

# **Local Government Arrangements in Galway**

## **The Report of the Galway Local Government Committee**

**November 2015**

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## Chair's Foreword

Dear Minister,

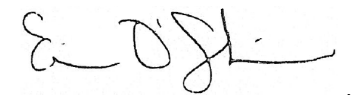
It is with great pleasure I present to you the report of the Galway Local Government Committee.

The Committee unanimously recommend that the option of merging the two existing authorities in Galway be explored further, and we outline a number of steps towards achieving that objective by 2019.

On balance, having reviewed the different options for delivering effective local government to Galway City and County, the Committee unanimously concluded that the establishment of a new, unified local authority to be known as the *Greater Galway Authority* (GGA) would maximise the potential of the region to maintain, secure and grow its sustainable economic base into the future. It would combine the respective strengths of the two existing authorities in terms of resources, staff and expertise. The transition to this new authority, which would be managed with due consideration and respect to all stakeholders, would enhance the provision of quality job creation, boost the existing vibrant cultural and artistic milieu, and provide a geographically balanced and integrated approach to economic and social development across the *Greater Galway Authority*.

We recognise that achieving this vision of a *Greater Galway Authority* will require detailed consideration and careful planning, and will required the active participation of all stakeholders to ensure consensus, in a number of domains, in achieving its full potential. To do so will take time, and we consider that establishing a time-frame based on the local government elections of 2019 will allow for the deliberation and the strategic planning required.

The Committee members are of the shared view that the potential to plan comprehensively for the future of Galway City and County should be grasped, and that the realisation of a *Greater Galway Authority* by 2019 is both desirable and feasible. The Committee is confident that the implementation of its recommendations will allow for the development of a successful county with a strong city at its core. This will, in turn, drive the county and the regional economy and ultimately provide a better quality of life for all the people of Galway.



Professor Eoin O'Sullivan, November 2015



## Executive Summary

### Committee composition and terms of reference

In January 2015, the Minister for Environment, Community and Local Government, Alan Kelly, announced a review of local government arrangements in Galway. Minister Kelly appointed an independent statutory committee to carry out this review. The group was chaired by Professor Eoin O’Sullivan, B.A., M.A., PH.D., F.T.C.D., Head of the School of Social Work and Social Policy in Trinity College Dublin. The other members of the committee were: Ms. Hannah Kiely, B.A., BAAD, Cert. IOD, Dip. IOD; Mr Ned Gleeson, M.B.A.; Mr. Michael C. O’Connor, B.A., LL.B., B.L., LL.M. (Public Law), Barrister at Law; and John D. Coyle, B.A., M.Econ.Sc., Dipl.Coll.Europe, F.IOD.

According to the terms of reference for the Committee (see Appendix 1 for the full terms of reference), the Committee was requested to carry out an objective review of local government arrangements in Galway City and County, and to prepare a report making recommendations for improvements in such arrangements with respect to: -

- (a) whether the boundary of Galway city should be altered and, if so, recommendations with respect to the alteration of the boundary; or
- (b) whether Galway City Council and Galway County Council should be unified

### Consultation

During the course of its work, the Committee met on fifteen occasions (including meetings with deputations).

The Committee consulted extensively. A general invitation for submissions was made in the local and national press, with a deadline of the end of March 2015, which elicited a widespread response. Forty-eight submissions were received (including submissions from the City Council and County Council) and are available for viewing at <http://www.galwaylocalgovtreview.ie/submissions.html>.

The Committee's consultative efforts included meetings with the elected members and executives of Galway City Council and Galway County Council. The Committee considered all submissions received, in addition to reviewing a number of relevant reports and publications concerning national and international experience with local government reform.

Before finalising their views, the Committee embarked on a second round of consultation to further engage stakeholders and citizens. A deliberation report was issued with the consultation invitation, which set out a number of issues that the Committee particularly wished for further engagement on. A further seven submissions were received by the September deadline. The Committee also held further meetings with the elected members and executives of Galway City Council and Galway County Council and with a number of institutional stakeholders.

A list of those who provided submissions in response to the consultation is available at <http://www.galwaylocalgovtreview.ie/submissions.html>. Details of the consultation process are outlined in Appendix 2.

### Examination of options

While the terms of reference require the Committee to examine the alternatives of amalgamation or boundary extension, the Committee also examined a radical shared services option in light of the issue being highlighted in many submissions. The options thus determined by the Committee to be assessed were:

- No change
- Boundary extension for Galway city
- Radical shared services
- Full merger

These options were assessed by the Committee with the expert assistance of the Institute of Public Administration using a multi-criteria assessment approach, as outlined in Appendix 5. The assessment was based largely on the submissions received and on the international review of local government reform.



On the basis of this assessment, an analysis of the submissions received, and reflection on the findings from the consultation process with stakeholders, the Committee identified and summarised a number of pros and cons associated with each option. These are outlined in the report in Chapter 4.

## Conclusions, recommendations and next steps

The overarching task for the Committee to is recommend to the Minister the optimum structure for delivering local government to Galway City and County - a structure that will deliver high quality services and deliver economic growth and prosperity into the future, maximising the human capital available to drive these objectives. A starting point for the Committee is an acknowledgement of the broadly successful delivery of services and economic development in the current configuration of local government in Galway. In seeking to maintain this success into the future, the focus of the Committee was on using this review as an opportunity to put in place the structures that would allow for the enhanced delivery of services.

The issue for consideration with regard to options in this context is what configuration is most likely to lead to an enhanced place-shaping role for Galway City and County over *the next twenty to thirty years*. Improving the well-being of an area and its local communities requires local government to take responsibility for matters in addition to their service delivery responsibilities, and recognises that many of the existing local authority functions require them to take an increasingly regional or sub-regional perspective on issues.

Thoughtful Submissions were received by the Committee that strongly advocated no change to the existing configuration of local government in Galway. While we acknowledge that the current configuration works reasonably well, we are not convinced that this is the optimum configuration to drive and deliver services and economic development into the future for the reasons that we set out in the report. One option considered by the Committee was, given the view that the current structures were operating well, that we review the structures again in five years time to ascertain their effectiveness and only at that stage make a recommendation. We decided against this course of action.

Adjusting the existing boundary to take into account the growth in population in Galway City and to reflect the expansion of industry, particularly in Parkmore, would be of considerable benefit to the City, but would be to the detriment of the county. It is possible to put in place a financial compensation mechanism for the county, given that the rate base would be adversely affected by an enlarged City in the Parkmore area, but this is a complex and time consuming process, and the view of the Committee is that the current acknowledged difficulties - where, for example, responsibility for planning etc. is divided - can be resolved via other structural arrangements.

Many of the submissions received to-date noted the existing excellent shared services arrangements that currently operate between the City and County, and suggested that these could be enhanced. The Committee concluded that radically enhancing shared services offered a number of benefits for the citizens of Galway City and County, but as with the boundary extension option, these benefits can also be achieved via alternative structures.

#### A 'Greater Galway Authority'

On balance, the Committee concluded that the establishment of a new, unified Local Authority to be known as the *Greater Galway Authority* (GGA) would maximise the potential of the region to maintain, secure and grow a sustainable economic base into the future. It would combine the respective strengths of the two existing authorities in terms of resources, staff and expertise. The transition to this new Authority, which would be managed with due consideration and respect to all stakeholders, would ensure quality job creation, provide a further boost to the already vibrant cultural and artistic milieu, and provide a geographically balanced and integrated approach to economic and social development across the *Greater Galway Authority*, from Clifden to Clonfert, Glenamaddy to Gort and Galway City in between.

A unified authority would eliminate duplication, free up financial and human resources and enable the recruitment of new expertise, thus making the authority fit for purpose in an evolving era of new skills and technology.

This *Greater Galway Authority* will enable the advantages of both radically shared services and a boundary extension to be realised, whilst minimising the risks associated with these models when taken in isolation.

We see the *Greater Galway Authority* as an emerging model of how local government can respond to the needs of citizens in the provision of services and job creation. We envision an increased range of services being devolved to local authorities, and more meaningful local, democratic accountability and responsiveness. In particular, we recommend that a Department of Economic Planning be established. Enhanced democratic accountability arrangements would be responsive to the needs of the distinctive areas of the new Authority - for example, the specific needs of an Gaeltacht and East Galway.

Underpinning our vision for the *Greater Galway Authority* is the belief that citizens seeking services from local authorities must be provided with the optimum services and that policy decisions must be informed by the needs of citizens. Elected members are crucial brokers in representing the needs of the citizens of Galway and articulating them at various representative fora, and in the process of establishing a *Greater Galway Authority*, elected members need to be consulted at each stage of the process.

### **Realising the Vision for a Greater Galway Authority**

We recognise that achieving this vision will require detailed consideration and careful planning, and will involve the active participation of all stakeholders to ensure the consensus necessary, in a number of domains, for achieving the full potential of a Greater Galway Authority. To do so will take time, and we consider that establishing a time-frame based on the local government elections of 2019 will allow for the deliberation and the strategic planning required.

Thus, we have decided to recommend that the process of preparing for a Greater Galway Authority commence now, in order to ensure that there is time for the requisite planning, consultation and deliberation.

To deliver on the vision articulated above and oversee the process of transition, we recommend the establishment of an expert advisory committee. If the

Minister accepts this recommendation, the process of transition should be managed on a day-to-day basis by a Director of Transition and Change Management. Under the auspices of this committee, detailed technical reviews should be undertaken to plan in detail - utilising the expertise within the *Greater Galway Authority* - for the following:

- *Governance – strengthening democratic representation*

In our proposed *Greater Galway Authority*, a radical rethink of how best to achieve democratic representation is required. Strengthening the role and function of the municipal districts is crucial in consolidating democratic representation at a local level and, in particular, ensuring that the requirements of different parts of Galway, such as the Gaeltacht area, are reflected.

- *Governance – providing executive leadership*

Amalgamating the Councils would mean that the new Authority would start with a staff of approximately 1,200; an enviable resource for any organisation. To deliver on the vision set out above, harnessing the strengths of the existing staff is critical and identifying any gaps in expertise is crucial. Managing the transition will require strong executive leadership and a clear strategic staffing plan.

- *Estate – utilising the estate and buildings*

An audit of the estate (including buildings, land, etc.) of both authorities is required in advance of setting out a strategic plan. The audit should look at how best to maximise the use of space in terms of the provision of devolved services, land for housing, public amenities, offices for staff, etc., in addition to utilising the combined estate to provide additional municipal space to support the Arts and Culture.

- *Finance – funding the Greater Galway Authority*

Approximately €180 million was expended by both authorities in 2015. This provided for a vast array of services throughout the City and Country, but it is clear that there are a number of areas, particularly in tourism as a job-generating sector, where further investment would provide significant dividends. New

sources of income need to be identified, which will allow for the sustainable funding of services in the Greater Galway Authority.

- *Balanced development – revitalising our towns*

In planning the Greater Galway Authority, a clear time-limited strategy for the revitalisation of towns in the current county area needs to be developed. Integrated planning for these areas needs to be aligned with economic policy, particularly tourism, to ensure that these towns are viable and liveable spaces for citizens.

- *Strong metropolitan area – driving economic growth*

In creating a single authority for Galway, it is extremely important to give due recognition to a distinct City area within the new Authority. Changes in the local government of Galway should recognise the importance of its long history and its valued traditions. These elements of heritage and tradition should be preserved and integrated into the new organisation in a way that will go hand in hand with the operations of a new, modern and effective local government system.

In conclusion, the Committee members are of the shared view that the potential to plan comprehensively for the future of Galway City and County should be grasped, and that the realisation of a Greater Galway Authority by 2019 is both desirable and feasible. The Committee is confident that the implementation of its recommendations will carry forward the development of a successful county with a strong city at its core. This will, in turn, drive the county and the regional economy and ultimately provide a better quality of life for all the people of Galway.

## 1. Introduction

### 1.1 Establishment of the Committee

Galway is an ancient city with a recorded history stretching back almost a thousand years. It was granted Royal Charter in 1484, allowing it independence from outside control and empowering it to elect its own mayor and corporation. In the more recent local government era, it became a Borough Council in 1937 and on the 1st Jan 1986, the Borough of Galway was established as a County Borough to coincide with the city's quincennial celebrations. This enhanced status placed it alongside the other four County Boroughs of Dublin, Cork, Limerick and Waterford. Galway thus became a fully autonomous local authority in its own right and the electoral link with the county was broken. The City Council and the County Council continued to share a range of services.

At the same time, a major extension of the borough boundary was agreed between Galway County Council and the new County Borough of Galway. Transitional arrangements were put in place by way of ministerial order at the time, including provision for compensation to the County Council.

In January 2015, the Minister for Environment, Community and Local Government, Alan Kelly, announced a review of local government arrangements in Galway. Minister Kelly appointed an independent statutory committee to carry out this review. The group was chaired by Professor Eoin O'Sullivan, B.A., M.A., PH.D., F.T.C.D., Head of the School of Social Work and Social Policy in Trinity College Dublin. The other members of the committee were: Ms. Hannah Kiely, B.A., BAAD, Cert. IOD, Dip. IOD; Mr Ned Gleeson, M.B.A.; Mr. Michael C. O'Connor, B.A., LL.B., B.L., LL.M. (Public Law), Barrister at Law; and John D. Coyle, B.A., M.Econ.Sc., Dipl.Coll.Europe, F.IOD.

According to the terms of reference for the Committee (see Appendix 1 for the full terms of reference):

In accordance with sections 32 and 33 of the Local Government Act 1991, the Committee is hereby required to carry out an objective review of local government arrangements in Galway City and County, including the

boundary of Galway city, the local government areas and the local authorities for such areas, and to prepare a report making recommendations for improvements in such arrangements with respect to: -

- (c) whether the boundary of Galway city should be altered and if so, recommendations with respect to the alteration of the boundary; or
- (d) whether Galway City Council and Galway County Council should be unified; and
- (e) any further related matters on which the Minister may request the Committee to make recommendations during the course of its review.

