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Public Service Systems at Subnational and Local Levels of Government: A British–German–French Comparison

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1 Introduction

The subnational and local levels of government have hitherto been largely understudied in comparative civil service research. Against this background this chapter focuses on two central questions. First, we analyze whether and how the *local public service* and – if existing – the *subnational public service* can be distinguished from the *central state/federal level* of government and to what extent a ‘local public service system’ or a ‘subnational public service system’¹ can be identified with specific structures and development patterns. Second, we question to what extent and owing to what factors *country-specific patterns* and structures of local and subnational public employment, inherited from the past, have been subjected to major changes and ruptures diluting historically ingrained differences or whether those national peculiarities of local public services have been retained. In order to answer these two compound questions we primarily draw on a literature review as well as on official statistical data, and restrict ourselves to three cases: Germany, France and the UK. The case selection is justified by the fact that these three countries represent important models of European administrative culture and crucial variations of decentralized institution-building and public employment in Western Europe, the analysis of which is essential to comparative public administration in general. These countries will be scrutinized and compared with regard to the predominant features and developmental patterns of public employment and human resources

management at the local level of government (Section 2). In addition, for the German case the subnational level – the public service systems in the 16 federal states – will be analyzed because of its independent position from both the national and the local level (Section 3). In the fourth section of this chapter patterns of continuity and patterns of change in the development of public service systems at subnational levels of government will be discussed. We conclude with some final remarks.

2 Local public service systems in comparative perspective

The nature of local public service systems is not only linked with the nature of public employment and civil service systems but also with specific features of local government systems. Local personnel structures and public servants' qualifications largely depend on the local governments' functional responsibilities. Furthermore, state–local interaction and the position of state authorities in relation to local authorities strongly account for local governments' weight within total public employment. Territorial boundaries of the local system determine to a large extent local functional 'viability' and thereby likewise local public service structures and functioning. Therefore, we first provide a brief overview of the three local government systems before examining and comparing their specific local personnel structures.

2.1 Local government systems in Germany, France and the UK

Within the *German* federal and highly decentralized political system, the municipalities (*Gemeinden*), the county-free cities (*kreisfreie Städte*), and the counties (*Kreise*) enjoy a constitutional guarantee as institutions of local self-administration (Art. 28, paragraph 2 Basic Constitutional Law; *Grundgesetz*). They are basically responsible for all local public tasks ('all-purpose institutions'; *Allzuständigkeit*), which mirror a historical path dependency dating back to the 19th century, when the communes came up as functionally strong, multi-purpose organizations. Until today, a peculiar feature of the German model can be perceived in the fact that both state tasks and local self-administration functions are institutionally integrated at the local level (Wollmann, 1999), whereas only very few (single-purpose) state agencies are operating at local level. This strong model of local government was strengthened in the course of the 1970s when, as a result of the territorial reforms, large units of local authorities emerged, despite the fact that significant territorial differences between the *Bundesländer* still remained.²

The French constitutional and administrative system was up to the early 1980s characterized by a very weak local self-government and a dominant executive-centralist administration of the state, with the prefect as the central figure. State administration within the 'indivisible republic' followed a strictly hierarchical structure ranging from the ministries in Paris and the prefects – appointed by central government – as the chiefs of the *départements'* administration down to the municipalities. In addition to its own tasks the state administration fulfilled the *départements'* and the prevailing number of the municipalities' self-administration tasks. The new constitutional situation of the year 1982 marked an all but revolutionary rupture with the Jacobin tradition (Mabileau, 1996: 33), which is reflected in the fact that the prefect lost his strategic key position in the local system. His executive function in the *département* was transferred to the general council (*conseil général*). Furthermore, the self-administration tasks of the *départements*, but also of the municipalities were significantly expanded. Especially in the field of social welfare, important parts of the prefect's personnel were transferred to the *départements'* administration. Numerous new local administrative professions came up in former state policies, and consequently the bandwidth and professional composition of the local workforce changed significantly (Bodiguel, 2004: 157).

The UK is – like France – historically a unitary state, which at the same time was – contrary to France, but similar to Germany – distinctly decentralized for the reason of its politically and functionally strong local self-government which traces back to the 19th century. The British model of local government is based on two conflicting institutional principles. First, according to the principle of 'parliamentary sovereignty,' every political and constitutional question can be ruled by a parliamentary law for which a simple parliamentary majority is sufficient. Consequently the municipalities only have those competences they are explicitly assigned by parliament whereas all other tasks are 'ultra vires' (Wollmann, 1999: 188). Second, within the tradition of 'dual polity,' according to which local and central government functions are distinctly separated, the municipalities are in fact endowed with extensive room for maneuver. While the central government deals with legislation and 'high politics,' local authorities are responsible for all local tasks and act as 'multi-function'/'all-purpose' organizations. Owing to the fact that the British parliament prevented the creation of central government branches at meso- and local levels (Sharpe, 1993), British local governments were in charge of the whole range of local social services, a large part of the education system and

