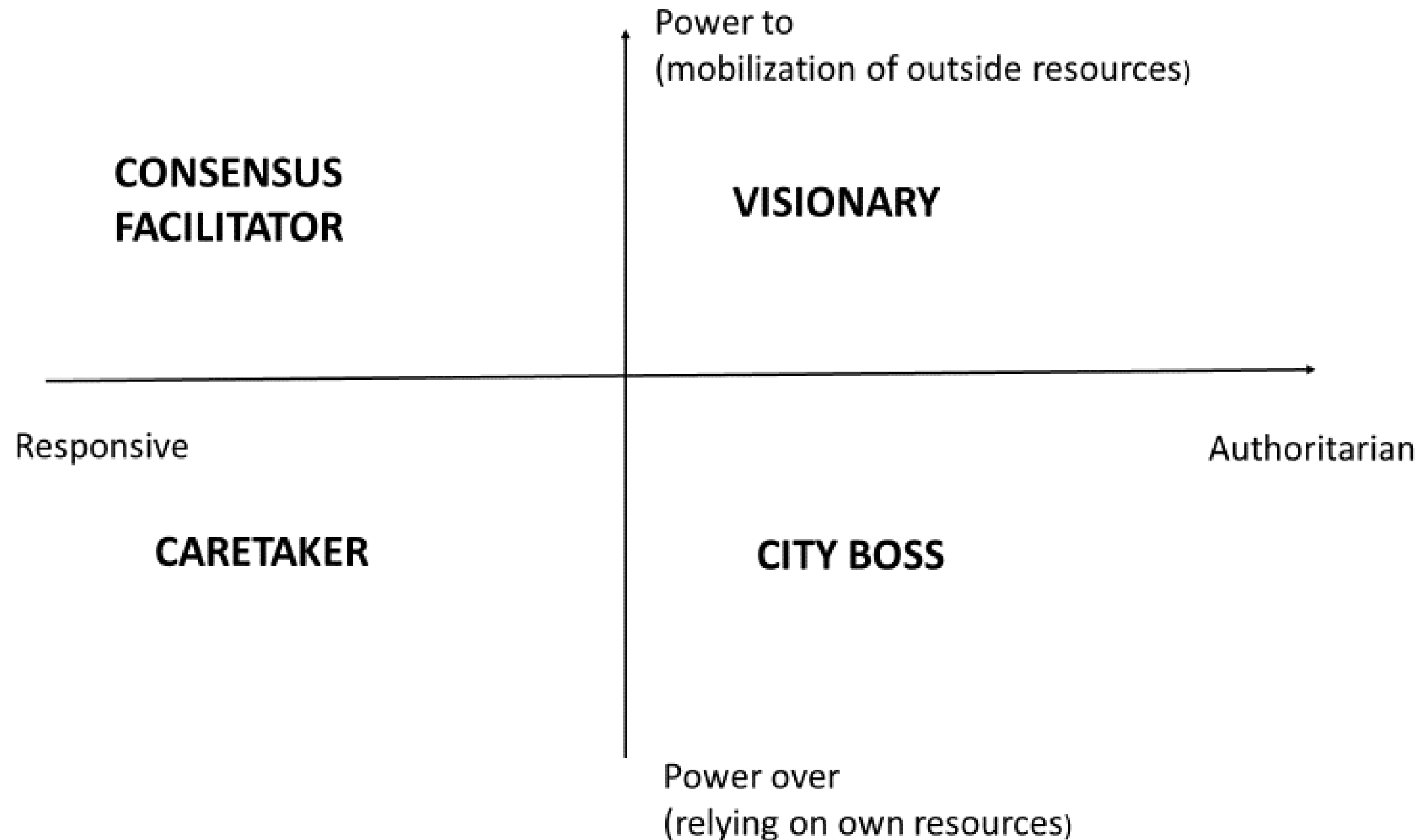


Time trend: increase of frequency during and after 2009 crisis and recession.  
End of increase trend around 2016  
After 2020 only rare cases