At the time of the announcement, Minister Kelly said: “The ambition of this is to create a stronger Galway. The major urban centres are critical to the economic success of their wider regional hinterlands. Weaknesses due to divided governance in Limerick and Waterford have been addressed.” The Minister went on to say that “[i]t is logical also to consider the option of unifying the city and county structures in Galway, not least because of the potential of a stronger Galway authority to reinforce the process of economic recovery and growth, not only in Galway but in the west generally.”

## 1.2 Work of the Committee

During the course of its work, the Committee met on fifteen occasions (including meetings with deputations).

The Committee consulted extensively, a process that helped it to identify objectives and challenges, which its recommendations address. The Committee engaged in a first round of consultation, which was completed in April 2015. A general invitation for submissions was made in the local and national press, which elicited a widespread response. Forty-eight submissions were received (including submissions from the City Council and County Council) and are available for viewing at <http://www.galwaylocalgovtreview.ie/submissions.html>.

The Committee’s consultative efforts included meetings with the elected members and executives of Galway City Council and Galway County Council.

The Committee considered all submissions received, in addition to reviewing a number of relevant reports and publications concerning national and international experience with local government reform.

Before finalising their views, the Committee embarked on a second round of consultation to further engage stakeholders and citizens. A deliberation report was issued with the consultation invitation, which that set out a number of issues that the Committee particularly wished for further engagement on. A copy of this report is available at <http://www.galwaylocalgovtreview.ie/index.html>.

A further seven submissions were received by the September deadline. The Committee also held further meetings with the elected members and executives of Galway City Council and Galway County Council and with a number of institutional stakeholders.

A list of those who provided submissions in response to the consultation is available at <http://www.galwaylocalgovtreview.ie/submissions.html>. Details of the consultation process are outlined in Appendix 2.

The Committee would like to thank the elected members, the chief executives and their management teams, and the staff of the City and County Councils for their support. In particular, the Committee wishes to acknowledge the administrative and technical support provided by Laura Sharkey. The Committee wishes to acknowledge the assistance received from officials of the Department of the Environment, Community and Local Government. The Committee would also like to thank the individuals and organisations that chose to make a submission, and Dr. Richard Boyle of the Institute of Public Administration, who provided research support for the Committee.



## 2. Setting the Context

### 2.1 The local context

#### Galway County<sup>1</sup>

The county of Galway has a geographical area of 453 square kilometres, with 689 kilometres of coastline, four inhabited Islands and is bordered by five other counties: Offaly, Roscommon, Tipperary, Clare and Mayo. County Galway has the largest Gaeltacht area in the country, with a Gaeltacht population of 33,608 in an overall county population of 175,000. The county has 6,300km of roads.

The population of the county in the 2011 census was 175,000. While the National Spatial Strategy and, consequently, the Regional Planning Guidelines had population projections of 185,860 for 2016 and 198,500 for 2022, more recent analysis would seem to suggest that the population changes in both City and County will be much more modest in the coming years.

The county of Galway has 135 identified settlements in its county development plan, ranging from smaller villages to larger towns. The hub town of Tuam has a population of 8,242 while the county town of Ballinasloe has a population of 7,674. The remaining largest towns in the county have more modest populations; these include Loughrea (5,062), Oranmore (4,799), Athenry (3,905), Gort (2,644), Clifden (2,056), Maigh Cuillin (1,559), Portumna (1,530) and Bearna (1,878).

Galway County Council is comprised of five municipal districts with a significant population in each:

- Connemara - 35,113
- Tuam - 40,494
- Athenry/Oranmore - 33,415
- Loughrea - 37,416
- Ballinasloe - 24,651

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<sup>1</sup> This section is derived from the submission of the County Council to the Committee

## Galway City<sup>2</sup>

Galway City had a population of 75,414 at the time of the 2011 census. There are over 27,000 households in Galway City, with 10,390 of these households in rented accommodation. There are 3,724 commercial organisations spread across the city. The city covers an area of 50.57 square kilometres.

Galway is the arts capital and the cultural heart of Ireland, and is known as Croí Cultúrach na hÉireann. Galway is currently bidding to become European Capital of Culture, 2020. In 2014, Galway was designated as a UNESCO City of Film, making it the first Irish city to achieve this status.

As a destination, Galway accounted for 15.8 per cent of total overseas visitors coming into Ireland in 2014. Tourism is a very important industry in Galway and contributes significantly to the economy, generating business for hotels, bed & breakfasts, restaurants and retail, thereby creating significant employment for the region.

Galway City is home to four third-level education institutions:

- National University of Ireland, Galway (NUIG)
- Galway Mayo Institute of Technology (GMIT)
- Galway Technical Institute (GTI)
- Galway Business School

These facilities add significant value to Galway City and represent a population increase of approximately 25,000 students in the academic year. Having third-level institutions of such calibre in Galway City is a key factor for companies choosing to locate to Galway, as they have access to a very highly educated and skilled workforce on their doorstep.

In 2014, Galway was designated Europe's Micro City of the Future, 2014/2015, by the *Financial Times*. The publication also rated Galway as the best overall Micro City in Europe.

Galway City is home to world-class clusters in the medical device and information and technology sectors. Eight of the world's ten largest medical

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<sup>2</sup> This section is derived from the submission of the City Council to the Committee

device companies are located in Ireland, with Europe’s premier cluster of medical device companies located in Galway. Galway City is also an internationally renowned hub for the creative and digital media sector; this is reflected in the education programmes provided through the local third-level institutions and evidenced through the importance of the creative sector to Galway’s success.

In a review of the National Spatial Strategy, Galway was deemed to have performed better than any other Irish city in terms of generating employment through foreign direct investment (FDI) during the period under review - i.e., 2001 – 2011, during which time it saw an increase of 20 per cent in FDI. Much of Galway’s success in creating employment over this period was due to its specialisation in the medical devices sector cluster.

#### Existing local government arrangements

Galway City became a Borough Council in 1937 and on the 1st Jan 1986, the Borough of Galway was established as a County Borough to coincide with the city’s quinquennial celebrations. This enhanced status placed it alongside the other four County Boroughs of Dublin, Cork, Limerick and Waterford. Galway City thus became a fully autonomous local authority in its own right and the electoral link with the county was broken. The City Council and the County Council continued to share a range of services.

At the same time, a major extension of the borough boundary was agreed between Galway County Council and the County Borough of Galway. Transitional arrangements were put in place by way of ministerial order, including provision for compensation to the County Council. The boundary has remained unchanged since 1986.

**Table 2.1 Galway City and County Councils - Statistical Profile**

City/County	Pop 2011	Area sq. km	Expenditure 2015 €m	Comm. Rate 2015	Number of Staff end 2013	Number of Councillors	
						2013	2014

City/County	Pop 2011	Area sq. km	Expenditure 2015 €m	Comm. Rate 2015	Number of Staff end 2013	Number of Councillors	
						2013	2014
Galway City	75,414	50.57	75.84	65.46	420	15	18
Galway County	175,127	453.09	105.3	66.59	746	30	39
<b>Municipal Districts</b>							
Athenry/Oranmore							7
Ballinasloe							6
Connemara							9
Loughrea							8
Tuam							9

## 2.2 The national context

A detailed summary of recent national-level developments affecting local government in Ireland is set out in Appendix 3. Under current local government reform plans, local government is intended to be the main vehicle of governance and public service at local level – leading economic, social and community development, delivering efficient and good value services, and representing citizens and local communities effectively and accountably.

In fulfilling these functions, there is an increasing recognition that local authorities must work with the community and other organisations to address issues and problems at the local level. In this respect, they act as leaders and facilitators of change. Local authorities need to develop their community and economic development leadership role further. This role is broader than the direct service provision role and recognises the need to act in partnership with others for the development of the county or city. In many respects, in this guise the local authority can be seen as a catalyst for change and development, bringing together local and national interests and making things happen. Economic development, sustainable transport, 'smart cities' and environmental management are examples of where local authorities have a leadership role to play.

Very much linked to the leadership issue is that of the local authority as coordinator of the various agencies and organisations (public, voluntary and private) at the local level. Many of the issues faced by local government, as is the case with all public services, are complex, multi-faceted problems (economic development, environment, housing, etc.) that cannot be solved by straightforward, traditional solutions. They often require a capacity for leadership and innovation that focuses on cooperation and coordination at local, regional, national and international levels. Local government must establish effective working relationships at all these levels and identify and facilitate new ways of working to ensure effective coordination between the key players. Much of this work is about trying to build capacity to enable local authorities to get people working together on projects at the local level.

There is also recognition that many of the existing local authority functions require them to take an increasingly regional or sub-regional perspective on issues. For example, with regard to waste management and environmental protection, there is a move towards regional structures and arrangements, both in terms of planning and enforcement.

### 2.3 The international context

A detailed summary of international experience with regard to selected local government re-organisation is included at Appendix 4. In summary, there is a

general trend towards a smaller number of larger local authorities in several OECD countries at both the municipal and regional levels. Savings, economies of scale, or performance improvement tend not to be a major feature of such mergers and amalgamations. The justification is more in terms of harder to quantify issues, such as improvements in the strategic capacity of organisations, the limitations of benefits of shared services and cooperation, and the opportunity to enhance the skills base of a smaller number of local authorities.

### 3. Summary of Issues Raised in Submissions

A total of fifty-five submissions were received, including the submissions made by Galway City Council and Galway County Council (for the actual submissions see <http://www.galwaylocalgovtreview.ie/submissions.html>). Particular attention was paid by the Committee to the substantial submissions of the City Council and the County Council, both in their own right and in their encapsulation of many of the issues raised in the other submissions.

Of the submissions received:

- 10 were simply acknowledgements, including of receipt of the invitation to make a submission
- 23 expressed a broad preference for maintaining the status quo
- 14 expressed a preference for merger
- 6 expressed no preference
- 2 expressed a preference for a boundary extension for the city (though several of the submissions that expressed a preference for keeping the status quo also accepted that some, limited boundary extension, particularly in the case of Ardaun, would be acceptable)

The majority of submissions expressed a preference for maintenance of the status quo or, more accurately, did not support a merger nor an extensive boundary extension. Several submissions suggested that including the whole of Ardaun within the boundary of the city was a viable option, and that this could be done with minimal disruption. Similarly, several of the submissions that proposed that no change be made to the boundaries also made the point that they would welcome improved sharing of services between the two councils. In summary, the main points made by those favouring no significant change include:

- The priorities of, and challenges facing, the city and county are different. The county focus is on issues such as the Gaeltacht, agriculture, rural development, agri-food, fisheries and tourism. The city focus is more on issues such as urban services, transport, retail, commerce and social inclusion.

- Collaboration between the councils has been shown to work and will continue with regard to coordinating planning and investment at the regional level.
- The area is too large, geographically, to be a single authority and would also present challenges for democratic representation.
- International and other evidence shows that little or nothing is saved through a merger or boundary change in terms of economies of scale. Savings can be made through greater use of shared services.

Roughly one third of submissions that expressed a preference (a quarter of the submissions overall) were in favour of amalgamating the city and county councils. In summary, the main points made by those favouring a merger were that:

- A merged authority is best placed to provide a stronger voice for Galway, and to promote investment, economic and social development, planning and tourism. It is also better placed to deal with regional and national bodies, such as NRA, IDA, EPA and Irish Water.
- A merger would create a unit of sufficient scale to provide a credible counter-weight to the Greater Dublin area and facilitate the development of the Galway Gateway and Atlantic Corridor.
- A merger means avoiding the problems associated with boundary extension in having to re-balance the finances of the city and county, transfer assets and liabilities, and transfer staff. The requirement for the city to provide financial compensation to the county would mitigate the benefits of a boundary extension.
- A merger will provide savings in the form of streamlining and reducing the duplication of functions.
- A unitary authority would be more successful in tackling problems that affect both the city and the county, such as traffic congestion and high levels of car dependency.
- The continued focus on the needs of rural and peripheral areas and on areas of urban disadvantage is best ensured in the context of a merged authority with access to resources and skills/capacity levels of sufficient size and quality.



The case for a boundary extension for the city is primarily made in the City Council submission, which makes the case for a limited and targeted extension to the boundary of the city/county, specifically in the areas of Ardaun and Parkmore.

## 4. Examination of the Options

While the terms of reference require the Committee to examine the alternatives of amalgamation or boundary extension, the Committee also examined a radical shared services option in light of the issue being highlighted in many submissions. The options thus determined by the Committee to be assessed were:

- **No change** – in this case, the city and county councils would continue as separate entities with the existing boundary.
- **Boundary extension for Galway city** – in this option, sub-options were considered where the city boundary would either be a more limited extension to incorporate Ardaun and Parkmore or a wider one incorporating areas including Barna, Oranmore, Maigh Cuillin and Athenry.
- **Radical shared services** – retaining separate city and county councils, each with their own management and associated structures, but providing administrative shared services for both councils. This would include back-office services such as HR, IT, etc.; specialist services such as procurement, audit and technical services; and some front-line services, such as economic development and some housing services.
- **Full merger** – the integration of the city and county into one council, both politically and administratively.

These options were assessed by the Committee with the expert assistance of the Institute of Public Administration using a multi-criteria assessment approach, as outlined in Appendix 5. The assessment is based largely on the submissions received and on the international review of local government reform. The criteria against which these options were assessed, as agreed by the Committee, are:

- **Vision / strategic capacity / economic and social development** - the ability of the option to facilitate a clear vision for Galway and meet the needs of the city and county in 20/30 years' time. The implications for economic and social development and the 'voice' of Galway local government at regional and national levels. Issues such as what

configuration is most likely to lead to an enhanced place-shaping role for Galway in terms of securing an attractive location for economic and social development.

