Governance in rural areas

I understand government to be about the formal structures and governance to be about the way that decisions are made. The concept of governance has come to the fore in recent years because of major changes in the way that decisions are made, perhaps especially at local and regional levels, and hence also in areas described as ‘rural’. Thus ‘new governance’ is about how decisions are made in a context of

- Devolution of responsibilities to regions and locales;
- Partnership working between public, and civil society sectors (private, voluntary);
- Integration across sectors and interests.

What is new about ‘new governance’ is precisely the idea that governance cannot be left to ‘government’ because effective government lacks key areas of knowledge and expertise; and/or is not sufficiently trusted by the public, or is regarded as insufficiently ‘representative’; and/or needs resources (human, physical and financial) from other actors that it cannot control.

In this sense, ‘new governance’ can be seen as a ‘good thing’ to the extent to which it actually does engage with other knowledge and expertise, is trusted and more representative, and does augment the resources needed for collective ‘goods’.

On the other hand questions have been raised about the political and fiscal legitimacy of the actual forms and practices of new governance (partnerships in...

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particular) and related question of the ‘capture’ of new forms by special interests or elites. In addition, there are questions about the relationship between ‘representative’ and ‘participatory’ forms and styles of government. Finally, there are issues about effectiveness and efficiency. We may note that all of these questions were also raised about what might be termed ‘old governance’.

My aim in this paper is to look at a particular issue of ‘new governance’, namely the coordination of policies at local and regional levels. I do this because in the research project on the Dynamics of Rural Areas (DORA) which I coordinated, the effectiveness of local governance emerged as a key factor in economic success of lack of it in the four countries and 16 study areas. Although ‘effectiveness’ in this sense included important structural and nationally determined variables like the fiscal and decision-making autonomy of local public institutions especially local government, it also included the effectiveness of cooperation between different public, civil, and private actors in the local arena [Bryden, Hart et al, 2004].

**What is horizontal co-ordination & why do we need it?**

Horizontal coordination can be interpreted in a number of different ways. We can, for example, think of it as referring to the coordination between Government ministries, departments, functions and agencies, i.e. within the public sector. Or we can broaden this interpretation to include coordination between this public sector and the private and indeed civil sectors. Typically this wider interpretation is implied by the discourses on ‘new governance’ (Hajer & Wagenaar, 2003; Fluharty, 2004).

The need for horizontal coordination between government functions, departments and agencies arises at both central and local levels, especially in countries where significant levels of decentralisation or ‘subsidiarity’ have emerged (OECD, 1990; 1999; 2001). It also arises where there has been fragmentation of government and a proliferation of agencies at central and local levels. Without it, policy conflicts arise between different sectors or strands of policy-making – such as competition and environment or more broadly, efficiency and equity. Coherence and ‘joined up government’ will be absent, and so policies - and ultimately the business of government - will ‘fail’. Such problems have been commonly noted in the OECD Territorial Reviews, and were one of the reasons advanced for differences in economic performance over the medium and long term in the recent study of the dynamics of rural areas in Europe (see Bryden & Hart, 2004). Arguably, policy failure is as much a problem as market failure in improving both the economic performance and the quality of life of modern nation states (Bryden & Hart 2004:331-6).

**Horizontal Coordination at local and regional levels**

This paper focuses on horizontal coordination at local and regional levels. The need for greater attention to this aspect has arisen from greater interest in devolution or

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2 For example, special purpose agencies for transport, water, regional and rural development, environment, etc.

3 The case of accessibility, too often seen only as a transport issue, is examined by Farrington & Farrington (2005).
subsidarity of public sector functions to localities. The reasons for this interest are well known, and include:-

- democratic involvement and mandate;
- the principle of vertical subsidiarity: “public activities to be carried out by higher levels of government only where they could not be carried out by lower levels…” (OECD, 2001: 145);
- increased – and more effective - access to, and use of, local knowledge and other resources;
- making sure that policies fit local needs and circumstances (one size does not fit all);

These issues are mainly concerned with improving the effectiveness of public policies on the ground, and with engaging citizens and civil society in cooperative effort.

