



# Local authorities and public service delivery in Flanders

*Christof Delatter,  
Association of Flemish Cities and Municipalities*

OECD  
Supporting Decentralisation in Ukraine  
22nd of June, Lviv, Ukraine

# Flemish municipalities (1)

---

- Created as a legal entity in 1795
- (Belgian independance: 1830)
- Function in a legal framework decided by the federal and/or regional parliament
  - Regional parliament has only gained more importance since the 1990ies
  - Fixed rythm of elections (6 years legislature); next elections in 2018
- Average number of inhabitants: 21.032
  - Antwerpen: 517.042 ↔ Herstappe: 89
- Play a huge role in everyday life of inhabitants

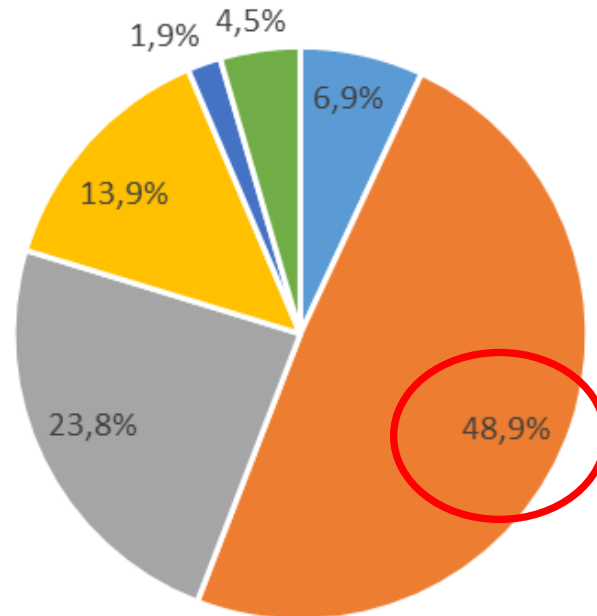
# Flemish municipalities (2)



Public service delivery in Fla

# Current municipal income

Current income Flemish municipalities (2014)

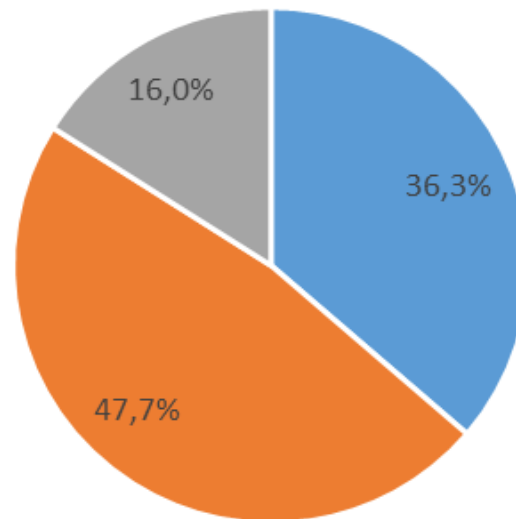


- Operating income
- Tax income
- General grants
- Earmarked grants
- Other income
- Financial income

Operating income	682,8
Tax income	4.814,8
General grants	2.347,0
Earmarked grants	1.368,3
Other income	185,2
Financial income	444,9
<b>Total (mln EUR)</b>	<b>9.843,0</b>

# Main municipal taxes (1)

Main municipal taxes in Flanders (2014)