- ***Governance and accountability*** – the implications for political governance and the functioning of local democracy. This includes issues such as local political oversight and accountability, and the role and arrangement of the metropolitan and municipal districts.
- ***Service delivery*** – the impact on service delivery. The main issue here is the impact of the options on the quality of and access to services, and efficient delivery on the ground.
- ***Human resource management*** – the implications for staffing. Issues to be addressed here include the implications for capacity and innovation, staff motivation and performance.
- ***Efficiency*** – the potential cost or other savings associated with the pursuit of the option. Issues such as corporate overheads and unit costs of delivering services are pertinent here.
- ***Financial sustainability*** – addresses the requirement that there are no additional ongoing costs to central government through increased subvention.

On the basis of this assessment, an analysis of the submissions received, and reflection on the findings from the consultation process with stakeholders, the Committee summarised a number of pros and cons associated with each option. These are set out below.

## 4.1 No change

### *Pros*

- The no change option is widely supported politically by elected members of the two councils. It is also the most favoured option amongst the submissions received in response to the consultation.
- The status quo allows for strong, local democratic representation by elected members and ensures a close connect between decision-makers and the public.
- There are no pressing problems to solve and, therefore, 'if it is not broken don't fix it'. There was a frequently expressed view in submissions that the problems/challenges present in Waterford and Limerick, which prompted mergers in these cases, are not relevant to Galway.
- Existing levels of collaboration between the two councils appear satisfactory, with good cooperation in general.
- Issues of relevance to city and county residents and businesses are dealt with in a way that meets their requirements. The needs of the two authorities are expressed in many submissions as significantly different, with the city focused predominantly on urban issues and the county focused predominantly on issues such as the Gaeltacht, the requirements of Connemara, and rural and island development.
- Local government has only recently been reorganised with the abolition of town councils, the creation of municipal districts. etc. Now is not the time for further change as it is important to give these changes a chance to become established.

## **Cons**

- It will always be more challenging to develop a single, long-term vision for the region where there are two councils with differing areas of interest, despite the good collaboration that exists. As it stands, joint strategies must be presented to both councils, which are independent and may or may not agree.

- No change would not enhance the voice of Galway with regard to economic and social development, and the possibility of unnecessary competition with regard to the activities of the two councils remains.
- The no change option would see the city and county continue to work independently, albeit collaboratively, to secure the best interests of their respective areas and the region as a whole. There would be no significant benefits arising from changes in governance, service delivery, staffing or efficiencies.
- More coordinated service and staff planning through, for example, reducing the duplication caused by having services and staff in two buildings near each other (city and county headquarters) could not be addressed. Staff are consequently unlikely to be deployed in the most effective manner to serve the needs of citizens.

## 4.2 Boundary extension

### *Pros*

- An expanded city would potentially strengthen the 'voice' and presence of the city in terms of its ability to promote economic and social development. It could advance the aim of planning coherently for the city into the future and would reflect the reality of the growth and expansion of the city.
- An extension to include Ardaun is not seen as causing any significant difficulties and the Galway County Council submission makes the point that, in terms of any proposed extension of the city boundary to include Ardaun, it should be noted that the two councils have worked effectively on this over many years, they have included mutually supporting objectives in their respective development plans and have worked closely together to produce one overall vision of how development might occur in this area.
- Ardaun has been identified as an appropriate area of sustainable growth for the city. It makes sense for one authority to oversee this development.

- Parkmore is divided by the city/county boundary and this requires dealings with and between the two separate authorities when relevant issues arise. Parkmore could be seen as more naturally aligned to the city, with its proximity to the city one of the primary reasons for companies locating there. The consolidation of the entirety of the Parkmore area into the city boundary could facilitate more effective decision-making in relation to the area.

### **Cons**

- An extension that includes Parkmore is seen as creating difficulties for the county, which would lose the significant commercial rates associated with Parkmore.
- If a wider extension to include Barna, Oranmore, Maigh Cuillin and Athenry is envisaged, the county would lose a substantial element of its income base and population. Also, for the city, there is a question of whether local property tax from areas such as Barna and Oranmore would be enough to cover the services to be provided by the city.
- Depending on the scale of the boundary extension, the county could be adversely affected in that its standing and presence could be perceived to be downgraded. The voice of the county and its constituent parts could carry less weight in future deliberations on economic and social development. Enlarging the scale of the city's influence could result in more people and investment being drawn in from the balance of lands in the county to the detriment of the viability of the more peripheral areas of the county.
- A boundary extension could weaken the county and has the potential to adversely affect morale and motivation in what might be seen as a downgraded county.
- It is difficult to envisage meaningful efficiency savings associated with boundary extension, as it primarily relates to a re-configuration of boundaries and the associated transfer of resources. There would inevitably be some transition costs associated with this option.

- Based on previous experience with regard to boundary changes, arrangements would need to be put in place that would (a) determine the level of compensation that the city would need to give to the county (issues around agreeing the amount of revenue lost and gained, land and debt transfers, etc.) and (b) ensure a rigorous, agreed system for transfers between the councils. The county submission makes the case for a permanent arrangement rather than a transfer that phases out over time, as the value would reduce over time to the detriment of the county. There would be scope for disagreement between the city and the county about what should be included, and this would likely take some time to resolve. Some form of independent arbitration process would likely be required.

### 4.3 Shared services

#### *Pros*

- The shared services option is likely to have a limited but positive impact on economic and social development. A more coordinated approach to development would be possible at administrative level.
- Through unified management, better coordinated service planning and delivery, and the sharing of best practices and innovations, a shared services option has the potential to improve the efficiency and effectiveness of services if it is implemented thoroughly and effectively, with services designed in such a way that they more appropriately meet the needs of the city and county.
- Overall staff numbers may be reduced, or staff re-deployed to other areas, under the shared services option. The coordination of workforce planning that would be encouraged by shared services would provide a context within which staffing levels, skills development and so on could be planned more coherently than when undertaken separately by two entities. The ability to plan staffing configurations in a coordinated manner for both councils would likely be increased.

- There would undoubtedly be some increased efficiency as duplication is reduced.
- As no compensation would be required, there are no financial sustainability issues associated with this option.

### **Cons**

- The two councils would remain as separate entities with their complementary but at times possibly competing needs. This does not reduce duplication when, for example, seeking to attract FDI.
- A Shared services situation results in significant governance and transaction costs between the two councils in terms of issues such as developing and monitoring service level agreements. The scope for disagreement about the effectiveness of shared service arrangements between the councils remains.
- One potential significant challenge for management and staff under this arrangement is addressing the needs and accountability requirements of two councils. Particularly in a scenario where there are conflicting views between the city and county councils on issues, the pressures placed on management could pose difficulties.
- A potential limiting factor on shared services improving service delivery is the point made by those opposed to merger that the service delivery needs of urban and rural areas tend to differ in many aspects, and that different service delivery models and approaches are needed. A similar argument could be applied in the case of shared services.
- Addressing the needs of two councils presents challenges for developing a more integrated staffing configuration.
- Given the scale of efficiency savings achieved in local government in recent years, it is unlikely that there are significant efficiency savings to be achieved.



## 4.4 Amalgamation

### *Pros*

- A merged authority is best placed to provide a stronger voice for the whole of Galway, in order to promote investment, economic and social development, planning and tourism in both Galway and the West of Ireland.
- It is also better placed to deal coherently with regional and national bodies such as NRA, IDA, EPA and Irish Water, and with potential FDI.
- A merger would create a council of sufficient scale to provide a credible counter-weight to the Greater Dublin area and to drive the development of the Galway Gateway and Atlantic Enterprise Corridor.
- A merger avoids the problems associated with boundary extension in having to re-balance the finances of the city and county, transfer assets and liabilities, and transfer staff. A merger will provide some efficiencies in the form of streamlining and reducing the duplication of functions. This could facilitate redeployment of staff to support priority goals. While there will be transition costs, there will be no transaction costs associated with the need for service level agreements required of shared services.
- A unitary authority, through its scale and the establishment of areas of expertise, would be more successful in tackling problems that affect both the city and the county, such as economic development, tourism, traffic congestion and high levels of car dependency.

### *Cons*

- The city would not have independent, direct control over its budget, the ability to raise finances or, more generally, the degree of autonomy a city of Galway's importance should have.
- The priorities of, and challenges facing, the city and county are different. The county focus is predominantly on issues of a rural nature. The city focus is predominantly on urban issues.

- The area is seen by many as too large, geographically, to become a single authority and would also present challenges for democratic representation. A full council of 57 members (on the basis of existing numbers) could be difficult to manage without strong executive leadership. It would be difficult for councillors to get a fair hearing for their constituents - urban or rural - in a single authority.
- The transition to a merged authority, unless managed with due care, diligence and sensitivity, has the potential, in the short-term, to adversely impact on the delivery of services and strategic direction for Galway.

## 5. Conclusions, Recommendations and Next Steps

The overarching task for the Committee is to recommend to the Minister the optimum structure for delivering local government to Galway City and County; a structure that will deliver high quality services and deliver economic growth and prosperity into the future, maximising the human capital available to drive these objectives. A starting point for the Committee is an acknowledgement of the broadly successful delivery of services and economic development in the current configuration of local government in Galway. In seeking to maintain this success into the future, the focus of the Committee was on using this review as an opportunity to put in place the structures that would allow for the enhanced delivery of services.

The issue for consideration with regard to options in this context is what configuration is most likely to lead to an enhanced place-shaping role for Galway City and County over *the next twenty to thirty years*. Improving the well-being of an area and its local communities requires local government to take responsibility for matters in addition to their service delivery responsibilities and recognise that many of the existing local authority functions require them to take an increasingly regional or sub-regional perspective on issues.

Submissions were received by the Committee that strongly advocated no change to the existing configuration of local government in Galway. While we acknowledge that the current configuration works reasonably well, we are not convinced that this is the optimum configuration to drive and deliver services and economic development into the future, for the reasons that we set out below. One option considered by the Committee was, given the view that the current structures were operating well, that we review the structures again in five years time to ascertain their effectiveness and only at that stage make a recommendation. For reasons set out below, we decided against this course of action.

Adjusting the existing boundary to take into account the growth in population in Galway City and to reflect the expansion of industry, particularly in Parkmore, would be of considerable benefit to the city, but would be to the detriment of the county. It is possible to put in place a financial compensation mechanism for

the county, given that the rate base would be adversely affected by an enlarged city in terms of the Parkmore area, but this is a complex and time consuming process, and the view of the Committee is that the current acknowledged difficulties - where, for example, responsibility for planning, etc. is divided - can be resolved *via* other structural arrangements.

Many of the submissions received to date noted the existing excellent shared services arrangements - in relation to library services, for example - that currently operate between the City and County, and suggested that these could be enhanced. Indeed, *Putting People First An Action Plan for Effective Local Government* states: "In some cases a high degree of co-operation and joint service arrangements already exist, for example, between Galway City and County Councils, which were established in their current status as recently as 1985." The majority of the shared services were put in place in 1985 and no significant expansion of shared services has taken place since then. The Committee concluded that radically enhancing shared services would offer a number of benefits for the citizens of Galway City and County but, as with the boundary extension option above, these benefits can also be achieved *via* alternative structures.

### A 'Greater Galway Authority'

On balance, the Committee unanimously concluded that the establishment of a new, unified local authority to be known as the *Greater Galway Authority* (GGA) would maximise the potential of the region to maintain, secure and grow its sustainable economic base into the future. It would combine the respective strengths of the two existing authorities in terms of resources, staff and expertise. The transition to this new authority, which would be managed with due consideration and respect to all stakeholders, would enhance the provision of quality job creation, boost the existing vibrant cultural and artistic milieu, and provide a geographically balanced and integrated approach to economic and social development across the *Greater Galway Authority*, from Clifden to Clonfert, Glenamaddy to Gort and Galway City in between.

A unified Authority would eliminate duplication, free up financial and human resources and enable the recruitment of new expertise, thus making the authority fit for purpose in an evolving era of new skills and technology.

This *Greater Galway Authority* will enable the advantages of radically shared services and a boundary extension to be realised, whilst minimising the risks associated with these models when taken in isolation.

Submissions from business and educational Leaders in Galway emphasised to the Committee that their vision for the future was not restricted by existing local authority boundaries, with, for example, GMIT seeking a Technical University status in collaboration with SIT and LIT, and the Chamber of Commerce working towards an Atlantic Corridor of economic development. These initiatives suggest to the Committee that our vision for local government in the greater Galway area, and indeed the West of Ireland, suggests a greater role for enhanced co-ordination at the regional level and for structures that facilitate this collaboration.

We see the *Greater Galway Authority* as an emerging model of how local government can respond to the needs of citizens in the provision of services and job creation. We envision an increased range of services be devolved to local authorities, and more meaningful local democratic accountability and responsiveness. In particular, we recommend that a Department of Economic Planning be established. This enhanced democratic accountability would be responsive to the needs of the distinctive areas of the new Authority - for example, the specific needs of the Gaeltacht and East Galway.

The *Greater Galway Authority* can both provide existing services in a more coherent and responsive fashion, and demonstrate its capacity and ability to take responsibility for services currently delivered by central government and other state agencies.

For example, in relation to the former point, the provision of social and affordable housing is currently a key task for local authorities. In the current configuration of provision, different rules and criteria apply for access to and payment of housing services. A unified Housing Authority would eliminate these

anomalies, allow for the strategic provision of social housing unconstrained by existing boundaries, exercise greater market power in relation to the Housing Assistance Payment scheme to drive down costs, and pool existing expertise in relation to housing development and planning, management, maintenance and procurement.

On the latter point, we believe that the provision of social and welfare services have a role in local government and that the *Greater Galway Authority* could act as a model where radical experimentation in the delivery of social and welfare services could be delivered by local government, thus avoiding the current fragmentation in the delivery of such services.