Before proceeding too far into the subject, we must consider the question: what is ‘local’, or rather can here be a ‘correct’ notion of what the locus of ‘place-based policies’ ought to be? In considering the variation in actual practice between different countries, evidently there is no general rule. Nevertheless, we can observe several tendencies:-

- efforts to reform local government, and especially to ‘amalgamate’ the most local levels of local government (communes, parishes, counties) with the declared aim of creating financial savings, improving service provision, and generally creating ‘critical mass’. Such reforms have often focused in particular on regions that were always, or have become, more sparsely populated. Examples of this ‘top-down’ approach can be found in Finland, Canada, Scotland, Denmark, to name but a few;
- attempts to provide incentives to the lower levels of local government to join together or cooperate to provide specific kinds of service, and hence create economies of scale and scope, and improve service delivery. The oldest examples (Fider, Contrats du Pays) are probably from France, but there are now many variants of the practice including the Territorial Pacts in Italy and the Regional Action Plans and associated rural teams in Canada;
- spontaneous efforts of local governments (with or without other partners) to join together at their own initiative to fulfil certain specific mandates or new self-chosen functions. Examples include the Northeast Ohio Trade and Economic Development Consortium in the USA\(^4\), the ‘Four Corners Region’ linking the edges of four separate US States, Area Development Districts also in the US, the Mancomunitats in Spain, but similar examples of voluntary cooperation exist in other countries\(^5\);
- related to the above, the creation of ‘regions’ either through a top-down reform of local government, or through the requirements of territorial funding programmes (as in EU regional funding), or through ‘Authorities’ like the TVA and the Delta Regional Authority in the USA, or by voluntary cooperation;

\(^4\) Mark Drabenstott at KCFRB Centre and events have identified several such initiatives in the USA
\(^5\) See also the papers for the KCFRB Rural Center Conferences ‘The New Power of Regions’, 2002 and ‘New Governance for a New Rural Economy’ 2004
• the rapid expansion of a range of regional and local partnerships for the more effective design and implementation of rural and regional programmes and policies, such as the structural fund and Leader partnerships in the European Union, the Community Futures Partnerships in Canada, the Rural Strategic Investment Program in the US and a host of similar rural and regional development programmes in many different countries.

We should also note the special but interesting case of Scotland, which has gone further than most in the amalgamation of local authorities. The acquisition of significant rural assets by local rural communities since the early 1990’s, reinforced since 2000 by the introduction of the Scottish Land Fund and the legislation on community right to buy, has in effect led to a new kind of ‘local government’ through the insistence that such communities formed legal entities giving a democratic vote to local populations involved, and ensuring orderly and legitimate election of office bearers from local residents. Suffice to say that the ownership of land, buildings, sea shore and related rights by local communities confers very significant powers on these communities even if they are not formally recognised as a part of ‘local government’ [Bryden & Geisler, 2005f].

Before moving on to consider the issue of horizontal coordination, one might observe that although the changing territorial configuration of human settlement - and indeed human demands - over time suggests an a priori argument for ‘reform’ of local government 6, the jury must be regarded as being ‘still out’ when it comes to hard evidence that such reforms have indeed saved costs, improved services or (perhaps most doubtful of all) enhanced democracy7. Indeed, some argue that any cost-efficiencies that may have been gained by such top-down reforms have been countered by losses in terms of social and civil rights [Marshall, 1949; Brox 2005f], and identity and local community [Bryden& Hart 2004]. And we can note also that reforms of this kind are almost always hotly contested by local people, and not necessarily due to some kind of inherent and unthinking conservatism [Brox, 2005f]. The voluntary approach, backed up by incentives to cooperate for specific functions and activities may thus have much to commend it.