Table 9.1 Local government systems (traditional profiles)³

Germany*	France**	United Kingdom***
Territorial structure		
11,161 municipalities	26 regions	<i>England:</i> Two-tier system: 27 counties, 201 (non-metropolitan) districts, Greater London: GLA + 32 boroughs and the City of London; one-tier system: 36 metropolitan districts, 56 other unitary authorities
107 'county-free' cities	100 <i>départements</i>	<i>Wales:</i> 22 unitary authorities
295 counties	36,767 municipalities	<i>Scotland:</i> 32 unitary authorities
		<i>Northern Ireland:</i> 26 district councils
Differences between the <i>Länder</i>	Myriad of tiny communes (1754 inhabitants on average)	Large administrative units (counties: 760,000 inhabitants, districts: 102,000 inhabitants on average)
Nordrhein-Westfalen: 396 municipalities with on average 44,329 inhabitants	90 percent of all communes have less than 2000 inhabitants	'Viable' (partly over-sized) structures
Rheinland-Pfalz: 2306 municipalities with on average 1730 inhabitants	Territorial fragmentation	
Functional responsibilities/administrative structures		
Communes as 'multi-function'/'all-purpose' institutions	Communes with marginal functions	Local authorities as 'multi-function'/'all-purpose' institutions (tradition of 'dual polity')
Integration of state and local self-administrative tasks	Predominance of the state (also in local self-administration tasks)	Few single-purpose state agencies at the local level
Few single-purpose state agencies	Many 'deconcentrated' (single-purpose) state authorities at the local level (95 percent of the state personnel)	Comprehensive mandate in delivering social services ('municipal empires')
Type of local government****		
North Middle European Group	Franco-Group	Anglo-Group

* Source: Federal Statistical Office data: December 31, 2013. ** Source: http://www.collectivites-locales.gouv.fr/files/files/Publication_globale%281%29.pdf (March 25, 2014). *** Source: Kuhlmann and Wollmann (2014). **** According to Hesse and Sharpe (1991).

numerous other local tasks for a long time. However, the traditional 'ultra vires' doctrine has been considerably attenuated under the banner of 'new localism,' as proclaimed by the New Labour government. This was first embarked on by the Local Government Act 2000 according to which local authorities were endowed with the task 'to promote the economic, social and environmental well-being of their areas' (cf. Wilson and Game, 2011: 32. With the explicit political goal of strengthening local self-government, the Conservative–Liberal coalition that was formed in May 2010 adopted the Localism Act on November 15, 2011. This granted local authorities a 'general power of competence' tantamount to a general competence clause (Kuhlmann and Wollmann, 2014).

2.2 Peculiarities of local government employment

Different indicators can be applied to the question of the extent to which the local public service constitutes a separate system of public employment with specific characteristics, structures and profiles. We will focus on three aspects. First is the personnel 'weight' of local government within the political and administrative system. This helps to measure the significance of the local level within the entire system of public employment. Second, the legal embodiment of the local public service in the three countries will be compared to show whether or not it has a separate legal or institutional status apart from state/central government. Third, the structural peculiarities of the local public service in contrast to the upper levels of government will be analyzed and compared, confining ourselves here to the status profiles.

2.2.1 Personnel weight

In all three countries the local level has a sizeable workforce which reflects the important role of local government within the national public sector. With a share of less than one-third in Germany, 35 percent in France and 43 percent in the UK of total public employment, the local public service consistently plays a decisive role within the national public service system. There are significant differences between the countries, though. These primarily arise from historical-institutional imprints and path dependencies.

Despite changing governments in London and the extensive reforms that have been pursued since the postwar period, the local public service in the United Kingdom has shown itself to be remarkably stable and, until the 1990s, even an expanding sector of the public service. Because the local authorities are still responsible for school education, teachers

are classified as local government employees, making up around one-quarter of local staff (Schröter and Röber, 2000). In the early 1950s, local governments still employed 1.4 million people, but this number grew to 1.8 million by 1962 and then reached almost 3 million in the mid-1970s. Since the beginning of the 1990s local government personnel has been reduced (by approximately 600,000 employees; see Table 9.2) as a result of outsourcing and functional retrenchment. Up to today, the municipalities in the UK still have a high personnel size and a high density of local employment. This mirrors the unequaled local strength within the 'dual polity' model. Since 2010, there is a new decreasing trend in local government employment in the UK owing to conversions (i.e. local schools converting to academy status) and most recently the abolition of the regional Scottish police and fire services (Office for National Statistics, 2013).