Many submissions made a point about the differing focus of the two authorities, with the city focus on urban issues and the county on rural, Gaeltacht and Island issues. But the Committee sees a strong degree of inter-linkage and inter-dependency between the two. Issues such as tourism, the development of local food chains, heritage and leisure facilities, to take but some examples, all point to strong inter-linkages between urban and rural areas and indicate a continuum of interests rather than separate and distinct interests.

The Connemara Gaeltacht covers a wide part of West Galway and is the largest and most populated Irish speaking region in the country. It contains almost half of the Gaeltacht population in Ireland. This area represents many facets of the traditional and cultural life of the West of Ireland. The Irish language which is predominantly spoken there gives expression to these distinctive traditions.

Any revision of local government must encompass the preservation of such traditions and at the same time promote sustainable future growth. The Gaeltacht provides the environment for the evolution of a bilingual community in a modern setting within the life of the region. A local authority with this resource must support actively National Policy and the efforts of other agencies including Udaras na Gaeltachta. It is our strong recommendation that the new unified authority in Galway should clearly define and subsequently implement strategic policies which will give renewed impetus to the Gaeltacht and to the advance of an economically sustainable community in that special area of County Galway.

Underpinning our vision for the *Greater Galway Authority* is the belief that citizens seeking services from local authorities must be provided with the optimum services and that policy decisions must be informed by the needs of citizens. Elected members are crucial brokers in representing the needs of the citizens of Galway and articulating them at various representative fora, and in the process of establishing a *Greater Galway Authority*, elected members need to be consulted at each stage of the process.

### Realising the Vision for a Greater Galway Authority

We noted earlier that we considered recommending 'no change' at this juncture in the development of local government in Galway, given the view that the structures were working reasonably well for both the city and county, and that we would recommend reviewing the structures again in five years to ascertain effectiveness at that stage; if structures were no longer effective, change would then be recommended.

We recognise that achieving this vision of a Greater Galway Authority will require detailed consideration and careful planning, and will require the active participation of all stakeholders to ensure consensus, in a number of domains, in achieving its full potential. To do so will take time and we consider that establishing a time-frame based on the local government elections of 2019 will allow for the deliberation and the strategic planning required.

Thus, we have decided to recommend that the process of preparing for a *Greater Galway Authority* commence now, in order to ensure that there is time for the requisite planning, consultation and deliberation.

To deliver on the vision articulated above and oversee the process of transition, we recommend the establishment of an expert advisory committee. If the Minister accepts this recommendation, the process of transition should be managed on a day-to-day basis by a Director of Transition and Change Management. Under the auspices of this committee, detailed technical reviews should be undertaken to plan in detail - utilising the expertise within the *Greater Galway Authority* - for the following:

- *Governance – strengthening democratic representation*

In our proposed *Greater Galway Authority*, a radical rethink of how best to achieve democratic representation is required. Strengthening the role and function of the municipal districts is crucial in consolidating democratic representation at a local level and, in particular, ensuring that the requirements of different parts of Galway, such as the Gaeltacht area, are reflected.

- *Governance – providing executive leadership*

Amalgamating the Councils would mean that the new Authority would start with a staff of approximately 1,200; an enviable resource for any organisation. To deliver on the vision set out above, harnessing the strengths of the existing staff is critical and identifying any gaps in expertise is crucial. Managing the transition will require strong executive leadership and a clear strategic staffing plan.

- *Estate – utilising the estate and buildings*

An audit of the estate (including buildings, land, etc.) of both authorities is required in advance of setting out a strategic plan. The audit should look at how best to maximise the use of space in terms of the provision of devolved services, land for housing, public amenities, offices for staff, etc., in addition to utilising the combined estate to provide additional municipal space to support the Arts and Culture.

- *Finance – funding the Greater Galway Authority*

Approximately €180m was expended by both authorities in 2015. This provided for a vast array of services throughout the City and Country, but it is clear that there are a number of areas, particularly in tourism as job-generating sector, where further investment would provide significant dividends. New sources of income need to be identified, which will allow for the sustainable funding of services in the *Greater Galway Authority*.

- *Balanced development – revitalising our towns*

In planning the *Greater Galway Authority*, a clear, time-limited strategy for the revitalisation of towns in the current county area needs to be developed.



Integrated planning for these areas needs to be aligned with economic policy, particularly tourism, to ensure that these towns are viable and liveable spaces for citizens.

From the outset, the Committee noticed a distinct lack of vision, planning and resource allocation by key stakeholders in regard to the need to revitalise towns throughout the county. The Committee is concerned about the mental partition of city and county on an issue that very obviously ought to be of mutual concern. Resources, as well as planning and strategy, are required to ensure strong towns.

The Committee is convinced that the streamlined corporate governance structure that we are recommending will be a better platform for Galway to expand its potential and will be the engine of economic growth in the West. As part of the implementation process, we recommend that a Strategic Plan for the entire county be prepared, which should set out clearly the opportunities, challenges and solutions for the varied and specific needs of different areas.

- *Strong metropolitan area – driving economic growth*

In creating a single authority for Galway, it is extremely important to give due recognition to a distinct City area within the new Authority. Changes in the local government of Galway should recognise the importance of its long history and its valued traditions. These elements of heritage and tradition should be preserved and integrated into the new organisation in a way that will go hand in hand with the operations of a new, modern and effective local government system.

Statistical information, both national and international, is collected using local authority boundaries. It is important in this context to define the area that constitutes the city within the authority so that Galway City's statistical profile takes account of its entire urban area and its potential for public and private investment is maximised when national decisions are made.

## Conclusion

In conclusion, the Committee members are of the shared view that the potential to plan comprehensively for the future of Galway City and County should be grasped, and that the realisation of a *Greater Galway Authority* by 2019 is both desirable and feasible. The Committee is confident that the implementation of its recommendations will allow for the development of a successful county with a strong city at its core. This will, in turn, drive the county and the regional economy and ultimately provide a better quality of life for all the people of Galway.

## Appendix 1 Galway Local Government Review Terms of Reference

1. The Minister for the Environment, Community and Local Government hereby establishes the Galway Local Government Committee under section 28 of the Local Government Act 1991, hereinafter referred to as “the Committee”.

2. The following persons are hereby appointed as members of the Committee: -

Dr Eoin O’Sullivan (Chair);

Mr John Coyle

Mr Ned Gleeson

Ms Hannah Kiely

Mr Michael O Connor

3. The Committee shall be independent in the performance of its functions and shall stand dissolved on submission of its final report to the Minister for the Environment, Community and Local Government.

4. In accordance with sections 32 and 33 of the Local Government Act 1991, the Committee is hereby required to carry out an objective review of local government arrangements in Galway city and county, including the boundary of Galway city, the local government areas and the local authorities for such areas, and to prepare a report making recommendations for improvements in such arrangements with respect to: -

(a) whether the boundary of Galway city should be altered and if so, recommendations with respect to the alteration of the boundary; or (b) whether Galway City Council and Galway County Council should be unified; and (c) any further related matters on which the Minister may request the Committee to make recommendations during the course of its review.

5. In the event of a recommendation that the boundary of Galway city should be altered or that Galway City Council and Galway County Council should be unified, the report shall contain relevant supporting information, analysis and rationale relating to or arising from such recommendation, including the following matters: -

(a) The financial and other relevant implications of the options at 4(a) and 4(b), including the potential outcomes to be achieved, and likely benefits and costs.

(b) The actions and arrangements that should be implemented in order to maximise savings, efficiency and effectiveness and to support key requirements

of local government, particularly effective, accountable representation and governance, and efficient performance of functions and delivery of services. (c) Any significant issues that are considered likely to arise in the implementation of revised arrangements and how these should be addressed. (d) Measures that should be taken consequential to or in the context of the recommended arrangements, including any measures in relation to financial arrangements. (e) In the event of a recommendation that Galway City Council and Galway County Council should be unified, the most appropriate arrangement of municipal districts within the unified city and county, including designation of a metropolitan district in respect of Galway city. (f) In the event of a recommendation that the boundary of Galway city should be altered, any matters in relation to which provision should be made in a primary order or a supplementary order (providing for matters arising from, in consequence of, or related to, the boundary extension) within the meaning of section 34 of the Local Government Act 1991, including any financial adjustments required. (g) Any interim measures which should be taken in advance of, or in preparation for, the full implementation of the recommendations. (h) The appropriate timescale for implementation of recommendations, including any interim measures.

6. In carrying out its review and formulating its recommendations, the Committee shall address the following matters in particular: -

(a) The need to take full account of: - (i) experience to date of local authority merger in Limerick, Tipperary and Waterford, including the type of administrative streamlining, efficiencies and economies of scale achieved, and non-financial benefits arising from unification; (ii) current demographic and relevant spatial and socio-economic factors, including settlement and employment patterns; (iii) detailed information to be provided by the relevant local authorities in relation to their structure, services, finances and operations or other matters relevant to the Committee's functions; (iv) Government policy in relation to local government as set out in the Action Programme for Effective Local Government, Putting People First, and in relation to the public service and the public finances; (v) any relevant analysis or recommendations in reports or studies relating to local government, to the Galway area, or to any of the Committee's functions.

(b) The relative degree of complexity that would be likely to arise in organisational, financial or other administrative aspects of different options or arrangements considered, or in the implementation of, or transition to, such arrangements.

(c) The need to maximise efficiency and value for money in local government.

(d) The need to ensure that Galway city and county is served by viable and effective local government, including any arrangements considered necessary to strengthen local government and enhance the effectiveness of democratic representation and accountability.

(e) The need to ensure that the future local government arrangements recommended are financially sustainable and will not result in an ongoing additional cost to central Government through increased subvention.

(f) Staffing, organisational, representational, financial, service delivery and other relevant requirements.

(g) The need to maximise the capacity of local government to promote the economic and social development of Galway city and county and the wider region in the context of the National Spatial Strategy and the Regional Planning Guidelines, and of the Regional Spatial and Economic Strategy and Local Economic and Community Plan, to be drawn up under the Planning and Local Government Acts, respectively.

(h) The need to maximise the capacity of the Galway metropolitan area, in particular, to act as a strong and dynamic focus and generator of growth for the wider hinterland, and that of other urban and rural areas to contribute in that regard in the context of balanced development.

(i) Any weaknesses in current local authority arrangements or operations that need to be addressed.

(j) Any additional matters that the Minister may specify.

7. The Committee shall make such recommendations with respect to the requirements at (4) and (5) and (6) as it considers necessary in the interests of effective, efficient and innovative local government. It shall prepare and furnish to the Minister, no later than nine months after the commencement of the review, a report, in writing, of its review and recommendations, which the Minister shall publish.



## Appendix 2 Consultation process

A public advertisement seeking submissions from interested parties was printed on the week ending Friday 20th February in the following papers:

- Galway Independent
- Galway Advertiser
- City Tribune
- Connacht Tribune
- Tuam Herald
- Irish Independent
- Irish Times

A number of prescribed bodies and relevant organisations were written to informing them of the commencement of the review.

The Committee accepted submissions up to and including Friday 27<sup>th</sup> March, 2015.

The Committee met with the chief executive and selected members of the management teams of the city and county councils on 6<sup>th</sup> March.

A meeting with elected members of Galway County Council took place on 27<sup>th</sup> March, and a meeting with elected members of Galway City Council on 20<sup>th</sup> April.

The Committee met with the chief executives of each of Limerick and Waterford City & County Councils, and Tipperary County Council, to hear about the experiences to date of these local authority mergers on 15<sup>th</sup> April.

The Committee subsequently pursued a second round of consultation with the issuing of a deliberation report in late August. The deliberation report was issued to the chief executives, elected members and all those who had sent in a submission on Thursday 20th August 2015. A press release was issued to all the local media on Monday 24th August. The deadline for further submissions was 25<sup>th</sup> September.

The Committee held further meetings with elected members of the two councils (on 11th September) and with the executives of the city and county councils (on 29<sup>th</sup> September).

The Committee met with representatives from the Chamber of Commerce and from GMIT on 13<sup>th</sup> October.

A total of 55 submissions were received (48 in the first round of consultation and 7 in the second round of consultation) including those submitted by the two local authorities.



## Appendix 3 The national context

### Local government reform

The main traditional functions of local government include the areas of housing; planning; roads; water supply and sewerage; environmental protection; and recreation facilities and amenities.

A number of significant national policy developments in recent years have affected these traditional local government arrangements, and provide a context for deliberations of the Committee on the best local government arrangements for Galway. For example *The Report of the Local Government Efficiency Review Group* (Department of the Environment, Heritage and Local Government, 2010a), which identified areas for expenditure savings including through the sharing and in some cases full merging of staff complements between local authorities. And the *Report of the Steering Group for the Alignment of Local Government and Local Development* (Department of the Environment, Community and Local Government, 2012a) which enhanced the role of local authorities in local and community development.

The most influential and relevant policy development occurred in October 2012, when the Minister for the Environment, Community and Local Government published *Putting People First: An Action Plan for Effective Local Government* (Department of the Environment, Community and Local Government, 2012b). The action plan covers functions, structures, funding, operational arrangements, governance, the role of the executive and the elected council, and engagement with local communities. Some of the highlights include:

- The structural reform of local authorities, including the abolition of all 80 town councils and the merger of Waterford City and County Councils, Tipperary North and South County Councils, and Limerick City and County Councils. The total number of elected local councillors was consequently reduced from 1627 to around 950. A new model of municipal governance based on municipal districts within counties was introduced. The eight regional authorities and two regional assemblies were replaced by three regional assemblies.