Irrespective of the foregoing, the other key issue at ‘local’ levels concerns new forms of horizontal coordination, and most evidently through the ‘partnership approach’ [e.g. OECD, 1990,1992 and 2001].

Do local and regional partnerships work?

The OECD’s 1992 paper on Rural Development Policy stated that “although not a panacea … partnerships are thought to be an effective instruments for improving relationships among public agencies, levels of government and private sector organisations and for combining human and financial resources from a variety of sources for achieving rural policy objectives.” [p 48]. Certainly they are very much

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6 See for example, Johansson & Persson and Persson, Fuller & Westholm , in Johannson & Persss 1996
7 See for example: The impact of local government reorganisation on social services work. The Joseph Rowntree Foundation. Ref 999, September 1999.
a part of the various – but rather similar - models of ‘new governance’ at regional and local levels, as we have seen.

A recently completed European study of partnerships [Moseley et al, 2003:164] identified some of the problems arising in some of the 24 cases examined, at least at sometimes, as:-

- “Limited legitimacy or democratic accountability.
- Over-representation in the partnership of the local elite or establishment.
- An excessive focus on project delivery and on spending the money rather than on the strategic pursuit of a coherent programme of integrated development.
- An excessive focus on the short term.
- A failure sufficiently to address social exclusion and to seek fuller involvement of a wide cross-section of local society.
- Insufficient transparency in the partnership’s operation.
- The diversion of energy into the pursuit of continuation funding.” Although it is important to add that the researchers involved “found no evidence of any of these making the local situation worse than it was to start with or offsetting the benefits brought to the areas by the various partnerships”.

It is probable that many of the above-noted problems are linked: problems of legitimacy are usually linked with overwhelming domination by local elites and/or public sector agencies; these in turn usually mean failures in gaining meaningful public participation and addressing issues of social exclusion.
The Case of Community Planning in Scotland

In Scotland, and indeed the UK as a whole, much stress has been put on ‘Community Planning’ as the main approach of Government to horizontal coordination at the level of local authorities. In Scotland, there have been two reforms of local government in the past 20 or so years – 1974 (which abolished local municipalities and counties and created regions, districts and – for the three larger Island groups - all-purpose Island authorities), and 1995 (which abolished regions and districts and created a single level local authority system with 32 local authorities, some of which equated to old regions, some to old (or somewhat revised) districts, and three to the old island councils. The next reform (in perhaps 8-10 years time) will probably aim for even fewer and larger local governments (perhaps only 15 in Scotland). In the course of these and other reforms impacting on the powers and responsibilities of local government, local governments have lost many powers – notably relating to the environment, water, sewerage, environmental protection, further education, and most recently to housing, all of which have become the responsibility of unelected centralised non-departmental public bodies (NDPB’s or ‘quangos’) with little public accountability.

While official statements and community planners imply that ‘community planning has worked (well)’, local rural communities including community councils and their national association remain either hostile or baffled.

The Community Plan is drawn up at Local Authority level, and overseen by the Community Planning Partnership, which is chaired by local government and by law includes other public agencies concerned with health services (Health Boards), enterprise development and the police. Others, such as the fire service, the environmental agencies (Scottish Natural Heritage, Scottish Environmental Protection Agency) and Transport may also be involved. In general most of those involved see it as a desirable and necessary step forward in seeking to coordinate the various activities of government and the voluntary sector in particular at local levels [Community Planning Task Force: Progress in Partnership Rationalisation – Briefing Note].