# Future of local public services – challenges:

## 1. Leadership style – close the gap between expectations and reality

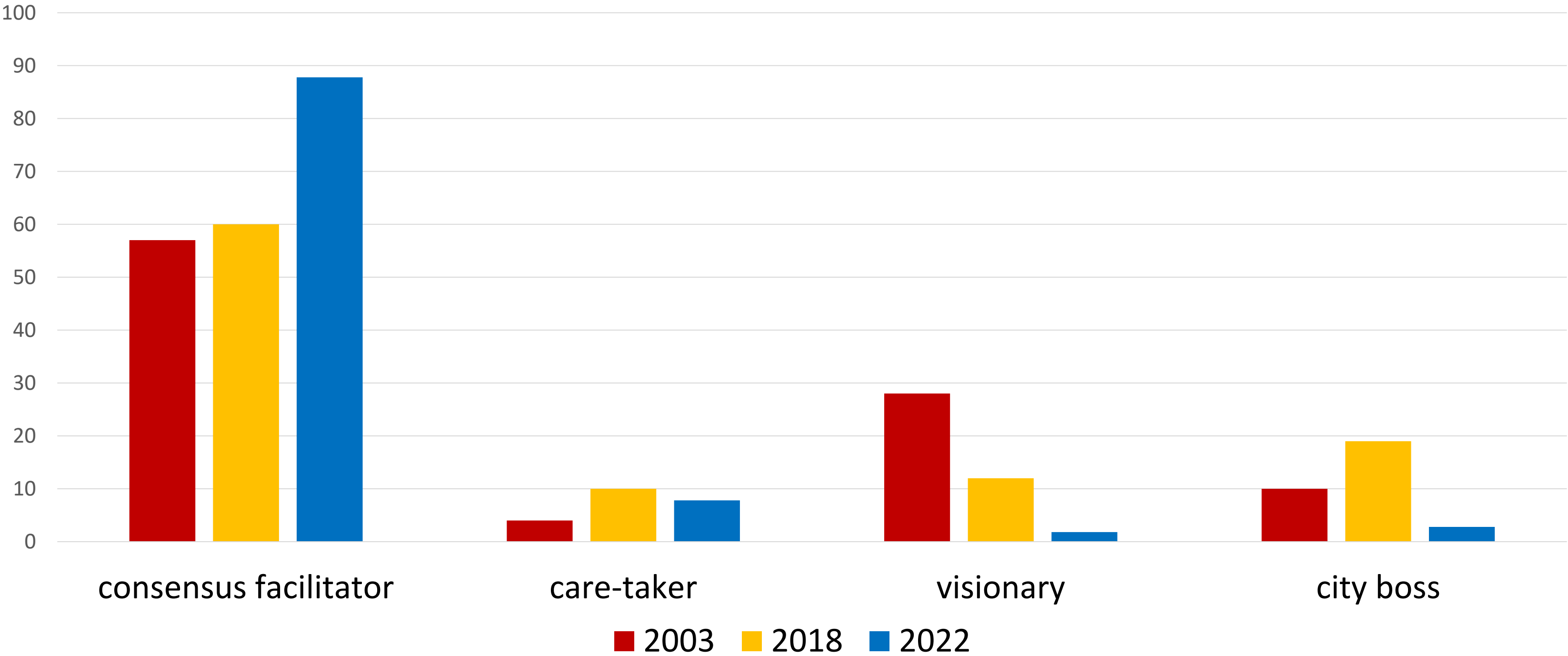


John and Cole (1999) classification of styles of leadership

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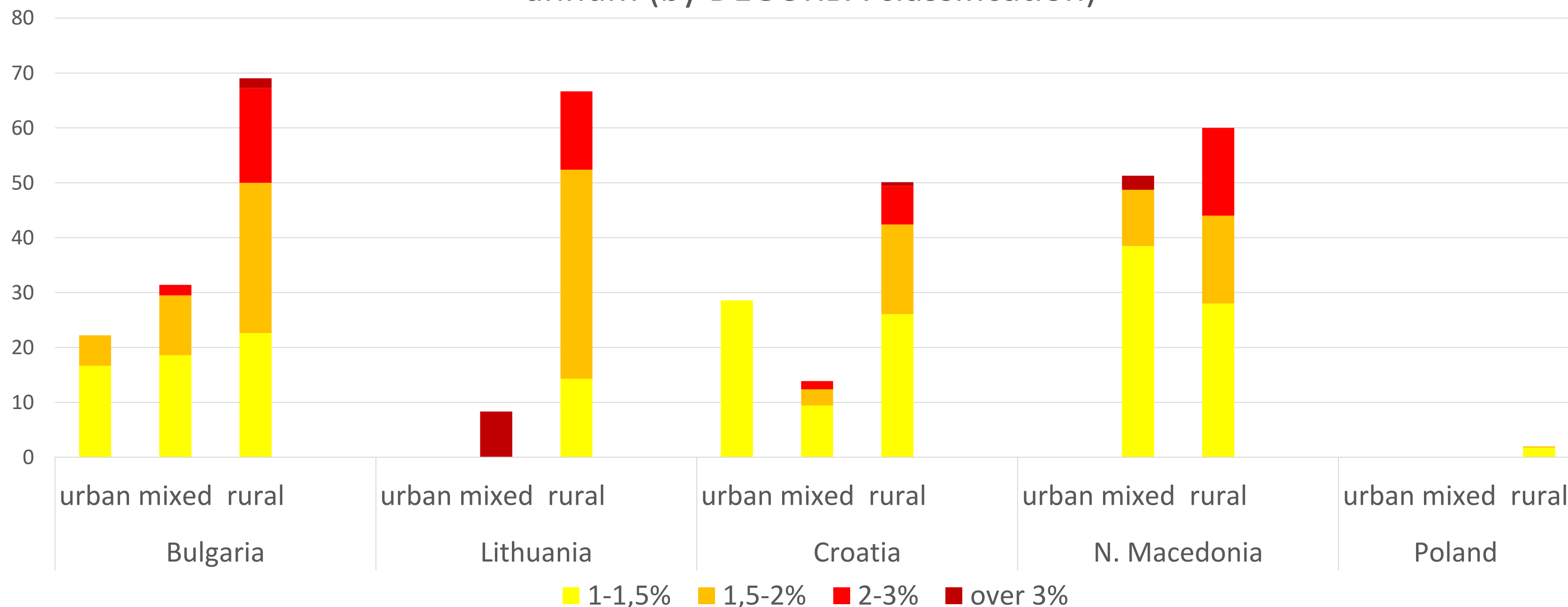
Preferred styles of local political leadership in Poland



# Future of local public services – challenges:

## 2. Depopulation and provision of services in small towns and rural areas

Proportion of municipalities with average pace of population decline per annum (by DEGURBA classification)