- New funding, accountability and governance arrangements including the introduction of a local property tax to fund local services, which could be varied by local authorities. More robust performance monitoring of local authorities by the establishment of a new National Oversight and Audit Commission. Reserved functions of elected members strengthened and local authority managers re-designated as chief executives.
- An expanded role for local authorities in economic development and job creation, and closer alignment of local and community development supports with local government. A local community development committee (LCDC) created in each city and county for planning and oversight of all local and community development programmes. New local enterprise offices (LEOs), integrated with local authority business support units, to create a one stop shop for business support.
- New service efficiency arrangements including workforce planning, more use of performance information, and the development of service level agreements between government departments and local authorities.

Specifically with regard to Galway, in examining the general case for reviewing city and county arrangements, *Putting People First: An Action Plan for Effective Local Government* states:

In some cases a high degree of co-operation and joint service arrangements already exist, for example, between Galway City and County Councils, which were established in their current status as recently as 1985. The ratio of staff to population in both of the Galway authorities is relatively low and there is no significant imbalance between the commercial rate levels. Amalgamation of the Galway authorities would result in a population of over 250,000, higher than any area outside of Cork and Dublin and significantly greater than any of the proposed new unified authorities. While areas adjacent to Galway City are closely linked to and influenced by the City and are likely to be subject to future development, significant “overspill” of suburban development and population beyond the city boundary has not yet occurred to the extent that has been experienced in Limerick and Waterford.

Apart from these reports and programmes for reform, local government has been affected by a number of public service wide developments including the general moratorium on recruitment and promotion, and the implementation of incentivised early retirement and career break schemes. The *Public Service Agreement 2010-14* (Croke Park Agreement) and the *Public Service Stability Agreement 2013-2016* (Haddington Road Agreement) (Labour Relations Commission, 2013) introduced changes to the terms and conditions of staff, including pay reductions and additional working hours.

In general terms, the effect of these changes has meant that the functions and role of local authorities have changed significantly. Shared services have become more prominent. Specific areas where a lead authority approach is in operation include:

- Laois County Council is providing shared payroll and superannuation services for all local authorities
- Kerry County Council is the lead authority for the Local Authority National Procurement Office.
- The consolidation of controls for the internal movement of hazardous waste is managed by Dublin City Council on a national basis.
- Offaly County Council is the designated lead authority in charge of waste collection permitting for local authorities.

Some of the service provision elements traditionally carried out by local government have gone elsewhere. In the 1990s, the National Roads Authority took over the provision and maintenance of the national roads network, the Environmental Protection Agency assumed some responsibilities for waste management, and waste management planning undertaken under a regional structure incorporating groups of local authorities. Irish Water has taken on responsibility for water (with services provided by local authorities under service level agreements reached with Irish Water). Student grant applications have been transferred to Student Universal Support Ireland (SUSI), and driver license issue and renewal to the National Driver License Service. When combined with a

growing use of outsourcing and shared services, local authorities are seen as less engaged in direct service delivery to local citizens.

In this changed environment it is recognised that local authorities need to evolve and take on more of a local leadership and coordination role. A vision for local government is set out in *Putting People First*:

Local government will be the main vehicle of governance and public service at local level – leading economic, social and community development, delivering efficient and good value services, and representing citizens and local communities effectively and accountably (Department of the Environment, Community and Local Government, 2012b: iii)

In fulfilling these functions there is an increasing recognition that local authorities must work with the community and other organisations to address issues and problems. In this respect they act as leaders and facilitators of change. Local authorities need to further develop their community and economic development leadership role. This role is broader than the direct service provision role, recognising the need to act in partnership with others for the development of the county or city. In many respects, under this guise the local authority can be seen as the *catalyst* for change and development, bringing together local and national interests and making things happen. Economic development, sustainable transport, 'smart cities' and environmental management are examples where local authorities have a leadership role to play.

Very much linked to the leadership issue is that of the local authority as coordinator of the various agencies and organisations (public, voluntary and private) at the local level. Many of the issues faced by local government, as with all public services, are complex, multi-faceted problems (economic development, environment, housing etc.) that cannot be solved by straight-forward, traditional solutions. They often require a capacity for leadership and innovation, focused on cooperation and coordination at local, regional, national and international levels. Local government must establish effective working relationships at all these levels and identify and facilitate new ways of working to

ensure effective coordination between the key players. Much of this work is about trying to build capacity to enable local authorities to get people out of their silos and working together on projects at the local level.

There is also recognition that many of the existing local authority functions require them to take an increasingly regional or sub-regional perspective on issues. For example with regard to waste management and environmental protection, there is a move to regional structures and arrangements for waste, both in terms of planning and enforcement.

### **Limerick, Waterford and Tipperary council mergers**

The Committee's terms of reference refer to the need to take account of experience to date of local authority merger in Limerick, Tipperary and Waterford. Plans to merge Limerick City and County, Waterford City and County, and Tipperary North and South County Councils became reality following the local elections in 2014. Consequently the Committee met with senior management representatives from these three authorities to examine and assess the mergers and their progress. There was a strong sense that economic development is a key driver of change with regard to the mergers. Also, in the cases of Limerick and Waterford, the key role of the city as the driver of development for the city and county was noted, with the importance of resources being maintained for the metropolitan district and the majority of council members and the population being in the metropolitan district.

The general view of the executives in the Limerick, Tipperary and Waterford authorities appears to be that unification has been beneficial, despite some initial reservations in all cases. This is not to say that there have been no challenges or difficulties, particularly in terms of managing staff and cultural changes, but the general view is a positive one.

The extent of savings in Limerick, Waterford and Tipperary has not been documented to any significant extent, so it is not possible to verify savings and efficiency gains, but in all cases they claim that some savings are being made. In Tipperary, for example, by February 2015, payroll savings in excess of €3 million have been noted. This figure is based on departures since the merger was announced, less those posts refilled with the approval of the Department of

Environment, Community and Local Government. The costs of the merger included one off expenditure on IT harmonisation, office improvements and corporate branding and are estimated at €1.7 million, somewhat lower than the anticipated figure. Recurrent costs, occasioned by the harmonisation of corporate rates in the former North Tipperary County Council area to the level that applied in South Tipperary County Council will be €330,000 per annum. There have also been efficiencies and staff time freed for other priorities associated with the elimination of duplication of some activities, such as the need now for only one development plan, one annual report, one set of accounts, one audit etc.

## Other national policy developments

### The National Spatial Strategy

The National Spatial Strategy (NSS) (Government of Ireland, 2002) remains the primary national policy document in relation to the sustainable development in Ireland in that it addresses the balance, at national level, between social, economic, physical development and, in particular, population growth. With regard to Galway, the NSS identifies Galway as one of the five main cities and as a gateway or engine of regional and national growth, and a counter-weight to the pull eastwards of the Dublin region. The NSS notes:

Galway, with its population catchment, quality of life attractions, transport connections and capacity to innovate with the support of its third level institutions, will continue to play the critical role which has been essential in activating the potential of the region. The challenge now is to sustain and broaden this role to strengthen other areas. In seeking to enhance the role of Galway recognition must be given to the need to strengthen and protect the linguistic and cultural heritage of the Galway Gaeltacht.

*Implementing the National Spatial Strategy* (INSS) (Department of the Environment, Heritage and Local Government, 2010b) notes that cities are increasingly emerging as the principal drivers of national and economic development, and as centres for innovation, entrepreneurship and investment. The report recognises that successful countries and regions need successful cities at their core, and states that Galway, in common with Cork, Limerick, and

Waterford as regional city gateways 'are the engines of economic development within their regions but they need to achieve greater critical mass including their development as a network of cities as envisaged in the 2006 Atlantic Gateways report. Strong governance structures will be needed if they are to operate at a higher level of performance'.

### Regional Planning Guidelines

The Regional Planning Guidelines (RPGs) were introduced in 2004 and underwent a review in 2009/2010. The aim of the RPGs is to link national strategic spatial planning policies to the planning process at the local city and county level by co-ordinating all of the development plans through the guidelines. The RPGs for the West Region, 2010 – 2022 provide the framework for the specific development roles and capabilities of all urban centres in the Galway Gateway and the wider western region.

### Our Cities: Drivers of National Competitiveness

The Our Cities report (Forfás / National Competitiveness Council, 2009) focused on the global competition between cities and the fact that cities are increasingly seen as the drivers of national competitiveness and economic and social development. With regard to city governance, the report notes (Forfás / National Competitiveness Council, 2009: 9): 'Innovative means of encouraging cooperation between local authorities should be explored ... Where cooperation is not attainable, it will be important to ensure that the competitiveness of a city is not hindered. This may involve assessing the merits of alternative mechanisms for coherent governance, including the possibility of altering boundary lines or the merging of local authorities'.

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Appendix 4 Overview of selected international experience with local government reorganisation, mergers and amalgamation

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# An overview of selected international experience with local government reorganisation, mergers and amalgamation

## 1. Introduction

Drawing lessons from international experience with regard to local government is fraught with difficulties. Different administrations devolve different functions to local government, and systems and practices of government differ.

A distinguishing characteristic of local government in Ireland is the relatively limited range of functions undertaken by local authorities. Many local authorities in other OECD countries have responsibility for a much broader range of social services, including primary and secondary education, health, social welfare, care of the elderly and childcare services, public transport, and policing.

Ireland, along with the UK, also has local authorities with a relatively large population size (at 148,000 per authority on average) compared to many other OECD countries. Denmark, for example, has an average population of 54,000 per local authority, and The Netherlands an average of 40,000. But again this data should be interpreted cautiously and variations in the functions and tiers of government means simple comparisons of numbers and average populations can be misleading. Some countries have more than one tier of local government with the local tier dealing with relatively modest operational functions with more strategic decisions being taken at the regional level. If, for example, municipal districts were included in the Irish figures (as some functions are delivered through municipal districts, even though formally they are a part of the county or city council) the population size would be of the order of 36,000. Also, the average figure masks large variations. For example in The Netherlands four municipalities have populations greater than 250,000.

Importantly for cities such as Cork and Galway, city region authorities tend to be larger, even in countries with a large number of smaller authorities. Finland is a good example, where the Finnish Capital Region consists of four municipalities

with city status (Helsinki, Vantaa, Espoo and Kauniainen) whose total population is about 1.1 million, with the population of Helsinki municipality about 620,000.

## **2. International trends**

There is a general trend in many OECD countries to reduce the number of local authorities (Chatry, 2015). In Finland, they reduced from 452 to 339 authorities in the 2000s and current plans are to reduce down to around 70 municipalities. In 2007 the Danish government undertook a major reform, which reduced the number of authorities from 272 to 98, and abolished the intermediate tier of 13 authorities. Proposals in Norway are to reduce from 428 to about 100. In Australia, Aulich et al (2011: 8) note that:

The available evidence points to a particular need for ongoing consolidation of local government activities in metropolitan areas. Growing concerns about Australia's capacity to manage rapid metropolitan growth and change, and the federal government's move to develop a national urban policy and promote better metropolitan planning, call for a demonstration of local government's capacity to make a strong contribution on behalf of local communities and in the broader regional and national interest. There is a widespread view that this calls for substantially larger local government units as well as collaborative planning and resource sharing.

There have been some adverse reactions to some mergers, and proposals for de-amalgamation and some de-amalgamations, notably in Queensland, and in some parts of Canada particularly Quebec.

The reasons put forward for merger and amalgamation are generally that it represents an effective method of enhancing the operational efficiency of local councils, improves their administrative and technical capacity, generates cost savings, strengthens strategic decision-making and fosters greater political power. By contrast, opponents of consolidation typically underline the divisive nature of amalgamations, the absence of supportive empirical evidence, the equivocal outcomes observed in case studies, and the diminution of local democracy (Dollery and Kortt, 2013: 74).

Dollery (2014) identifies five main policy lessons derived from real-world amalgamation episodes:

- Entities designated for amalgamation must be carefully designed
- Amalgamation proposals must meet minimum levels of community support
- New amalgamated entities must be viable
- Transaction costs and transformation costs of amalgamation must be minimised
- Potential sources of conflict must be minimised

### **3. Case studies**

#### ***Auckland***

In 2010, Auckland merged seven local authorities and one regional environmental authority into a consolidated single metropolitan authority - the Auckland Council. This provides a unitary local government covering one third of New Zealand's population, spending about \$3 billion per annum and employing more than 5000 staff.

According to Mouat and Dodson (2014) the Auckland case shows an emerging logic of super amalgamation in which the re-bordering and reconstitution of urban governance as a 'super-sized' metropolitan authority is designed to deliver coordinated efficiency. They note that super-sizing is emerging as a (neoliberal) governance strategy aimed at achieving metropolitan efficiency, economic and environmental goals and activating community governance (p138).

The council comprises elected councillors, the mayor and local boards all working with a range of council controlled organisations (CCOs), which provide core services (CCOs provide such services as property management, tourism and transport). The Local Government (Auckland Council) Act 2009 (the Act) established a two tier governance structure, comprising the governing body and

21 local boards. Thirteen wards elect 20 councillors to the governing body. The governing body deals with decision-making at a strategic and regional level. The 21 local boards deal with:

- community-based engagement
- shaping and monitoring local services
- bringing local perspectives to region-wide policies and plans

Local boards are intended to enable the governing body to focus more effectively on regional issues. Decision-making responsibilities are shared between the two tiers. Both tiers are responsible and democratically accountable for the council's decision-making.

The Controller and Auditor General (2012) carried out a review of aspects of the merger. In relation to governance she found that:

- the governing body had not yet taken on its strategic and regional governance role but was still operating as an 'old-style' council; and
- local boards had not yet embraced their part in collective responsibility for the council's decision-making, and tended to act in a more limited community advocacy role.

She was also particularly concerned about the huge amount of reading expected of members of governing body committees and local boards.