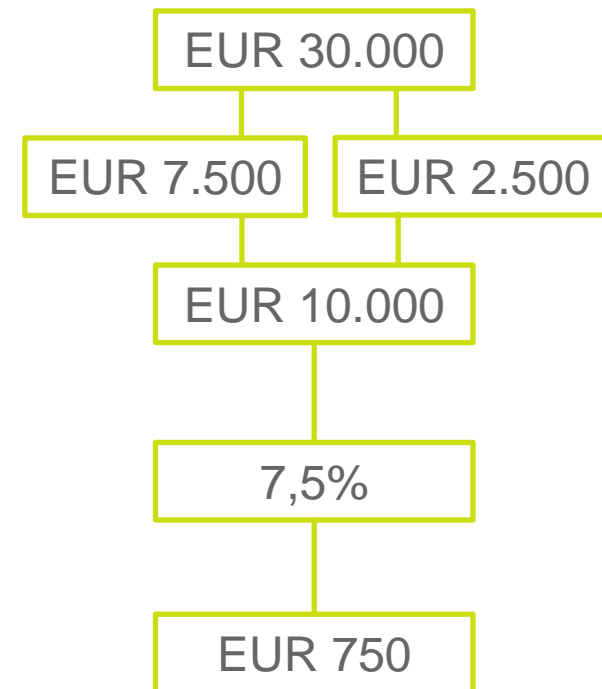
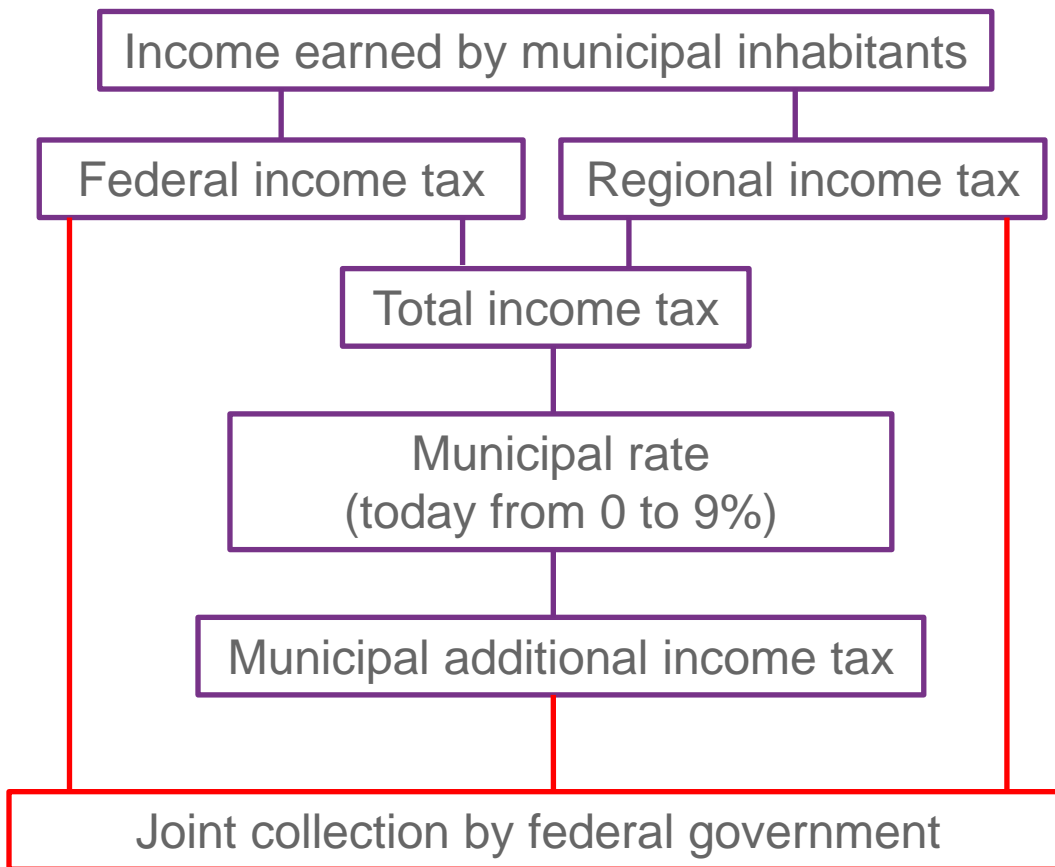


■ Additional tax on income tax  
 ■ Additional tax on property tax  
 ■ Other local taxes

Addit. tax on income tax	1.747,9
Addit. tax on real estate tax	2.294,7
Other local taxes	772,2
<b>Total (mln EUR)</b>	<b>4.814,8</b>