In France the Napoleonic centralism and the Jacobin tradition are still – although decreasingly – influential, visible in the smaller size of local compared to central public employment. Per 1000 French citizens, there still are considerably more state servants (38) than local employees (30). The state continues to have a larger share of public employment (44 percent) than the local levels (35 percent). Yet, the employment ratio between the state and the local levels has markedly shifted towards the latter, which can undoubtedly be interpreted as a result of the decentralization process in France (see further below). Today, local governments encompass a greater share of the total public employment than seven years ago (41 state servants compared to 23 local servants in 2005). Likewise, the local levels' share of total public employment has increased by 5 percent since 2005, whereas the state's employment share has markedly shrunk. Comparing France and the UK we can, however, assume that the latter – despite the Thatcheristic 'war against local government' – is still endowed with a stronger local workforce than – meanwhile – decentralized France.

In Germany, too, the distribution of local employment across the three levels of government (federation, *Länder*, communes) has remained comparatively stable. The municipalities still represent 30 percent of the total public employment (after the *Länder* with about 51 percent: see Section 3). In this respect they are still a substantial cornerstone of the public service which confirms the historic tradition of a strong local self-administration. With its dual function of implementing state policies transferred by federal and *Länder* legislation on the one hand and fulfilling own local self-administration tasks on the other, it forms the backbone of the German public administration.

Furthermore, the significance of the local public service can be measured by its share of general employment. In countries with a lean public sector (like Germany) local governments, relative to total employment, have a less important role as employers than in countries with an extended public sector (like France). In Germany local public employment weighted by total employment has the least important position in comparison to the other countries. This contrasts to Britain where local public employment, with more than 8 percent of general employment, is at the top position, followed by France with 7 percent. These figures reflect the evolution of the public sector. In Germany the share of public employment as a percentage of the labor force (general employment) has decreased over the past two decades. Whereas it moved between 16 and 17 percent in the 1980s (Derlien, 2008: 173), it was then dramatically cut down during the 1990s, from 17.4 percent in 1991 to 12.5 percent in 2000. Today, the rate is 11.1 percent (Statistisches Bundesamt, 2013), thus since the turn of the millennium being one of the leanest among the OECD members (see also Derlien, 2002: 232). The French public service, by contrast, continues to grow, irrespective of the neo-liberal rhetoric under the former Sarkozy presidency (with a rise in the quota from 17.8 in 1980 to 19.4 in 2001 up to 21.4 in 2012). In the UK, the share of public employment as a percentage of general employment has slightly decreased from 20.2 percent in 1999 to 19.0 percent today (Table 9.2). However, these reductions are mainly due to the reclassification of English further education colleges and

Table 9.2 Local public employment, general public employment and general employment in country-comparative perspective 2012/2013

Country	Local public employment (1,000)	Local public employment (% of general public employment)	Local public employment (% of general employment)	Public employment (% of general employment)
Germany*	1,386	30.0	3.3	11.1
France**	1,913	34.7	7.4	21.4
UK***	2,448	43.2	8.2	19.0

Source: Translation of Statistisches Bundesamt*Figures for 2012 (June 30), Source: Federal Statistical Office. ** Figures for 2012; including regions, départements, communes, intermunicipal cooperation bodies (EPCI), établissements publics locales; <http://www.fonction-publique.gouv.fr/files/files/statistiques/stats-rapides/Stats-rapides-emploi-12-2012.pdf>; http://epp.eurostat.ec.europa.eu/statistics_Explained/index.php?title=File:Employed_persons_number,employment_rates_and_share_of_part-time_Employment,_by_sex,_2012_V2.png&filetimestamp=20130531091300 *** Figures for 2013 (second quarter); *Source:* Office National Statistics, own calculations.

English sixth form college corporations from the public to the private sector in 2012. Hence, there was little change in the UK over the past decade. Taking into consideration that the quota amounted to roughly 28 percent at the beginning of the Thatcher era (1981), it becomes clear that the decrease of public employment in the UK and Germany was about the same (roughly one-third of the public sector workforce was cut down); the reduction process just started earlier in the UK (1980s) than in Germany (1990s).

2.2.2 Legal distinction

In legal and institutional terms the degree of distinction between the local public service on the one hand and the central state civil service on the other, as a second indicator for measuring local public service 'autonomy' in comparative perspective, varies significantly between the three countries.

Within the French model the local level has been quite visibly acknowledged as a distinct sector of public employment. In the course of the decentralization reforms, a specific territorial civil service (Fonction Publique Territoriale: FPT) was created by law on January 26, 1984 – distinct from the state civil service (Fonction Publique de l'Etat: FPE) – which was granted its own 'statute' and specific *local* provisions (of course ruled by national legislation).

Before the reform of federalism in Germany in 2006, there were only very few prescriptions within the German federal and *Länder* legislation, which exclusively referred to the local public service personnel. Thus in legal terms, the distinction between the state (federal/*Länder*) and the local level of public employment was not very clear. Thus, local public servants were basically subjected to the same nationwide uniform laws as the state personnel. With the 2006 reform of federalism, this was changed. Since then, the federal states have their own civil service legislation that also applies to the communes. Wages, labor time and other working conditions for public employees are not defined by civil service laws, but by collective agreements. For employees in local administration the till then nationwide uniform agreements *Bundesangestelltentarif* (BAT), MTArb and BMT-G were replaced by the new *Tarifvertrag Öffentlicher Dienst* (TVöD) in October 2005. The TVöD applies to employees at federal and local level, whereas for employees at *Länder* level a separate agreement (TV-L) was negotiated. Over the past decade, the local public service system in Germany has become more diverse, because the employment conditions for civil servants differ considerably (e.g. as regards labor time per week, payment, and conditions for promotion).

