

Local governance systems
Inter-municipal Cooperation and Cost Savings: Myth or Reality?

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1. Introduction
2. Research Aims
3. Shared Services
4. Italian Context
5. Regional Public Account System
6. Methodology
7. Results
8. Discussion and Conclusions

Increasing financial problems for LGs

Different strategies for coping with cutbacks

Inter-municipal cooperation

Economies of scale?

However, cost reduction is rarely achieved through the cooperation between different municipalities.

In Italy, inter-municipal cooperation had limited success

Increasing problems for LGs to guarantee the delivery of public services (Bel & Warner, 2015; Spano, 2018)

LGs have to 'do more with less' (Hulst, van Montfort, Haveri, Airaksinen, & Kelly, 2009)

Many very small municipalities in several countries, (i.e. US, Spain, Italy and France, etc.); this aspect makes it even more difficult to provide services efficiently (McGarvey, 2012).

4 major strategies:

- (1) amalgamation,
- (2) redistribution of responsibilities between the different levels of government;
- (3) outsourcing and
- (4) inter-municipal cooperation.

Hulst and van Montfort (2007)

Inter-municipal cooperation is one of these strategies and is based on the idea that it can foster economies of scale and scope and, in turn, a reduction in the cost of service delivery (Warner, 2015).

Italian Context

- Central government
- 20 Regions
- ~ 8000 LGs

Limited success in Italy with inter-municipal cooperation.

30% only of municipalities with <5,000, is delivering shared services (Corte dei Conti, 2015).

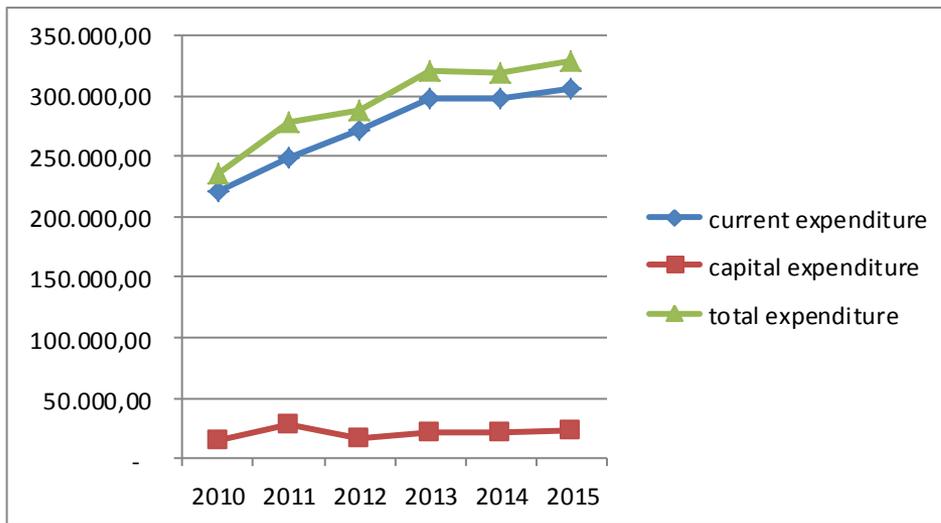
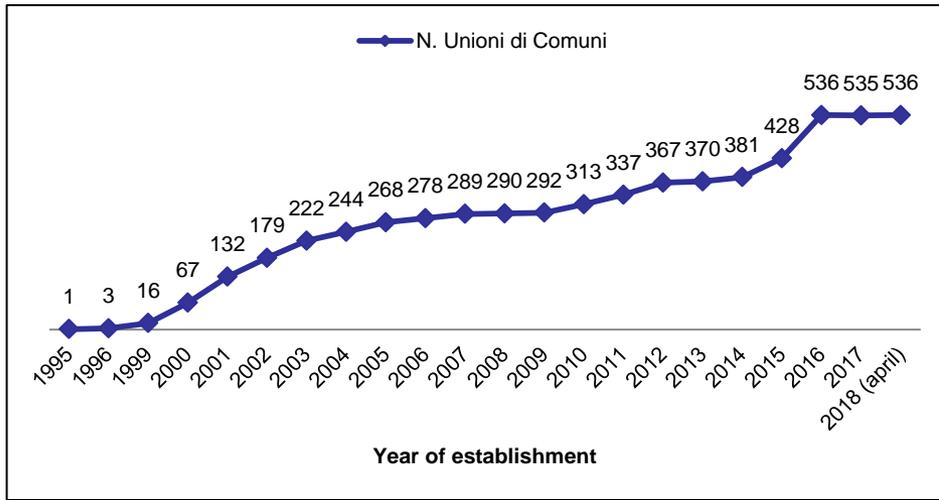
In most of the cases, municipalities deliver a very limited fraction of their services jointly with other municipalities (Spano, 2018).