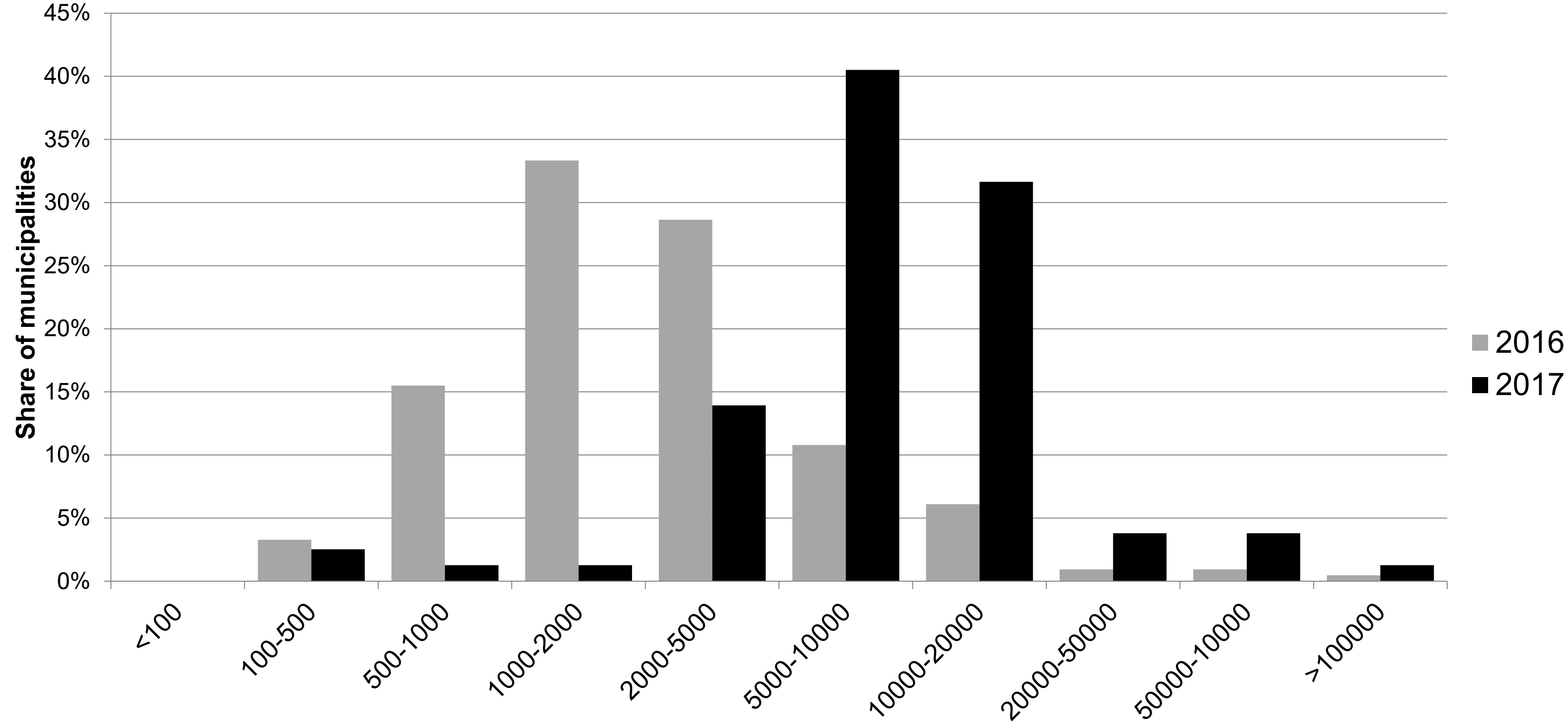
# Future of local public services – challenges: territorial amalgamation reforms

- Very popular in Europe in XXI century
  - Over 20 countries so far





# Future of local public services – challenges: territorial amalgamation reforms – the case of Estonia



Median from just below 2,000 to almost 10,000

# Future of local public services – challenges: territorial amalgamation reforms

- Very popular in Europe in XXI century
  - Over 20 countries so far
- Disappointing effects as concerns cost-saving
  - And even more disappointing as regards the impact on local democracy
    - But more promising as a tool to increase capacity to provide services and competencies of local Staff
- Some form of territorial reorganizations (not necessary mergers) may be unavoidable to adapt modes of service delivery to depopulation