In the UK – unlike continental Europe – no explicit distinction is made between public and private sector employment, even if public employees – in particular those in ministerial administration – traditionally have enjoyed certain privileges (e.g. a higher level of job security; see Kuhlmann and Wollmann, 2014). In the areas of the military and the police, there are also some restrictions with regard to the right to strike and trade union activities. However, these provisions are neither laid down in specific public service laws or statutes for civil servants, separate from private labor law, nor are they recognized under common law (Bach and Winchester, 2003: 286). Employment relations of public employees are generally subject to free collective bargaining and contractual negotiations between parties. Since the distinction between the local government workforce and the central government civil servants in the UK is even more clear-cut than in France,⁴ different collective bargaining authorities exist for public employees in central and local government. Collective bargaining for local governments is organized by the National Joint Council (NJC) for Local Government Services. This clear-cut distinction between the local and central government levels of public employment has even been reinforced by the new option for local governments to negotiate their own local agreements in order to replace the national one.

2.2.3 'Status structures'

Third, we draw upon the actual profiles and structures of the local public service (compared with the other levels of public employment) and will focus here on 'status groups.' In continental European countries the local level has turned out to be a forerunner in challenging and questioning traditional 'status models' in public employment practice. The national legislator, by contrast, continues to stick to the traditional statutes for civil servants.

In Germany, there are two status groups in the public service (civil servants: *Beamte* and employees: *Angestellte*). Civil servants' employment conditions are regulated in public service laws. The employment conditions of employees in the public service, however, are based on civil law. Wages and working hours are negotiated between the employer (i.e. the state) and trade unions, and fixed in collective agreements (contracts). Over the past decades, the traditional duality of the status groups has lost importance at local level, especially in the East German states where the local civil servants' quota is distinctively lower (ranging from 4.2% in Brandenburg to 8.5% in Mecklenburg-Vorpommern) than in West Germany (with, e.g. 12.5% in Bayern and

20.2% in Nordrhein-Westfalen) (dbb 2014: 13, own calculation; data for June 30, 2012). In fact, an almost single-status system in the municipalities has meanwhile evolved with East Germany at the very top. Civil servants who are still predominant at the federal and the *Länder* levels are increasingly disappearing. Today, on average 13.4 percent (*Source*: Translation of Statistisches Bundesamt. Federal Statistical Office; data for June 30, 2012) of the personnel at local level are civil servants whereas the majority 86.6 percent are employees (*Angestellte*). Thus the (British) model of collective bargaining is coming to the fore, which stands in marked contrast to the federal and *Länder* civil services with their *Beamten* quota of 54.3 percent (excluding soldiers) and 55.4 percent, respectively (*Source*: Translation of Statistisches Bundesamt. Federal Statistical Office; data for June 30, 2012).

The British system is not familiar with status differences in the German and French sense, taking into account that the traditional distinction between 'manuals' and 'non-manuals' as 'status groups' does not imply strict legal differences. Nonetheless, British local authorities have likewise been forerunners in blurring and abolishing traditional employment (or 'status') structures. The 'single status agreement' passed in 1997 by the NJC for Local Government Services made an end to the common differentiation of manuals and non-manuals – at least in formal terms. The local government services were the first to embark on a 'single status model' in the UK.

The same basically applies to the French local governments, which were path-breaking in the development of a 'two status system' evolving in France. For it is mainly the communes which employ significant parts of (private-law-based) '*contractuels*,' owing to the fact that the approximately 60,000 local employers (see Fialaire, 2014: 1) increasingly prefer flexible (partly subsidized: *emplois aidés*) employment contracts. Consequently the traditional employment via '*statut*' is being pushed back, particularly and mainly by the local employment practice whereas national legislation is more hesitating in this regard. In 2008, the *Rapport Silicani* that was published during the Sarkozy presidency in 2008 (see Rapport Silicani, 2008) proposed a radical expansion of contractual ('non-statute') employment and a rapprochement to private-law-based working contracts in the public sector. However, contrary to this proposal, the more recent *Rapport Pêcheur* presented in 2013 (see Rapport Pêcheur, 2013) underlined the great importance of the traditional system of '*statut*' not least as a 'trigger of motivation for civil servants' (*facteur de motivation des fonctionnaires*; see Marcou, 2014: 3). These statements notwithstanding, the share of contract-based employment relations has

in fact considerably increased during the past decades, which the *Sénat* critically referred to as a 'quantitative invalidation of the *statut* system' at the local level of government (Sénat, 2014: 2).