Inter-municipal cooperation in Italy

- Different forms of cooperation
- *Unioni di Comuni* introduced in the Italian legislation in 1990 for delivering shared services for the member municipalities (Ermini & Santolini, 2010)

Inter-municipal cooperation in Italy: Unioni di Comuni



Region	N. Municipalities	Unioni di Comuni	Member Municipalities	Average Participation	% Participating Municipalities
Valle d'Aosta	74	8	73	9,13	98,65
Emilia-Romagna	331	42	270	6,43	81,57
Sardinia	377	36	281	7,81	74,54
Friuli-Venezia Giulia	215	18	146	7,68	67,91
Piedmont	1.197	108	778	7,2	65
Marche	229	19	120	6,32	52,4
Tuscany	274	22	139	6,32	50,73
Liguria	234	23	110	4,78	47,01
Sicily	390	47	174	3,7	44,62
Apulia	258	23	113	4,91	43,8
Veneto	571	43	225	5,23	39,4
Molise	136	8	52	6,5	38,24
Lazio	378	20	101	5,05	26,72
Abruzzo	305	11	68	6,18	22,3
Lombardy	1.516	80	277	3,46	18,27
Campania	550	15	90	6	16,36
Calabria	405	10	53	5,3	13,09
Basilicata	131	2	16	8	12,21
Umbria	92	1	8	8	8,7
Trentino-Alto Adige	292	0	0	0	0
TOT.	7.955	536	3.094	5,8%	

Controversial data

- Cost reduction and better public services were achieved as a consequence of inter-municipal cooperation Giacomini, Sancino, and Simonetto (2018);
- No evidence of overall cost reduction (increase in the expenditure for the Unioni and a limited reduction in the expenditure for the member municipalities between 2013 and 2014) (Corte dei Conti, 2015)

Research Hypotheses

Hypothesis 1: A limited transfer of functions from municipalities to the *Unioni di comuni* took place in Italy.

Hypothesis 2: the transfer of a function from individual municipalities to a *Unione di Comuni* is not associated with a decrease in the overall expenditure.

- Quantitative methodology
- The RPA (Regional Public Account System) data related to the Unioni in 3 regions and 54 Unioni (27 in Emilia Romagna, 19 in Sardinia and 8 in Apulia), 384 municipalities in 54 Unioni;
- Elimination of expenses for a specific function=function transferred to the Unione

Selection of municipalities that eliminated the expenses for at least one function in the period 2013-2015

Comparison of overall expenditure before 2013 and afterwards (average for the periods 2010-2012 and 2013-2015)

The CPT (Conti Pubblici Territoriali=Regional Public Account System)

CPT units are part of the National Statistical System (SISTAN), the network of public and private bodies providing official statistics.