However, problems so far identified by the Task Force include:-
• ensuring full engagement with all partners
• encouraging non-Council member to take a ‘lead role’
• differences of opinion about what partnership ‘rationalisation’ will achieve
• lack of credibility and support for the results of the initial; audit of partnerships
• lack of dedicated resources to undertake and support the rationalisation process
• although an audit will have been discussed and endorsed at senior level by local authority, partner agencies and the community planning partnership, other partnerships/ joint working arrangements and community interests may not have had this opportunity
• perceptions by some partners of how a problem may be resolved through rationalisation may not be shared by others closer to the problem
• reducing the number of high level partnerships and delegating work to smaller working groups, which attempt to be representative and inclusive, may result in larger groups which are slow and ineffective
• there is little recognition of the capacity of community representatives to engage in high level strategic partnerships
• there is a lack of consensus as to how other plans may be integrated with the community plan, e.g. plans for adult learning, life-long learning, digital inclusion and health improvement.
The kind of problems that have arisen in relation to Community Planning Partnerships in Scotland are it seems indicative of similar types of problem elsewhere, even if they have particular dimensions because of the virtual absence of local government from the level of local communities (rural areas, small villages and towns).⑧

**Other issues in horizontal coordination at local levels**

Other issues arising from the experience of a range of different kinds of horizontal coordination partnership in a range of rural contexts are:-

- although there is a planning partnership, there is often no partnership for implementation! There is evidence to suggest that when it comes to implementation, authorities and agencies continue to ‘do their own thing’, as they still have sectoral remits and responsibilities, and it is against these that their performance is judged;
- there are additional problems because the performance of the partner agencies is not judged against results but against indicators that usually measure either inputs or intermediate outputs. Where the desired results involve issues cutting across sectors (‘sustainable rural development’, ‘healthy communities’, ‘social inclusion’, for example) then measuring by sectorally-related inputs/intermediate outputs usually causes the real targets to be missed;
- in general, efforts to ‘join up’ government at local levels may often be hampered by the ‘silo mentality’ or ‘sectoral approach’ which persists at central levels of government, highlighting the importance of the different levels marching ‘in step’. In some countries, there has been a tendency to remove selected powers from the local level and create new centralised unelected agencies to take over the functions concerned – examples being water and sewerage, health, environment, housing, economic development. This can create severe problems at local levels, as the example of housing demonstrates in rural Scotland – all the local agencies and local government agree that new housing is desperately needed in areas like the Highlands and Islands, but the largest constraint is the inability or unwillingness of Scottish Water (a centralised agency) to invest in the necessary capacity for water and sewerage connections;
- a very similar and related issue concerns national funding schemes (and in the case of the EU, EU funding schemes) which local and regional bodies find it very difficult to work with, often because they lack flexibility or have too narrow or pre-defined objectives etc which do not fit local circumstances and needs;
- there are common problems of ‘partnership fatigue’ and overload. A recent Joseph Rowntree Foundation study of community involvement in partnerships

⑧ Yes there are non-statutory ‘community councils’ in much of Scotland but these have no resources of their own, no tax raising powers, and a purely consultative role that focuses on commenting on planning applications. Participation is generally very low, and it is difficult to get local people to stand for election. They are not an official part of the local government system, even if local governments are nominally responsible for them. They were not generally consulted in a systematic (or even any) way during the community planning process.
in England, Wales and Northern Ireland found that interviewees often highlighted “that the small pool of people available in rural areas could often lead to over-commitment, overwork and burnout” [Osbourne, Beattie and Williamson, 2005]. This problem can be exacerbated by an increasing regulatory and bureaucratic load;

- where amalgamation of local authorities has occurred, ‘larger’ local government means that more public procurement contracts reach the minimum threshold for public tenders, reducing the number of firms that can compete (higher liability insurance and issues of capacity), effectively creating oligopolies, and reducing the local community impacts of public expenditure;

- problems of multi-level duplication of decision making, as for example were noted in the Austrian federal arrangements in the 1990’s;

- problems of fragmented decision making and management at central levels as in the case of the Leader II programme in France, where different central Ministries has responsibility for different EU structural funds (and matching national funds) being used in the Leader programmes, each having different reporting, recording, monitoring and evaluation systems;

- problems of non-contiguous territorial boundaries for the agencies involved in horizontal decision making at local levels were noted in the recent research on differential economic performance [Bryden & Hart op cit];