In all three countries conspicuous peculiarities can be observed concerning the local status profiles and developments that support the theory of local public service constituting a specific subsystem of public employment. Local governments have been the front-runners in challenging and reforming traditional status profiles, while national legislators as well as state public services showed resistance.

3 Public service systems in the German federal states

The Federal Republic of Germany (FRG) consists of 16 federal states (*Länder*). Since only very few administrative tasks are carried out by the federal administration (e.g. civil administration of the military, embassies, the border police, inland waterways, customs and partly tax administration), responsibility for the implementation of most federal law and for all *Länder* laws lies with the *Länder*, whereas the Federation dominates the lawmaking process with only a few lawmaking competences remaining solely at the *Länder* level.⁵ This constitutional division of competences leads to an intense vertical coordination between executive politicians and bureaucrats at federal and *Länder* level in Germany. Therefore, the political-administrative system of the FRG is often referred to as 'executive federalism' with a high degree of 'joint decision making' (*Politikverflechtung*) (Benz, 1999; Scharpf, 1988). As a result, federal and state ministries are quite similar with regard to their internal organization, recruitment patterns, and the reward and promotion system. Thus, turnover of ministerial civil servants from the *Länder* level to the federal level (and vice versa) is quite common in Germany.

Apart from ministerial administration, however, federal and *Länder* public service systems differ considerably, and this is mainly due to their different functional responsibilities. Excluding the ministries, the 'typical' federal public servant is a soldier (Bogumil and Jann, 2009: 96), whereas in the *Länder* administrations, most public servants are teachers (36.4%) or university staff (21.0%), policemen (11.3%), employees/civil servants in courts or prisons (7.5%), or in the tax administration (6.2%) (Statistisches Bundesamt 2013: 58; data for June 30, 2012).

In total, 2,346,500 people work in the public service at *Länder* level in Germany. *Länder* public employment accounts for 5.4 percent of general employment in Germany. Summing up local and *Länder* public employment, 8.6 percent of general employment in Germany is subnational

public employment (Source: Translation of Statistisches Bundesamt Federal Statistical Office; data for June 30, 2012). Thus, as regards its share in total public employment the subnational public service in Germany is even bigger than in France or the UK (see Section 2.2).

As regards the two status groups – employees and civil servants – the *Länder* public service systems differ considerably. On average, 44.6 percent of the public servants in *Länder* administrations are employees, and 55.4 percent civil servants (Source: Translation of Statistisches Bundesamt Federal Statistical Office; data for June 30, 2012). As at local level, there is a huge variation regarding the share of civil servants in the different states – ranging from 26.3 percent in Sachsen or 31.4 percent in Mecklenburg-Vorpommern (both situated in East Germany) to more than 60 percent in many West German states, such as Bayern, Niedersachsen and Nordrhein-Westfalen (dbb, 2014: 13; own calculation, data for June 30, 2012). These differences can partly be explained by varying practices in the *Länder* as regards the legal status of teachers: in several East German states teachers usually are public employees whereas in most West German states teachers are civil servants.

Differences between the *Länder*, however, not only apply to the share of the two status groups, but since the reform of federalism in 2006 also to the legal regulation of the public service systems and to the collective agreements that apply to public employees at *Länder* and local level. Some *Länder* have introduced a new system of civil servant categories/career groups (*Laufbahngruppen*). Bayern has even abolished the traditional system of career groups according to level of education and replaced it with a uniform career system with different qualification levels. After the reform of federalism, many *Länder* have introduced their own regulations on payment, working time, pensions and the career system. As to public employees, there is less diversity because of the TV-L, a collective agreement that came into force in October 2006. There are some exceptions in this regard: First, the TV-L defines no uniform rules as to the working time per week in different states. Second, there are *Länder*-specific agreements for teachers, leading to substantial differences in the wages of teachers. The TV-L is directly applicable in 14 out of the 16 *Länder* (except Berlin and Hessen).

As a consequence, the *Länder* public service systems – and hence also the local public service systems in Germany – have become more diverse.⁶ As to its legal foundations, that is, the rights and obligations of civil servants, this is a relatively new development that started with the reform of federalism in 2006. Because of the different functions of national and subnational public service systems however, federal, state

and local public service systems have always been characterized by considerable differences.

4 Public service development at subnational levels of government: between inertia and rupture

4.1 Patterns of continuity

Very distinct structures and profiles of subnational and particularly local public employment evolved in the three countries under scrutiny here. They have largely been shaped by different 'starting conditions' and long-lasting historical traditions. These illustrate the formative influence of past institutional choices and historically ingrained structures which at least in the basic structures determine the local landscape even in recent times. The duality between the continental European (Hegelianic respectively Rousseauistic) state tradition on the one hand and the (utilitarian-liberal) public interest tradition on the other, proves to be a particularly influential inheritance in the three countries.