With regard to savings, she found that though the Auckland reforms were not primarily carried out to reduce costs, economies of scale and opportunities to leverage buying power were anticipated from a larger council. The council has reported \$81 million of efficiencies in the first year and is forecasting \$1.7 billion of efficiency savings during the next 10 years. Efficiency gains have been made through the bargaining power brought by the council's scale in procurement. The council has consolidated multiple contracts with the same supplier for similar services throughout the region, and rationalised the numbers of suppliers of similar services, to improve value for money. For example, park maintenance contracts in the region were recently merged from 78 to 12 contracts, resulting in savings compared to previous contract costs.

Perhaps the main benefit she found was that unified and integrated direction has been achieved through the vision and plan for the Auckland region. The council and the Auckland region have benefited from integrated planning:

We heard from everyone we spoke to about the unifying and focusing benefits of the Auckland Plan. The Plan has provided a coherent strategic regional direction, including a sense of purpose, a sense of regional identity, and recognition of Auckland's national significance. This direction has a lot of organisational, stakeholder, and public support ... Many people we spoke to told us that the proof of the success of the amalgamation lay in the planning achievements of the Council in the last two years. (p25)

Plans for a similar amalgamation of councils in the Wellington region were cancelled by the Local Government Commission in June 2015. The Commission cited a lack of public support for the plans.

### ***Brisbane***

(This section largely derived from O'Riordan, 2012)

Brisbane City Council serves a population of just over 1.1 million and derives from cities, towns and shires merged in 1925. Brisbane is often cited as the example of a successful major Australian city which is not characterised by a fragmented local government structure.

The city council is made up of 26 wards with a lord mayor and 26 councillor positions. All Brisbane city residents elect the Lord Mayor and elections are held every four years. The role of the Lord Mayor is defined in the 2010 Act to include the following: 'It is the responsibility of the mayor to provide a visionary and strategic role in the economic, social and environmental management of Brisbane. The mayor has additional responsibilities to lead as the first among equals. Only the mayor has the power to direct the CEO and senior contract employees.'

The councillors are elected on a ward basis representing approximately 30-35,000 people. They each have a ward office staffed by city council personnel

who oversee delivery of local services. Extensive public engagement is a hallmark of the political role of each councillor. This is used to ensure an on-going engagement with local communities in the absence of local structures below that of the city council. Responsibilities of mayor, councillor and chief executive are clearly delineated in the City of Brisbane Act 2010.

One of the key 'weapons' of the mayor in Brisbane is that the council is a shareholder in the utilities supplying the region and in that role is represented on the relevant boards. This includes water and transport utilities and other development/investment vehicles for the region.

A further point of note from Brisbane is the application of long-term thinking to its development. The City economic strategy reaches out to the 2030's while its immediate local consent process is underpinned by a highly consultative process based on local neighbourhoods. In other words before the professional staff of the council prepare the plans they must engage in 'blue sky' thinking with local communities under the leadership of the relevant ward councillors. The City of Brisbane Act 2010 and associated regulations emphasise community engagement. The Act stipulates that the council must have a community plan and a community engagement policy.

## ***Perth***

A Metropolitan Local Government Review Panel was appointed in June 2011 to examine the current and anticipated regional, social, environmental and economic issues affecting, or likely to affect, the growth of metropolitan Perth in the next 50 years, as well as current and anticipated national and international factors. The panel's task was to recommend the most appropriate local government structures and governance models for metropolitan Perth.

Current governance arrangements in Perth are complex. As well as the 30 local governments there are six regional local governments and a number of regional organisations of councils. With the population expected to reach 2.3 million by 2026, and perhaps 3.5 million by 2050, Perth's metropolitan area is experiencing an unprecedented rate of growth.

The panel found weaknesses with the current metropolitan local government arrangements (Metropolitan Local Government Review Panel, 2012):

- There is a significant level of duplication and wasted resources.
- There are great inconsistencies in processes and approaches which result in difficulties for business, lost opportunities for communities, and confusion for consumers.
- The fragmented approach to local planning results in a system that is unnecessarily complicated, uncoordinated and lacking in strategic focus.
- Some local government boundaries are illogical.
- There is a great variation in the size and capacity of local governments.
- A large disparity in service levels between different local governments exists.
- The structure has limited ability to address region-wide issues.
- The current structure will not serve Perth's future needs

At the time of releasing its draft findings, the panel considered the most appropriate options to be the following:

- 10 to 12 local governments
- five to six local governments
- one metropolitan local government

Feedback from the submissions showed limited support for five to six, and one local government. After further deliberation, including considering the information presented in the submissions the panel determined that a structure based on 12 local governments was its preferred model.

The size of the City of Perth emerged as a consideration in the review, especially since the spilt of the former City of Perth into four local governments in 1993. The panel believes there is a strong case for increasing the size of the City of Perth and giving it an enhanced role. The City must be of a sufficient size to be a serious national and international player, and to advocate for the whole of the metropolitan area. By increasing its size, the City will boost its capability and responsiveness, diversify its population, and enhance its international standing. The population of the modified City of Perth is estimated at around 116,000.



## *Wales*

A Commission on Public Service Governance and Delivery (2014) has reported on an examination of all aspects of governance and delivery in the devolved public sector in Wales. This included the issue of local government re-organisation. While no action has yet been taken on the report findings, the thinking of the Commission with regard to local government amalgamations is of interest.

The Commission find little evidence that small authorities provide worse services than larger ones. However, they find that the breadth and depth of capacity and particularly the resilience of smaller organisations can be a real challenge. They believe there are several areas where small scale creates critical and unacceptable risks to governance and service delivery. In particular they find:

...the focus in smaller organisations tends to be on simply providing day-to-day services in established ways. There can be neither the expertise, nor the funds, nor the leadership to do anything else. In particular, we agree with the main regulators that smaller organisations may lack the flexibility to anticipate and respond to emerging pressures; and to do so effectively and with the necessary pace and consistency. They can also lack the vision or capacity to develop and adopt innovative approaches to service provision and management. That is not a criticism of those involved: it is simply that when managing routine delivery is such a challenge, it is hard to find the space or resource to do anything more strategic or long-term (p. 80-81).

The existence of a large number of small organisations is found to increase competition between them to secure the best leaders, managers and professionals, and overall means that talent is spread too thinly.

They note that small organisations often seek to collaborate and share services so as to secure the capacity and expertise they need. But they heard evidence both that smaller organisations often find it harder to collaborate effectively, due to the need to devote significant management capacity to this, and that national

and regional-level organisations find collaborating with so many other organisations difficult (pp. 81-82).

The Commission recommend merging the 22 local authorities into larger units:

This appears to be the best option for addressing the risks of small scale and indeed the only one that is both viable and deliverable in the short to medium term. Such a programme is necessary to maintain local democracy, deliver cost savings and create local authorities that are resilient and better able to withstand the challenges ahead. It is also the option that will allow for timely implementation and the least possible impact on the delivery of front-line services (pp. 87-88).

In June 2015 the UK government set out options for the possible reorganisation of councils in Wales that would see the number of councils cut down to eight or nine. This would include merging Cardiff with the Vale of Glamorgan and Swansea with Neath Port Talbot.

### ***Manchester***

The ten authorities in Greater Manchester were the first in the UK to develop a statutory combined authority which co-ordinates key economic development, regeneration and transport functions. The Greater Manchester Combined Authority (GMCA) was established on the 1 April 2011. It is important to note that the ten cooperating authorities remain, so it is not a merger or a boundary change, but a higher tier of government at the regional level. As a body, the GMCA comprises the Leaders of the 10 constituent councils in Greater Manchester (or their substitutes). It meets on the last Friday of every month.

The GMCA has the power to establish joint committees, committees, strategic commissions and agencies. These are designed to discharge the functions of the GMCA Executive Board in respect of particular areas of work such as:

- Greater Manchester Low Carbon Hub (formerly the Environment Commission)

- Greater Manchester Interim Health and Wellbeing Board (formerly the Health Commission)
- Planning & Housing Commission
- Transport for Greater Manchester Committee
- Manchester Family / Centres of Excellence

The leadership for the above is made up of a mixture of elected members and representatives from other partners, including the private sector, other public sector agencies and the voluntary sector. The representatives are not there to represent specific geographical areas, political groups or sectoral interests, but to perform a role for the city region as a whole; and are appointed based on skills and experience. Consequently, the intention is that not every local authority will have a representative on each of the above.

Under arrangements recently agreed with the Government a new, directly elected Mayor of Greater Manchester will receive the following powers:

- Responsibility for a devolved and consolidated transport budget.
- Responsibility for franchised bus services (subject to consultation by Greater Manchester), for integrating smart ticketing across all local modes of transport, and urgently exploring the opportunities for devolving rail stations across the Greater Manchester area.
- Powers over strategic planning, including the power to create a statutory spatial framework for Greater Manchester. This will need to be approved by a unanimous vote of the Mayor's Cabinet.
- Control of a new £300 million Housing Investment Fund.
- Control of a reformed earn back deal, within the current envelope of £30 million a year for 30 years.
- Take on the role currently covered by the Police and Crime Commissioner.

The Greater Manchester Combined Authority (GMCA) will receive the following powers:

- Responsibility for devolved business support budgets, including the Growth Accelerator, Manufacturing Advice Service and UK Trade and Investment (UKTI) Export Advice.
- Control of the Apprenticeship Grant for Employers in Greater Manchester and power to reshape and re-structure the Further Education (FE) provision within Greater Manchester.
- Control of an expanded Working Well pilot, with central government funding linked to good performance up to a fixed DEL limit in return for risk sharing.
- Opportunity to be a joint commissioner with Department for Work and Pensions (DWP) for the next phase of the Work Programme.
- GMCA and Greater Manchester Clinical Commissioning Groups will be invited to develop a business plan for the integration of health and social care across Greater Manchester, based on control of existing health and social care budgets.

### ***Birmingham***

Birmingham City Council has been in the news in the UK following a review of the council undertaken by Sir Bob Kerslake, permanent secretary at the Department for Communities and Local Government (Kerslake, 2014). The review was commissioned by the leader of Birmingham City Council and the Secretary of State for Communities and Local Government following concerns regarding its management and governance of schools.

In the report, Kerslake highlights deep-seated problems such as a low-skilled workforce, an arrogant attitude towards partnerships, a multiplicity of plans and strategies that are not followed through and the absence of a clearly articulated vision for the city. One issue which arose for consideration was the size of the

city council. With a population of 1.1 million people Birmingham City Council (BCC) is the largest metropolitan local authority in England.

Kerslake (2014: 15) found that the size of the City acts as both a badge and a barrier. People feel a sense of pride in the city and in working for the council. The council's size gives it the capacity to take on significant projects that many local authorities would struggle to achieve alone, particularly around economic development. However, in other respects size is seen as a problem. The review was told:

- it has encouraged a culture that looks inwards rather than out and an organisation that thinks and acts like a parent with all that implies;
- in the past some services, including education and children's services, have been too big to manage from the centre and have lacked the intelligence they need to operate effectively;
- the city's council wards are among the largest in the country leaving councillors with a heavy workload and make it difficult to keep in touch with the communities they serve; and,
- while other local authorities have successfully forged the partnerships needed to operate across a functional economic area Birmingham City Council has struggled in the past to build the alliances it requires to do so.

Kerslake found that the council's size fosters an unhelpful culture and attitude. However, he noted that the size of the council is not the sole reason for its problems. His view in summary is that the council's problems are not intrinsic to its size: 'Large organisations can be successful but only if the problems that can come with scale are acknowledged and addressed. Other large authorities, such as Leeds City Council, are actively seeking to do this' (p. 16). The review examined a number of alternative governance arrangements within a retained city council and recommended a new model for devolution.

### ***Belfast***

In Northern Ireland in April 2015 26 pre-existing councils were reduced to 11 local authorities with a range of additional functions. In the case of Belfast City

Council the decision was taken to expand the city council to include the contiguous urban area to form a coherent urban authority. This boundary extension resulted in a population increase from 270,000 to 335,000. The new areas were formerly parts of Lisburn City Council, Castlereagh Borough Council and North Down Borough Council. Economic development was one of the main drivers behind the decision to extend the boundary.

#### **4. General comments**

As noted above there is a general trend towards a smaller number of larger local authorities in several OECD countries. At the same time, there is limited evidence of significant savings or economies of scale, or performance improvement from such mergers and amalgamations. The justification is more in terms of harder to quantify issues such as improvements in strategic capacity of organisations, the limitations of benefits of shared services and cooperation, and the opportunity to enhance the skill base of a smaller number of local authorities due to less competition between them. Here, some of these issues are noted in the context of some of the criteria used to assess the Cork local government options.

#### ***Economic and social development***

In reviewing Australian and New Zealand experience with local government amalgamation and mergers, Aulich et al (2011) note that:

...consolidation provides important opportunities to capture economies of scope and enhance the strategic capacity of local government. Economies of scope increase the capacity of councils to undertake new functions and deliver new or improved services that previously were not possible. Significantly, they enable councils to shift their focus towards a more strategic view of their operations. We argue that this enhanced strategic capacity is in part a function of increased size and resource level, but it is also related to the potentialities that are created by the pooling of knowledge and expertise. The process of consolidation can generate a focus that transcends individual local government boundaries and encourages councils to operate in a broader context – one that is more

regional or system-wide – and enables them to relate more effectively to central governments. Enhanced strategic capacity appears essential to local government's long term success as a valued partner in the system of government, and this emerged as probably the most important issue for councils to consider in examining different modes of consolidation (p. 10).

Aulich et al (2011: 11-12) further state, however, that their case studies and interviews suggest that there is a 'cut-off point' in terms of feasible consolidation, especially where considerable travel distances are involved. Shared services may be impractical or yield very limited benefits; travel distance becomes prohibitive for effective amalgamations; democratic representation simply becomes too onerous; and establishing any form of community of interest becomes difficult.