# Re-centralisation of service delivery as a response to depopulation?

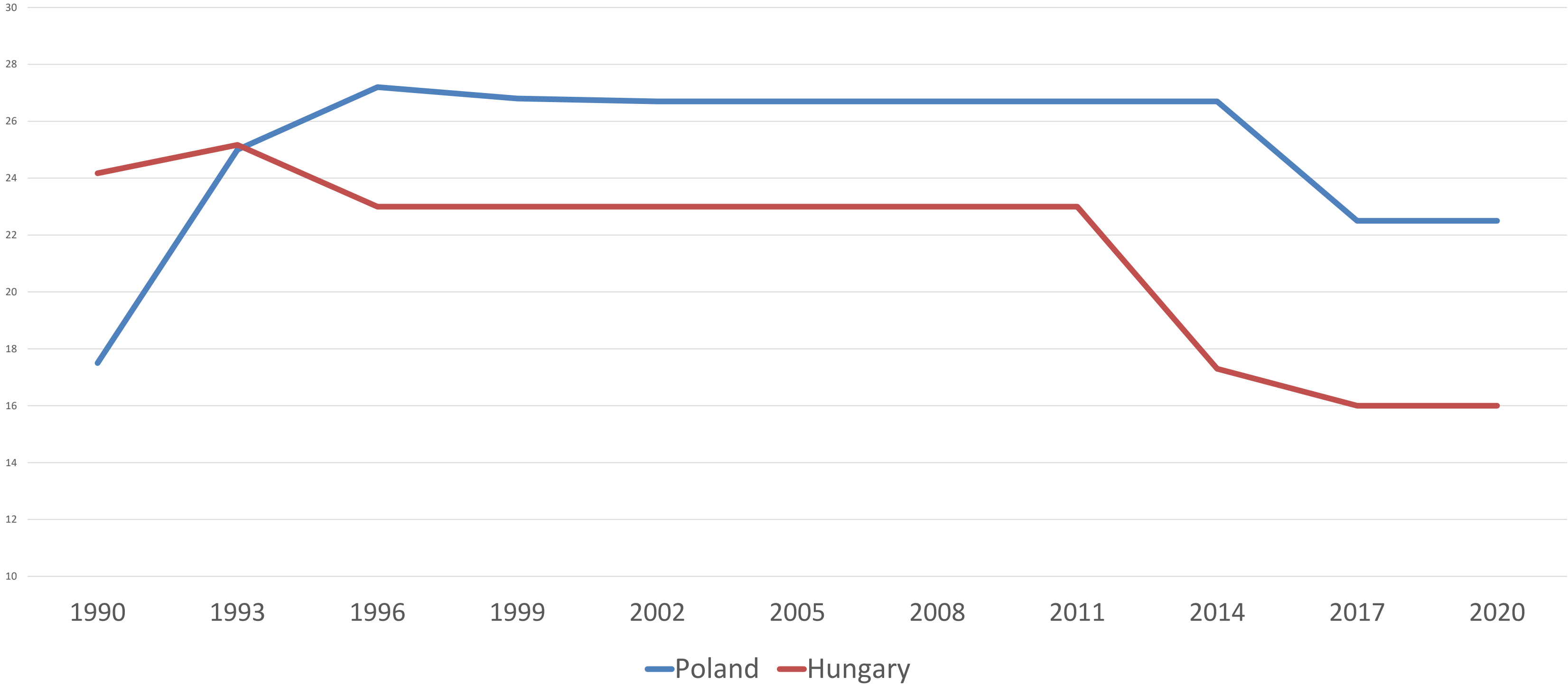
- Local Autonomy Index (LAI) study:
  - Several cases of (very modest) re-centralisation after 2008 crisis
    - But focused mostly on control of borrowing and finance rather than on service delivery
  - Hungary – the only case of radical re-centralization
    - Motivated more by ideology combined with extreme territorial fragmentation
  - Less pronounced re-centralization also in Poland after 2015 (ideology motivated)

*Source: A. Ladner et al. (2025) Dynamics and issues of local autonomy, Edward Elgar (open access book)*



# Re-centralisation of service delivery as a response to depopulation?

Trends in LAI - Hungary and Poland



# Re-centralisation of service delivery as a response to depopulation?

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    - Motivated more by ideology combined with extreme territorial fragmentation
  - Less pronounced re-centralization also in Poland after 2015 (ideology motivated)
- De-population and debates on delivery of services in Poland – special focus on primary education (but not only)
  - Possible allowing delegation of functions to upper-tier (country) in the future
  - Asymmetric decentralisation as considered option
- How about single tier systems?

# Future of local public services – challenges: changing role of EU structural funds

- Many countries of Central and Eastern Europe will face shrinkage of EU structural funds in flow due to their „development success”
- But also due to change of priorities in EU budget
- For some countries: tendency to centralize management of structural funds is important as well
- Alternative ways of financing have to be developed



# Conclusions

- For the future of local public services important are not only technocratic managerial issues
- But also ability to talk to local community
- And recognition of diversified local economic and social conditions