These traditions are reflected to this day in the different legal arrangements of employment contracts in the subnational public service. Within the British public interest tradition, which perceives the state and local public service as a part of society, the regulative competence of public employment is assigned to the bargaining units (except teachers) and is part of normal industrial relations. In France and Germany, public employment of civil servants is regulated by legislation (*Dienstrecht/statut*): national legislation in France and mainly *Länder* legislation in Germany. The prevailing legal and institutional distinction between private and public employment is conceptually derived from their rule of law principle and the *Rechtsstaats* tradition of continental Europe. Though the traditional status models in the local practice have become increasingly blurred, significant differences between the countries remain. The French municipalities are still dominated by the tradition of the strong *statut*, the British local governments by the model of free collective bargaining and the German communes and *Länder* by the duality of status groups. Contrary to the *Länder*, German local governments have, however, nearly attained a 'single status system' by largely renouncing the *Beamten* status, whereas in France the trend from the 'single status system' to a new 'two status structure' is moving in the opposite direction.

The distribution of the local workforce by sectors of activity, too, reflects continuity over time, which again is molded by historical

imprints. While in the UK the outstanding significance of the education sector (50% of the personnel) with the teachers as its spine is striking (Schröter and Röber, 2000), in France the prevailing 'technical' function (planning, public utilities, construction, infrastructure) of local government is striking (also about 50%). In Germany, the profile of the local workforce is determined by the communes' mandate in local social policies. This main focus of employment has been broadly stable since the 1960s.

4.2 Patterns of change

In recent decades a series of incisions and changes have occurred that heralded sustained modification of the significance of public personnel at subnational level. They are primarily evidence of the functional shift between local governments and state on the one hand and public and private sector on the other. In addition, in Germany the reunification in 1990 have played a significant role for changes in local and *Länder* public employment over the last two decades.

In the wake of the 'neo-liberal revolution' in the UK the density of local government employment decreased from 53 employees per 1000 inhabitants in 1991 to 40 today. Consequently, the traditionally strong local government system in the UK was awkwardly weakened. Local authorities lost their financial autonomy completely and were forced to contract out numerous local services to private providers (e.g. refuse disposal, school restaurants, street cleaning and maintenance). Although 'compulsory competitive tendering (CCT)' was abolished by New Labour and replaced with the 'Best Value System' (see below), the pressure towards outsourcing still persists today (Bender and Elliot, 1999: 295; Reimer, 1999: 157). One impact of the competitive tendering has been the reduction of about 600,000 employees since the beginning of the 1990s which is more than 20 percent of the entire local workforce. The municipalities felt impelled to reduce staff when they were conquered by private suppliers and the respective staff members were made redundant. Furthermore, even the staff in the successful in-house teams were reduced in order to keep competitiveness with private firms in terms of labor costs (Bender and Elliott, 1999: 296). In addition, numerous 'time honored' local tasks have been transferred to single-purpose state agencies and quangos operating at the local level (see Jones, 2008; Skelcher, 2000).

Although in Germany marketization and contracting out only played a minor role, German local governments as well as *Länder* administrations witnessed even more dramatic cutbacks of their workforce. By

contrast, these were primarily due to the national budgetary crisis, to necessary adjustments of overstuffed East German authorities as well as to the more recent privatization activities prompted by EU market liberalization (especially in public utility sector, cf. Wollmann, 2002). Thus, local public employment in Germany has shrunk within only one decade – from 1990/1991 to 2000/2001 – by more than one-fourth (see Table 9.3), and in East Germany even more, by more than 50 percent. As a result Germany today has fewer local public employees per 1000 inhabitants than France, where the local public service is a clearly expanding employment sector – not least with regard to the ‘second wave’ of decentralization (the so-called *Acte II de la décentralisation*). It is striking that local public employment in France has been considerably extended during recent decades (by more than 60% since the 1990s) despite the financial crisis and regardless of the neo-liberal discourses pursued by former Conservative governments. However, this tendency of an ever and significantly increasing local public service seems to be unparalleled by other European countries (see Kuhlmann and Wollmann, 2014). In Germany, by contrast, we have witnessed serious employment cutbacks at all levels of government. Not only the local governments, but also the *Länder* administrations were downsized – by about one-fourth over the past two decades, from 2,572,000 *Länder* public servants in 1991 to 1,940,700 in 2010⁷ (Statistisches Bundesamt, 2003, 2011). Again, personnel reduction was much higher in East Germany than in West Germany. Nonetheless, the number of *Länder* public employees per 1000 inhabitants today is still slightly higher in East German states (18.89) than in West German states (18.04).⁸

Table 9.3 Development of local public employment in country-comparative perspective

BB	Local public employees per 1000 inhabitants	Local public employees per 1000 inhabitants	Local public employees per 1000 inhabitants	Local public employment change 1990/1991–2012	
	1990/1991	2000/2001	2012	1000	%
Germany*	25.2	17.8	17.2	-560	-28.8
France**	20.2	23.3	29.7	+746	+64.0
UK***	52.5	45.8	40	-482	-15.7

*Without German *Länder*. Data for 1990/1991 and 2000/2001: Kuhlmann and Röber (2006); data for 2012: Statistisches Bundesamt (2014) and dbb (2014). ** <http://www.fonction-publique.gouv.fr/files/files/statistiques/stats-rapides/Stats-rapides-emploi-12-2012.pdf>; Direction Générale des collectivités locales and DESL (2004, 2005, 2006). *** Source: Office National Statistics <http://www.ons.gov.uk/ons/rel/pse/public-sector-employmen>.