- problems of lack of autonomy of local government and agencies. Autonomy here refers both to fiscal autonomy, and to autonomy of powers such that local authorities and agencies can choose how best to achieve the results desired by any devolved policy (and thus ‘fit it’ better to other policies at local levels). Granting greater fiscal autonomy to local government has been one of the key objectives of recent local government reforms in Italy, for example [see OECD Territorial Review, Italy, pp 152-3]. Equally, fiscal and other forms of autonomy were one of the factors found to influence the economic performance of rural regions in the DORA project [Bryden & Hart, op cit]. Thus while policies may be nominally decentralised, unless issues of central control and local autonomy are addressed the objectives and benefits of decentralisation will not be realised in practice;

- confusion for the public – which agency deals with what issue?;

- if the spatial and population scope of the partnership is too large compared with people’s perception of their ‘community’ they may feel disenfranchised, and indeed overpowered by what appear to them to be centralised decisions;

- problems of co-ordination and the undertaking of strategic initiatives at supra-local levels.

**Issues around the financing of local partnerships**

This is a complex issue, because there are many different approaches to the financing of partnerships. It might be helpful to distinguish between the financing of the administration, organisation, management and meeting costs of partnerships on the one hand, and the financing of measures proposed by partnerships on the other. For example, one of the differences between the CDFC in Canada and LEADER in the European Union is that Federal Funding for CDFCs is mainly for the organisational costs – funding for resulting projects is then fed through the RDAs – while in the EU, Leader partnerships have funding both for their core running costs
and for projects, as indeed have the Structural Fund partnerships dealing with regional programmes in Objective 1 and 2 regions. Another difference is that, at least until the reforms for the 2000-06 period, both LEADER and Structural Fund programmes in the EU were jointly funded by three separate structural funds in Brussels, plus national, regional, community and private funding. Since 2000, the structural fund programmes have become ‘single fund’ programmes in the name of ‘simplification’. It is not clear where ‘best practice’ lies, as it somewhat depends on the availability of funding and other support from other funding bodies in any context. There seem to me to be some advantages in having the funding for both organisation and for projects in the same partnership – the Scottish community planning experience explained above shows what happens when planning and implementation are disembodied one from the other. On the other hand, the CDFC experience also seems positive, and perhaps reduces risks for the Federal Government.

The global grant mechanism adopted by Leader in the EU seems to be a good model to follow. It does indeed represent the kind of shift from ex ante to ex post control which seems to be needed for real devolution and subsidiarity. It did represent an attempt to transfer both planning and decision making to local levels.

A further issue that has emerged with partnership funding concerns the costs of participation falling on non public-sector participants. In public sector partnerships, it is generally the case that partners meet their own costs of participation from their own budgets. In many cases, where partnerships have widened to include the private and voluntary sectors, these partners have also been expected to meet their own costs (and give of their time freely). Some consequences appear to include:

- Non-participation, especially of less well resourced businesses and civil organisations;
- Participation by businesses or NGOs etc which expect to be able to secure benefits for themselves;
- Bias in non-Government participation;

Where different central ministries (or equivalents) with different sectoral remits are funding partnerships to take action, problems can arise due to the different administrative and accounting rules developed separately within each. This was a problem in France with LEADER 2, for example. It was also a problem with EU multi-fund programmes. The simplification of Leader+, as it happens, has resolved such issues at EU and national levels, but at the cost of the loss of input from D-Gs and Ministries with other perspectives.

**Conclusions and ways forward**

Moves to decentralised governance, and forms of governance that are more inclusive, have been important steps forward for many rural regions in OECD countries. The ‘partnership approach’ is now a well-established tool for dealing with issues of horizontal coordination at regional and local levels, and it has usually brought benefits.
The benefits of local government reorganisation involving mandatory amalgamation have often been more elusive, however, as the forms of reorganisation are often driven more by the needs of large cities and urban settlements than by rural areas, and by functionalism rather than by issues of civic, social and political rights and the development of democratic practice. Despite the doubts expressed by Seroka [1991?] over a decade ago, the voluntary approach to creation of efficiency and critical mass where scale issues exist seems to be an emerging, and preferable, approach.