### ***Governance, accountability and local democracy***

The experience from Auckland, and from Birmingham, suggests that if merger is pursued as an option, there is a need for a whole of region governance capacity focused on strategic issues, to be complemented by more local governance arrangements that enable local issues to be addressed in an effective manner, and the local relationship between citizens and council maintained and developed.

Danish local government reorganisation experience (Kjaer et al, 2010) suggests that there is a tendency in the new and larger municipalities for influence to move away from ordinary councillors and in the direction of a few increasingly influential top figures within the council (the inner circle), i.e. the mayor and the committee chairs. It was also found that the amalgamations have strengthened the influence of the administration compared to the councillors. Amalgamation also tends to increase the workload of councillors. Though Hansen (2014), also looking at Danish experience notes that these trends are marginal in nature and states that while municipal mergers do carry some democratic costs the size of these costs are small and should not be overstated.

### ***Service delivery***

There is limited evidence from the literature or the cases examined of the impact of amalgamation and merger on service delivery. In a review of the academic literature, Callanan, Murphy and Quinlivan (2014) found that several studies suggest that larger local authorities may be less responsive, and more bureaucratic. The studies further suggest that because larger local authorities tend to undertake more 'in-house' activities than smaller local authorities they are less prone to using alternative delivery systems. Undertaking a review of selected service indicators of Irish local government performance, they also found that:

...there is very limited evidence of correlations between local authority size on the one hand and a large number of service indicators on the other, including revenue collection (housing loans, commercial rates and non-domestic water charges), timelines for the processing of planning applications and motor tax and driving licence applications, levels of unaccounted for water, litter pollution levels, recycling rates, and planning enforcement and building control. In these areas, and others, the findings suggest that there is no perceptible link between population size and local authority performance (pp. 389-390).

The Chief executive of Durham County Council in England has claimed a number of benefits arising from the creation of a unitary authority for the county (Garlick, 2014):

- Common allocations policy- choice based lettings
- Countywide homelessness prevention
- Expanded green waste collections
- Assisted bin collections
- Key fees and charges harmonised
- Integrated planning service
- Taxi licencing harmonised and enhanced

In many cases amalgamations are seen as important in strengthening the professional capacity of local authorities as much if not more so than improving efficiency. A key issue here is building and retaining capacity to ensure that services are maintained and developed and to attract and retain suitably



qualified staff. It is about developing an organisation or organisations that has sufficient capacity and a critical mass to develop all levels of staff and create succession planning to support personal and organisational needs. The focus is on securing, maintaining and developing the highly skilled staff needed to manage the increasing complexity within local government services.

An important issue for all options that involve change is the disruptive effect change can have on staffing motivation and performance. A study of English local authorities facing reorganisation found that performance deteriorated prior to the onset of new structures. Issues including a reduction in staff morale, loss of managerial expertise due to increased turnover, 'planning blight' as strategic decisions are put on hold until the new organisation is established, and distraction from the core purpose of service provision, all led to a drop in performance. In this case, the short term consequences of the reorganisation were negative (Andrews and Boyne, 2011). If performance is not to be disrupted and morale and motivation adversely affected, any change needs careful planning and phasing.

### ***Efficiency***

The experience with amalgamation seems to be an extremely varied one, with disputed costs and benefits. Different studies produce different and sometimes inconsistent results.

Aulich et al (2011: 10) found that there is little evidence that amalgamation will of itself yield economies of scale greater than those achievable through other forms of consolidation, or that such economies are available across many of local government's functions by whatever means. They found few robust examples in the literature, in the case studies examined, or in the experience and knowledge of the experts with whom they spoke. Yet they note that many in central government – and some in local government – still cling to the belief that substantial savings can and should be made.

There is some international evidence that for more labour-intensive services a larger local authority may cost proportionately more rather than less, while

savings may result for more capital-intensive services (Callanan, Murphy and Quinlivan, 2014).

One of the more rigorous studies found of the impact of local government amalgamations on cost comes from Denmark. In the period 2005-2010 a large-scale municipal reform took place, where 238 municipalities were amalgamated into 65 new entities, while 33 municipalities were left untouched. A comparative analysis of those municipalities that had been amalgamated compared to those that had been left alone found that administrative spending is lower for amalgamated municipalities. In 2007, immediately after the reform, amalgamated municipalities spent 0.2 per cent less than those municipalities left untouched. In 2008, the savings amounted to 3.2 per cent; in 2009 6.4 per cent, and in 2010, 8.4 per cent (Blom-Hansen et al, 2011).

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# Appendix 5 Multi-criteria based analysis of options for local government arrangements in Galway

Report by the Institute of Public Administration  
for the Galway Local Government Committee

October 2015



## Background

The committee asked the Institute of Public Administration to undertake a review of the issues emerging from the submissions made to the Committee arising from the public consultation process, and from a review of national and international literature on local government reform. This review was based on a multi-criteria analysis approach. Multi-criteria analysis (MCA) is an approach which provides an overview of the costs and benefits of various options intended to achieve an objective<sup>3</sup>, in this case the efficient and effective provision of local government for Galway city and county. Using an approach based on MCA, the options under consideration are assessed for their impact against a number of criteria. Weightings to be given to the findings under the various criteria will ultimately need to be determined by the Committee when arriving at their judgement.

The options determined by the Committee to be assessed were:

- **No change** – a standard option for MCA, providing a baseline from which changes can be determined. In this case, the city and county councils would continue as separate entities.
- **Boundary extension for Galway city** – in this option the city boundary would either be a more limited extension to incorporate Ardaun and Parkmore or a wider one incorporating areas including Barna, Oranmore, Moycullen and Athenry.
- **Radical shared services** – retaining separate city and county councils, each with their own management and associated structures but providing administrative shared services for both councils. This would include back-office services such as HR, IT etc.; specialist services such as procurement, audit, and technical services; and some front-line services such as economic development and some housing services.
- **Full merger** – the integration of the city and county into one council, both politically and administratively.

The criteria against which these options were assessed are:

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<sup>3</sup> Department for Communities and Local Government (2009), *Multi-criteria analysis: a manual*, London: Department for Communities and Local Government

- ***Vision / strategic capacity / economic and social development*** - the ability of the option to facilitate a clear vision for Galway and meeting the needs of the city and county in 20/30 years' time. The implications for economic and social development and the 'voice' of Galway local government at regional and national levels. Issues such as what configuration is most likely to lead to an enhanced place-shaping role for Galway in terms of securing an attractive location for economic and social development.
- ***Governance and accountability*** – the implications for political governance and the functioning of local democracy. This includes issues such as local political oversight and accountability, and the role and arrangement of the metropolitan and municipal districts.
- ***Service delivery*** – the impact on service delivery. The main issue here is the impact of the options on the quality of and access to services, and efficient delivery on the ground.
- ***Human resource management*** – the implications for staffing. Issues to be addressed here include the implications for capacity and innovation, staff motivation and performance.
- ***Efficiency*** – the potential cost or other savings associated with the pursuit of the option. Issues such as corporate overheads and unit costs of delivering services are pertinent here.
- ***Financial sustainability*** – addresses the requirement that there are no additional ongoing costs to central government through increased subvention.

Overarching themes likely to cut across several of the criteria include:

- complexity of public service provision (the degree to which the arrangements affect the complexity of public service provision in Galway)
- leadership, culture and values (important as any structural changes is the effect of the arrangements on local leadership and the culture of the organisations affected)
- resilience and responsiveness (the impact of options on the ability of the affected organisations to respond to challenges and opportunities)

In the remainder of this report, an analysis of the options against each of the criteria is undertaken. In each case the analysis is supported by relevant commentary on national/international experience where available.

### **Vision / strategic capacity / economic and social development**

With regard to economic and social development, the role of local authorities is an important consideration in an increasingly globalised environment. The issue for consideration with regard to options in this context is what configuration is most likely to lead to an enhanced place-shaping role for Galway over the next twenty to thirty years. Determining the best role for local government in providing a coherent space within which economic and social development can take place. Improving the well-being of an area and its local communities requires local government to take responsibility for matters in addition to their service delivery responsibilities.

Few of the submissions had much to say with regard to how local government reform might contribute to developing a vision for Galway for the future. Most submissions make the point that they see no current problem that needed fixing, and in that context in the future they see the status quo as satisfactory. The submission of Galway Chamber of Commerce was the most explicit in outlining a vision for the future, suggesting how local government could help realise the economic opportunity to bring jobs and investment to the Atlantic Economic Corridor. The city council submission notes that the city and county are jointly working on finishing an economic strategy for the city and county.

Looking at international experience, in reviewing Australian and New Zealand experience with local government amalgamation and mergers, Aulich et al (2011) note that:

...consolidation provides important opportunities to capture economies of scope and enhance the strategic capacity of local government. Economies of scope increase the capacity of councils to undertake new functions and deliver new or improved services that previously were not possible. Significantly, they enable councils to shift their focus towards a more strategic view of their operations. We argue that this enhanced strategic capacity is in part a function of increased size and resource level, but it is also related to the potentialities that are created by the pooling of knowledge and expertise. The process of consolidation can generate a focus that transcends individual local government boundaries and encourages councils to operate



in a broader context – one that is more regional or system-wide – and enables them to relate more effectively to central governments. Enhanced strategic capacity appears essential to local government’s long term success as a valued partner in the system of government, and this emerged as probably the most important issue for councils to consider in examining different modes of consolidation (p. 10).

Aulich et al (2011: 11-12) further state, however, that their case studies and interviews suggest that there is a ‘cut-off point’ in terms of feasible consolidation, especially where considerable travel distances are involved. Shared services may be impractical or yield very limited benefits; travel distance becomes prohibitive for effective amalgamations; democratic representation simply becomes too onerous; and establishing any form of community of interest becomes difficult.

#### **No change**

A no change scenario would see the city and county continue to operate to secure the best possible economic and social development potential for their respective areas. The majority of submissions make the point that policies are currently well coordinated, with good levels of cooperation and communication between the two councils, but the potential for conflict or competition between the two remains.

#### **Boundary extension for Galway city**

An expanded city would likely strengthen the ‘voice’ and presence of the city in terms of its ability to provide a strong presence in promoting economic and social development. It could advance the aim of planning coherently for the city into the future. Conversely, the county could be adversely affected in that its standing and presence could be perceived to be downgraded. In this scenario the voice of the county and its constituent parts could carry less weight in future deliberations on economic and social development.

#### **Radical shared services**

The radical shared services option is likely to have limited but positive impact on economic and social development. A more coordinated approach to development would be possible at administrative level. But the two councils would remain as entities with their complementary but at times possibly competing needs. This could potentially lead to duplication and/or conflict when, for example, meeting with potential investors.

## Full merger

A key issue here is whether two authorities or one are better placed to help drive development in Galway and the west. Virtually all the submissions, regardless of their views on the best option, agree on the need for a strong city role within whichever configuration is arrived at. The proponents of merger argue that increasingly, local government functions require decision making on a sub-regional or regional scale. Issues dealt with by local authorities, such as waste management and environmental protection, water, housing, and planning, require thinking and planning on a sub-regional and regional scale. The major challenges of infrastructure, demographics, economic development, hazards and environmental management are regional in scale, nature and effect. Their impact crosses current council boundaries, and local government responses need to be sub-regional and regional in scale. Current decision-making at this level relies on collaborative decision-making and action between councils.

For those favouring merger, looking longer-term there are prospects for local government taking on more functions from central government and hence enhancing their strategic and developmental role, and this is an espoused aim of *Putting People First*. It could be argued that a merged authority speaking with one voice for Galway and with an enhanced skill base of expertise in functional areas would be better placed to argue the case for the transfer of more powers to local government (aspects of health, education, social services etc. for example). A merged authority, by its scale and standing, could be harder for central government to ignore or side-line, as has happened to local authorities in the past.

A single authority could be well placed to enhance the gateway status of Galway as identified in the National Development Plan and National Spatial Strategy. A merged authority could ensure cohesive economic and social development strategies and provide a single authoritative and credible 'voice' and point of entry for example for businesses wishing to locate or develop in Galway. The authority would be in a strong position to take the lead and exert influence at a local, regional and national level. It would also be able to draw on and take advantage of funding, investment and support. A merged authority could help ensure the status of the area and be a driver of economic activity in the city and county. Similarly, it could enhance wider public sector coordination and integration at the local level.

But there is a concern, expressed in a number of consultation responses that Galway city's role as a gateway could be adversely affected by merger. In this

scenario, a dilution of resources and reduced focus on the city as a result of the merger (as the majority of the population live outside the city) could lead to Galway's ability to develop its gateway status being diminished. Galway would lose out to other regional centres, weakening the gateway status even further. Concern has also been expressed that on the social development front, given the scale of the challenges of disadvantage facing the city in particular, anything that could divert the focus from these challenges would not be in the interests of the community. Also, with regard to devolution of functions to local government, there is little evidence in practice of central government driving this or to suggest that a merged council would necessarily be more effective in securing devolution.

A particular issue raised in a number of submissions was the role of the Gaeltacht and of the Connemara region. There was a concern that if merger were considered as an option, it should not dilute attention on Gaeltacht issues and on the needs of Connemara.

### Governance and accountability

Councillors have a key role in holding the executive to account for services in their local area and ensuring that they are accountable to their local communities. Danish local government reorganisation experience (Kjaer et al, 2010) suggests that there is a tendency in the new and larger municipalities for influence to move away from ordinary councillors and in the direction of a few increasingly influential top figures within the council (the inner circle), i.e. the mayor and the committee chairs. It was also found that the amalgamations have strengthened the influence of the administration compared to the councillors. Amalgamation also tends to increase the workload of councillors. Though Hansen (2014), also looking at Danish experience notes that these trends are marginal in nature and states that while municipal mergers do carry some democratic costs the size of these costs are small and should not be overstated.