These shifts reveal that the convergent neo-liberal trend did not lead to the same cuts in all European local public service systems. While the German local and *Länder* public service has decreased in size and the traditionally strong German model of local self-administration appears to be questioned, in the meantime the former Jacobin state of France has created strong local administrative bodies, at least where personnel weight is concerned. In the UK the neo-liberal and increasingly centralistic reform initiatives of the government have an impact on a shrinking local employment sector threatening the traditionally strong British local government model.

Regarding the internal structures of local public service systems and methods of human resource management, some remarkable changes occurred. In all three countries the New Public Management (NPM)-inspired approach of performance-oriented public sector modernization has produced significant impacts on the local public service, yet in different ways.

In Germany, the NPM-guided 'New Steering Model' (*Neues Steuerungsmodell* – NSM; see Bogumil and Kuhlmann, 2004; Kuhlmann, 2004), which spread over the local landscape in the 1990s, was directed at modernizing the traditional methods of human resource management (i.e. inflexible, bureaucratic and completely lacking performance incentives). New instruments and procedures were required that would ensure a flexible employment practice as well as adequately support and challenge the local employees' capabilities. According to the findings of a comprehensive research project on NSM evaluation in German local authorities (see Bogumil and Kuhlmann, 2006; Bogumil et al., 2007; Kuhlmann, Bogumil and Grohs, 2008),⁹ innovative elements of human resource management have indeed increasingly been tested at the local level. Sixty-two percent of the mayors stated that appraisal interviews have been implemented, 56 percent report on elements of teamwork, 47 percent of confidential reports and 35 percent of new methods of selection. Performance-related pay was introduced at local level in 2007,¹⁰ starting with 1 percent of monthly pay. It is intended that up to 8 percent of a public servant's salary relates to individual performance. Since acceptance for payment differences in the public service in Germany still is low, performance-related payments are usually distributed broadly among local employees (Schmidt, Müller and Trittel, 2011). Thus, in most cases there is no active implementation of performance-related pay as a human resource strategy, but a rather slow and incremental implementation (Jörges-Süß and Süß, 2011). At *Länder* level, performance-related human resource management was not a core issue

of public sector reform over recent decades. However, there are some efforts to strengthen human resource management as a result of demographic change and budget restrictions. Performance-related pay has been introduced successfully for some groups of public servants such as university professors, but does not play any greater role for most parts of *Länder* administrations, e.g. ministerial civil servants, school teachers or policemen. Since the reform of federalism modernization efforts in the *Länder* public service systems have been diversified.

The debate on performance-related human resource management also gained ground in France. The system of increments according to the seniority principle (*ancienneté*) and the lump sum granting of extra pay (local allowance, family allowance, and so on) without any relation to individual performance are in the spotlight of criticism claiming that the egalitarian salary and pay system (*gestion égalitaire*) that evolved over decades must be complemented by performance-related elements. Meritocratic appraisal procedures (Bodiguel, 2004: 164) are required which would allow public managers to distinguish between good and bad performance. Basically, a three-stage payments system is arrogated with a uniform basic pay (*traitement de base*) for all employees belonging to the same salary group. Second, a supplement in relation to the specific function or position would be granted (*complément lié à l'emploi occupé*) and third, a performance-related pay (*complément indemnitaire de rendement/ prime de service*) would be available. In order to determine the performance-related pay, appraisal interviews between the employee and his or her superior were suggested. Yet, it must be recalled that French civil service law already stipulated appraisal interviews (*entretien d'évaluation*) 20 years ago, although the debate on the performance-related pay got momentum later (cf. Lemmet and Creignou, 2002: 73). A compulsory 'evaluation/grading' (notification) of the public servants' professional skills (*valeur professionnelle*) by their superiors – ranging from grade 1 to grade 20 – was already fixed in the mid-1980s. Local employers can thus refer to these already existing instruments of personnel review when dealing with new performance-related evaluation measures.