Comprehensive Regional data	<ul style="list-style-type: none">▪ Overall representation of public revenue and public expenditure.▪ Multi-level (central and local) analysis of the financial flows resulting from the consolidated accounts of public bodies.
Reliable data	<ul style="list-style-type: none">▪ Continuous monitoring within the system and cross-checks with others databases ensure data quality
Consolidated data	<ul style="list-style-type: none">▪ Elimination of the flows between the different government levels and subsidiary companies and bodies: expenditure is attributed to final payers.
Disaggregated data	<ul style="list-style-type: none">▪ Expenditure: 29 areas of activity and economic categories▪ Revenue: economic categories



Results

Unione	Municipality	Region	Function	Average curr. Expend 10/12	Average curr. Expend 13/15
Unione dei Comuni della bassa Romagna	CONSELICE	Emilia-Romagna	Trade	37,61	0
	COTIGNOLA	Emilia-Romagna	Agriculture	3,68	0
			Industry and Craft	5,78	0
	FUSIGNANO	Emilia-Romagna	Agriculture	3,76	0
	MASSA LOMBARDA	Emilia-Romagna	Agriculture	1,84	0
Industry and Craft			21,46	0	
Unione dei Comuni del Meilogu	BESUDE	Sardegna	Environment	8,04	0
	SEMESTENE	Sardegna	Public Security	15,51	0
	TORRALBA	Sardegna	Integrated water service	0,51	0
Unione dei Comuni della Romagna Faentina	BRISIGHELLA	Emilia-Romagna	Agriculture	21,96	0
	SOLAROLO	Emilia-Romagna	Industry and Craft	2,89	0
Unione dei Comuni del Logudoro	PATTADA	Sardegna	Industry and Craft	30,73	0
Unione dei Comuni Val Tidone	CASTEL SAN GIOVANNI	Emilia-Romagna	Agriculture	15,18	0
Tot.				168,95	0



- The extremely limited number of municipalities that eliminated the expense for at least one function, shows that the transfer of functions from Italian municipalities to a Unione for a joint service delivery has been irrelevant so far.
- First hypothesis confirmed.

Results

Unione di comuni	Regions	Functions	Average expenditure 2010/12			Average expenditure 2013/15			% Δ total expenditure 2010-12 / 2013-15
			Municipalities	Unioni	Total expenditure (municipalities + unioni)	Municipalities	Unioni	Total expenditure (municipalities + unioni)	
Unione dei comuni della Bassa Romagna	Emilia Romagna	Trade	775,75	399,31	1.175,06	810,01	297,99	1.108,00	-6%
		Agriculture	33,44	12,85	46,29	-	50,37	50,37	9%
		Industry and craft	143,41		143,41	77,84	308,47	386,31	169%
Unione dei comuni del Mailogo	Sardinia	Environment	322,14	4,80	326,94	308,84	7,92	316,76	-3%
		Public security	1.527,85	3,26	1.531,11	1.343,67	3,56	1.347,23	-12%
		Integrated water service	278,29	0,09	278,38	253,80	0,18	253,98	-9%
Unione dei comuni della Romagna faentina	Emilia Romagna	Agriculture	238,90	12,92	251,82	73,93	9,92	83,85	-67%
		Industry and craft	719,75	19,51	739,26	541,76	19,69	561,45	-24%
Unione dei comuni del Logudoro	Sardinia	Industry and craft	36,46	16,75	53,21	4,41	25,71	30,12	-43%
Unione dei comuni Val Tidone	Emilia Romagna	Agriculture	20,37	3,26	23,63	2,61	6,87	9,48	-60%



- Reduction of the overall expenditure in 80% of the cases. These reductions ranged from -9% to -67%
- The Unioni were already spending for some functions before the complete transfer from at least one municipality. This may be interpreted as a partial transfer that took place in the previous years.
- second hypothesis that the transfer of a function is not associated with a decrease in the overall expenditure is, therefore, **not** confirmed.
- In the only case in which all municipalities of the same Unione transferred the same function (i.e. for that function, all Municipalities eliminated the expenses), there has been an increase of **+9%** (Unione Bassa Romagna, function Agricolture).

- Limited transfer of function
- Controversial results on cost reduction
- More in-depth analysis required

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