The experience from the international reports on local government re-organisation suggests that if merger is pursued as an option, there is a need for a whole of region governance capacity focused on strategic issues, to be complemented by more local governance arrangements that enable local issues to be addressed in an effective manner, and the local relationship between citizens and council maintained and developed.

### No change

No significant impact on governance and accountability regimes.

### Boundary extension for Galway city

A larger council for the city and smaller council for the county could result from this option. Depending on the scale of boundary change, the relative number of elected members may increase in the city and decrease in the county, especially in the context of an extension to include areas such as Barna and Oranmore. There would be a consequent requirement for adjustments to the municipal districts affected. It could also affect the balance of political representation in both the city and the county. The extent of significance of these changes would depend on the size of boundary extension.

### Radical shared services

No changes to political oversight and accountability are proposed under this option. One potential significant challenge for management and their staff under this arrangement is addressing the needs and the accountability requirements of two councils. Particularly in a scenario where there are conflicting views between the city and county councils on issues, the pressures placed on management could pose difficulties.

### Full merger

A more cohesive city and county 'voice' at political level would be an important part of addressing the economic and social development issues. But merger could result in the voice of different parts of the city and county being seen to be unevenly or adversely affected, with perceived 'winners' and 'losers' in terms of political representation. Many of the submissions raised concerns about the loss of political representation and influence, which it was felt could lead to reductions in investment and service provision. Some felt merger would favour rural interests over urban interests, and others felt the opposite would occur. In their own consideration of this issue, the Limerick Local Government Committee noted that 'The Committee is satisfied that changed local government arrangements, if properly designed and implemented, can successfully avoid such outcomes. County Councils such as South Dublin, Dún Laoghaire Rathdown and Fingal successfully represent and serve the diverse needs of urban and rural populations'.

Those submissions making points against merger suggest that merger could dilute the role and status of Galway city in the revised governance arrangements that would be necessary. The argument is that the city would become a municipal or metropolitan district of the new council and hence be diminished in status. In this context, although accepting it is too early to form definitive judgements from the

Limerick and Waterford mergers, management there would cite the ability to better plan for the expanded region as a strength of the new arrangements and as an enhancement of the status of the city.

### Service delivery

The key issue here is the impact of boundary change, shared services or amalgamation on the quality of and access to services, and efficient delivery on the ground. Service improvement has been a justification used in a number of international amalgamations. As with cost and efficiency savings, the evidence to support the contention available in the literature is limited. Most councils that have merged have tended to want to stay together and only in very few cases (notably in Queensland in Australia) has a desire been expressed to return to previous arrangements, either by staff or service users. There is some international evidence that for more labour-intensive services a larger local authority may cost proportionately more rather than less, while savings may result for more capital-intensive services.

Callanan, Murphy and Quinlivan (2014) found that several studies suggest that larger local authorities may be less responsive, and more bureaucratic. The studies further suggest that because larger local authorities tend to undertake more 'in-house' activities than smaller local authorities they are less prone to using alternative delivery systems. Undertaking a review of selected service indicators of Irish local government performance, they also found that:

...there is very limited evidence of correlations between local authority size on the one hand and a large number of service indicators on the other, including revenue collection (housing loans, commercial rates and non-domestic water charges), timelines for the processing of planning applications and motor tax and driving licence applications, levels of unaccounted for water, litter pollution levels, recycling rates, and planning enforcement and building control. In these areas, and others, the findings suggest that there is no perceptible link between population size and local authority performance (pp. 389-390).

### No change

Apart from ongoing work on service improvement taking place on a regular basis, there is no scope for additional benefits arising from the no change option.

### Boundary extension for Galway city

Given the existing high level of cooperation between the city and county on service delivery matters, it is unlikely that a boundary change will have a significant impact on direct service delivery to the citizenry in general. It could be argued that services to Ardaun and Parkmore could benefit from being planned and provided by one council.

### Radical shared services

Through unified management, better coordinated service planning and delivery, and the sharing of best practices and innovations, a shared services option has the potential to improve the efficiency and effectiveness of services if it is implemented thoroughly and effectively. Also, one might envisage a scenario where a more tailored service might be delivered based on geographic, demographic, economic etc. profile under the radical shared service option, by designing services in such a way that they more appropriately meet the needs of the city and county.

A potential limiting factor on radical shared services improving service delivery is the point made by those opposed to merger that the service delivery needs of urban and rural areas tend to differ in many aspects, and that different service delivery models and approaches are needed. A similar argument applies in the case of radical shared services.

### Full merger

As with the radical shared service option, a merged council has the potential to improve the efficiency and effectiveness of services. There is likely to be more scope, however, under one council and with full merger to re-configure services across the city and county.

However, a challenge for larger local authorities is to avoid becoming too remote from citizens. There is a danger that larger local authorities could be at odds with the growing emphasis on the need for local authorities to connect with and involve citizens in local decision-making. Several submissions suggested the potential for parts of the area covered to effectively receive diminished services as the merged authority could not devote full attention to all areas. Which areas might be affected varied with the submissions, some suggesting that the city would suffer, others that places such as Connemara or the east of the county with its prominent towns such as Tuam, Athenry, Ballinasloe and Loughrea and its large rural population could receive less attention.

Those against merger make the point that the service delivery needs of urban and rural areas tend to differ in many aspects. For example, the high degree of social disadvantage in some urban areas, and the dispersed nature of demand in rural areas compared to the more centralised nature of services in the city. Conversely, it has been argued that the existing high level of cooperation between the city and county on service delivery matters means that it is unlikely that either merger or a boundary change would have a significant impact on direct service delivery to the citizen.

### Human resource management

In many international cases examined, boundary extensions or amalgamations are seen as important in strengthening the professional capacity of local authorities as much if not more so than improving efficiency. A key issue here is building and retaining capacity to ensure that services are maintained and developed and to attract and retain suitably qualified staff. It is about developing an organisation or organisations that has sufficient capacity and a critical mass to develop all levels of staff and create succession planning to support personal and organisational needs. The focus is on securing, maintaining and developing the highly skilled staff needed to manage the increasing complexity within local government services.

An important issue for all options that involve change is the disruptive effect change can have on staffing motivation and performance. A study of English local authorities facing reorganisation found that performance deteriorated prior to the onset of new structures. Issues including a reduction in staff morale, loss of managerial expertise due to increased turnover, 'planning blight' as strategic decisions are put on hold until the new organisation is established, and distraction from the core purpose of service provision, all led to a drop in performance. In this case, the short term consequences of the reorganisation were negative (Andrews and Boyne, 2011). If performance is not to be disrupted and morale and motivation adversely affected, any change needs careful planning and phasing.

### No change

A no change option is likely to have minimal impact on staffing in the short-term at least.

### Boundary extension for Galway city

Depending on the conduct of a due diligence exercise, this option may increase the staff complement available for the city, but at the expense of the county, as staff associated with work for the affected area transfer from the county to the city. If this

occurs, it would facilitate a larger pool of staff in the city and support the retention of suitably qualified staff. Conversely, the county would likely face increasing challenges as the overall staffing complement reduces. Morale and motivation issues in such a scenario may present challenges. The size of the boundary extension would affect the size of staff transfer, with a larger boundary extension increasing the likelihood of more staff being transferred.

### Radical shared services

Overall staff numbers may be reduced (or staff re-deployed to other areas) under the radical shared services option. The coordination of workforce planning that shared services would encourage would provide a context within which staffing levels, skills development and so on can be planned in a more rational manner than when entirely separately undertaken by two entities. The ability to plan staffing configurations in a coordinated manner for both councils would likely be increased. But there would remain some degree of separation which could prove limiting unless managed carefully. Addressing the needs of two councils would also present challenges for a more integrated staffing configuration.

### Full merger

Full merger could encourage clearer succession planning, staff development and support services aimed at ensuring that the city and county retain high calibre staff. The capacity to retain and develop staff in turn ensures the development of a preferred working environment and can help minimise turnover which has a positive impact on service delivery. Full coordination of workforce planning is likely to lead to the most efficient use of the staffing resource.

The potential for disruption, especially during the transition phase, is however greatest under full merger. Merger will impact on identity and mission, and the cultures of the two existing organisations, and is likely to be disruptive.

On the positive side, in many cases amalgamations are seen as important in strengthening the professional capacity of local authorities as much if not more so than improving efficiency. A key issue here is building and retaining capacity to ensure that services are maintained and developed and to attract and retain suitably qualified staff. It is about developing an organisation that can create centres of excellence, and has sufficient capacity and a critical mass to develop all levels of staff and create succession planning to support personal and organisational needs. The focus is on securing, maintaining and developing the highly skilled staff needed to manage the increasing complexity within local government services.



## Efficiency

There are limited benchmarks and comparators both nationally and internationally with regard to efficiency and cost savings. Nationally, the extent of savings in Limerick, Waterford and Tipperary has not been documented to any significant extent, so it is not possible to verify savings and efficiency gains, but in all cases they claim that some savings are being made. In Tipperary, for example, by February 2015, payroll savings in excess of €3 million have been noted. This figure is based on departures since the merger was announced, less those posts refilled with the approval of the Department of Environment, Community and Local Government. The costs of the merger included one off expenditure on IT harmonisation, office improvements and corporate branding and are estimated at €1.7 million, somewhat lower than the anticipated figure. Recurrent costs, occasioned by the harmonisation of corporate rates in the former North Tipperary County Council area to the level that applied in South Tipperary County Council will be €330,000 per annum. There have also been efficiencies and staff time freed for other priorities associated with the elimination of duplication of some activities, such as the need now for only one development plan, one annual report, one set of accounts, one audit etc.

Internationally, the experience with reorganisation seems to be an extremely varied one, with disputed costs and benefits. Different studies produce different and sometimes inconsistent results. Aulich et al (2011: 10) found that there is little evidence that amalgamation will of itself yield economies of scale greater than those achievable through other forms of consolidation, or that such economies are available across many of local government's functions by whatever means. They found few robust examples in the literature, in the case studies examined, or in the experience and knowledge of the experts with whom they spoke. Yet they note that many in central government – and some in local government – still cling to the belief that substantial savings can and should be made.

There is some international evidence that for more labour-intensive services a larger local authority may cost proportionately more rather than less, while savings may result for more capital-intensive services (Callanan, Murphy and Quinlivan, 2014).

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those municipalities that had been amalgamated compared to those that had been left alone found that administrative spending is lower for amalgamated municipalities. In 2007, immediately after the reform, amalgamated municipalities spent 0.2 per cent less than those municipalities left untouched. In 2008, the savings amounted to 3.2 per cent; in 2009 6.4 per cent, and in 2010, 8.4 per cent (Blom-Hansen et al, 2011).

### No change

Obviously, there are no cost or efficiency savings arising from amalgamation in the no change option. There would, however, be the continuing savings being applied across the local government system associated with the government's efficiency programme and general budgetary stance. These savings would apply to all options.

### Boundary extension for Galway city

It is difficult to envisage savings associated with this option, as it primarily relates to a re-configuration of boundaries and associated transfers of staff etc. There would inevitably be some transition costs associated with this option.

### Radical shared services

As pointed out in several submissions, given the scale of efficiency savings achieved in local government in recent years, it is unlikely that there are significant savings to be achieved under a radical shared services option. Some efficiencies would undoubtedly arise, however, as duplication is reduced. Transition costs would limit the scope for efficiencies during the transition period. Staff and operational savings would need to be phased in and savings would take a number of years to be achieved. There are also transaction costs associated with managing shared services, such as agreeing and monitoring service level agreements.

### Full merger

It is probable that full merger would lead to additional operational cost savings in the medium to longer term over radical shared services, as it would allow a more integrated approach to issues such as purchasing and resource deployment, and there would be scope for some elimination of duplication at more senior levels of staffing. The experience of Tipperary, Waterford and Limerick, and international experience, would suggest that some savings on operational costs, perhaps of the order of 2 per cent, would not be an unreasonable target range for savings. But the evidence suggests that such savings are not guaranteed or easily attainable; they need careful planning and management.

Merger could also lead to a reduction of administrative duplication and freeing up, for more productive use, of resources previously absorbed by various processes such as the production of two development plans, sets of accounts, annual reports, rating, corporate plans, audit, etc., involving both staff and non-staff costs. Elimination or reduction in such costs could be a benefit of merger, though the benefits of this do not necessarily translate into payroll savings, at least in the short term. And some of these efficiencies could be 'swallowed up' servicing the new governance structures of a merged council.

### Financial sustainability

This item essentially relates to the issue of compensation that may be due in the case of boundary extension from one council to the other, to compensate for loss of revenue from rates, property tax, development etc., after taking account of any expenditure savings that may accrue.

#### No change

As no compensation would be required in this option, there are no financial sustainability issues associated with this option.

#### Boundary extension for Galway city

Based on previous experience with regard to boundary changes, arrangements would need to be put in place that would (a) determine the level of compensation needed from the city to the county (issues around agreeing the amount of revenue lost and gained, land and debt transfers etc.), and (b) ensure a rigorous, agreed system for transfers between the councils over a number of years. A process of due diligence would need to be progressed during the implementation planning phase of the project. The government's position, as set out in the terms of reference, is that there should be no ongoing additional cost to central government through increased subvention arising from any option chosen, setting a further context for financial sustainability. There would be scope for disagreement between the city and the county about what should be included, and this would likely take some time to resolve. Some form of independent arbitration process may be required.

As one previous example, in Cork, in 1960 the Corporation petitioned the Minister for an extension of the city boundary. This was opposed by Cork County Council. An inquiry took place in 1961 and 1962, and following extensive deliberations a boundary extension covering 6,250 acres was agreed in 1965 (at a cost to the city of £1.55 million following lengthy arbitration proceedings).

### Radical shared services

As no compensation would be required in this option, there are no financial sustainability issues associated with this option.

### Full merger

As no compensation would be required in this option, there are no financial sustainability issues associated with this option.