Comparing the three countries, there can, however, be little doubt that in the UK performance management plays the most important role in reforming local public service. This does not only apply to the widespread (and often criticized) debate on performance-related pay, but in particular to the (even more criticized) approaches of measuring and controlling local government performance on the basis of mainly centrally defined performance indicators that are checked by central government auditors and inspectors. Over the last one and a

half decades, in the UK a close network of inspectorates and auditing instances was developed (a central Audit Commission, Inspectorates and authorized private industrial auditors) (Wollmann, 2004) to administer central and regional government-instructed performance management systems. For local public servants the consequences of the various and often reformed performance frameworks in England, Wales and Scotland since the turn of the millennium (for an overview see Martin et al., 2013) were above all a growing workload and increasing transaction costs. Undoubtedly, performance measurement requires additional resources of time and workforce for reporting and evaluation activities, for preparing the inspections, dealing with inspectors and responding to their reports. As a consequence day-to-day workload increased considerably. Thus, the implementation of performance frameworks in the UK 'has been a costly process in its direct costs and in time taken from other tasks' (Stewart, 2003: 133, 209; cf. also Hood et al., 1999: 101), and it also turned out to be de-motivating for staff. Today, reformed performance regimes are still in place in Scotland (Best Value Audits) and Wales (Wales Programme for Improvement). In England, the 2010 General Election led to 'an abrupt "punctuation" in policy as the new Secretary of State for Communities and Local Government ordered an immediate end to work on CAA [Comprehensive Area Assessment] and the abolition of the Audit Commission' (Martin et al. 2013: 278). Instead, a voluntary program of corporate peer challenges conducted by local authority leaders, chief executives and other senior officers (Downe and Martin, 2012) was introduced. Owing to the different performance management regimes and their development during the last decade, local public service systems in Wales, Scotland and England have become more diverse.

5 Conclusion

Our findings give support to the assumption that the local public service constitutes a relatively distinct system of public employment. It does not only carry a substantial weight of the public workforce but is, above all, an important pillar and backbone of the entire politico-administrative system at national and supranational levels. A capable and viable as well as politically accountable local self-government appears to be a decisive precondition for the functioning of the entire democratic order. Against this background current reform initiatives in the OECD world have been directed towards transferring responsibilities, resources and powers from upper to lower tiers of government, thereby further strengthening the

local level. These reform strategies are necessary and, moreover, seem to be promising, taking into account that in many countries local governments are also the forerunners of public sector modernization. This may on the one hand be due to the more urgent (also financial) problems and pressures at reform. On the other hand it seems also to be related to the attributes and dedications of the local personnel acting in a more flexible way with reform instruments and behaving in a more pragmatic and output-oriented manner than is the case at other political and administrative levels. This behavior, again, results from the immediate proximity to the local arena, to local problems and to the citizens. Success and failure of public sector reforms thus largely depend on the degree to which local government is involved and may expect to benefit or not from these reform measures. The above-mentioned cuts that the local public services in Germany and the UK suffered in the course of the NPM reform, EU liberalization and national budgetary crises appear to be precarious setbacks. They conspicuously contradict the ongoing trend of devolution and decentralization in Europe (cf. Stoker, 1991: 7; Vetter and Kersting, 2003: 16) which was described here for France. From a more 'normative' point of view we would thus finally plead for a design and direction of public sector reform appropriate to further and reinforce local government's pivotal position within the politico-administrative system. From the more 'scientific' perspective we suggest that future administrative research should take up the challenge to put a greater analytical emphasis on the subnational and local levels of public service systems and thus to fill this 'missing link' in comparative public administration research.

Notes

1. We use the term 'public service system' instead of 'civil service system' in order to distinguish it from the concept of 'civil service' which primarily refers to central government personnel (see Bekke, Perry and Toonen, 1996: 1).
2. Accordingly, the German model resembles partially the British territorial system (northern parts of Germany) and partially the French model (southern and eastern *Länder*).
3. We leave aside here the 'political profile' of local governments because it is not in the immediate focus of this article.
4. This traces back to the tradition of 'dual polity,' according to which local employees are explicitly not regarded as being 'civil servants.'
5. With the reform of federalism in 2006, a more clear-cut division of competences between the Federation and the *Länder* was aspired to and the *Länder* got some new lawmaking competences, but this did not change the basic institutional architecture of the German federalism.

6. However, the range of diversity is hitherto not very large, owing to (1) constitutional rules (Art. 33, paragraph 5 GG), (2) the restricting jurisprudence of the Federal Constitutional Court, which is interpreting the general principles of the civil service law very traditionally, (3) the right of the federal legislature to define fundamental rights and obligations of all civil servants (but not remuneration, pension rules, etc.), and (4) voluntary coordination between the *Länder* in order to prevent barriers to horizontal and vertical personnel turnover in the German public service (Wolff, 2011).
7. The 'indirect public service' (*mittelbarer öffentlicher Dienst*) is not included.
8. Without the city-states of Hamberg, Bremen and Berlin (Ministerium der Finanzen Sachsen-Anhalt, 2013: 16).
9. The project was supported by the Hans-Böckler-Foundation (duration: 2004–2006). In spring 2005 a survey in 1565 municipalities altogether has been conducted, including all mayors and heads of county administration (*Landräte*) as well as all staff councils' chairmen. The survey is representative for all German municipalities with more than 10,000 inhabitants.
10. §18, TVöD-VKA (*Tarifvertrag Öffentlicher Dienst für den Bereich der kommunalen Arbeitgeberverbände*).

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