Nevertheless, the new forms of governance which have accompanied local government reorganisation and decentralisation have not been without problems, and these need to be frankly addressed if the move to ‘place-based’ policies is to remain on course, and the theoretical advantages realised in practice. Such problems include:-

- Persistent sectoral approach and lack of ‘joined up government’ at central levels, inflexible and often short-term funding schemes; [Solution: Horizontal Co-ordination at local and central levels has to proceed in step! Also, vertical co-ordination and subsidiarity is relevant. Funding schemes (and related ‘performance targets’) must be flexible and adaptable to allow local adaptation and synergy across sectors at local levels]
- Lack of delivery mechanisms in the case of partnerships mainly set up as planning partnerships [Solution: Look at good examples of delivery mechanisms like (some) LEADER groups & structures in the EU, which used the ‘global grant’ mechanism and ex ante, mid-term and ex post evaluation linked to results as control and learning tools]
- Need for all partners to take the partnership seriously [Solution: both in terms of the legislation governing agencies and centralised administrations, and in terms of incentives to take part (or disincentives to treat it casually). Probably also attention to the disruptive effects of some centralised agencies that wield considerable local power! Recognition of the constraints on non-public sector partners, including those posed by rigid funding schemes and the burden of regulation and bureaucracy]
- Weakening of local government, and at the same time adding to problems of ‘critical mass’ and local coordination, by removing some important powers and functions to ‘quangos’ which are usually either centralised and unelected bodies, or have different territorial boundaries from the key local actors such as local government [Solution: restoring powers to local levels of government, and further decentralisation of remaining central powers to make local coordination easier, add critical mass, remove problems of non-contiguous boundaries, and improve democratic decision-making]
- Weakening of democracy, alienation of voters etc reflected in low voter turnout for local elections [see previous for some possible solutions]
- In the case of regional partnerships, the marginalisation of local communities [Solution: Return real power to local communities eg by giving them property rights over land and related assets which will provide on-going revenue streams, and a focus for community engagement]
- Difficulties in moving from ex ante control and approval of measures and spending at local levels, to measurement and control by results, thus rendering devolution and subsidiarity less meaningful and more costly
[Solution: creation of more practical and reliable methods of monitoring and evaluating public spending at local levels by results rather than by inputs or even intermediate outputs]

Some of the critical issues arising from this analysis are:-

1. the balance of powers between the centre and local levels, and more precise analysis of the implementation of the principle of ‘vertical subsidiarity’;
2. the balance between ‘efficiency’ and ‘effectiveness’, and the restoration of an analysis with respects the national social contract (civil, political and social rights of citizens of any nation state) to balance the ‘functional’ approach;
3. the balance between ‘value for money’ and ‘local impact’
4. the role of special purpose agencies (often unelected and lacking local legitimacy) as against general agencies such as local government (usually elected, but not always ‘legitimate’);
5. the shift from ex ante approval by the centre of local programmes, or the use of rigid sectoral performance indicators, to ex-post assessments based on results assessed at a meta-level;
6. moving forward from programmes and partnerships that deal with relatively minor issues having small overall impacts (e.g Community Futures, LEADER etc) to issues of horizontal coordination and both local and central levels of the large issues having very significant and long term impacts;
7. in a context of greater government stress on ‘city regions’, reviewing our approaches to the creation of ‘critical mass’ or reaping economies of scale in local governments, and considering issues of fiscal and decision-making autonomy, citizen participation and engagement, and democracy at the same time;
8. creating incentives for the voluntary co-operation between lower levels of local government in order to deal with strategic (regional or national) initiatives (for example in relation to renewable energy), and local government functions where economies of scale have been clearly identified.

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