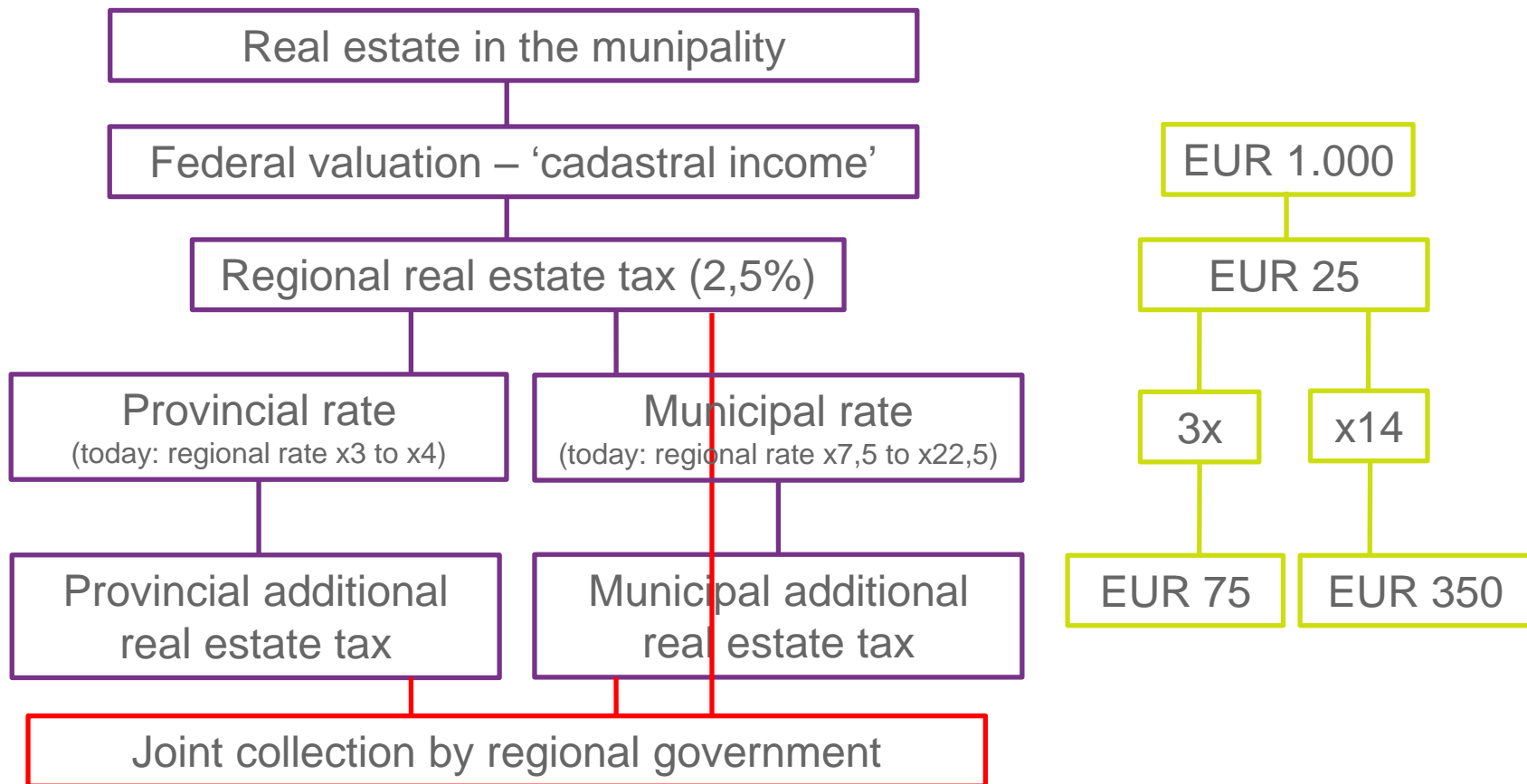
# Main municipal taxes (2)

- Additional tax on income tax:



# Main municipal taxes (3)

- Additional tax on real estate tax:



## Main municipal taxes (4)

---

- Municipal income from additional taxes based on:
  - Income earned by inhabitants living in the municipality, regardless of the place where the income is earned
  - A 'reference value' of real estate in the municipality
- Big differences between 'tax capacity' of Flemish municipalities:
  - Total income tax per inhabitant:
    - Lowest: EUR 1.733
    - Highest: EUR 7.132
  - Total 'cadastral income' per inhabitant:
    - Lowest: EUR 413
    - Highest: EUR 2.720



# Flemish Municipal fund (1)

---

- General grant payed by the Flemish government
- 2016: EUR 2,406 million euro
- Annual growth: 3,5%
- Goals:
  - General municipal funding
  - Equalisation:
    - Financing special municipal functions (e.g. centre functions, tourist functions)
    - Compensation for social problems
    - Compensation for tax poverty

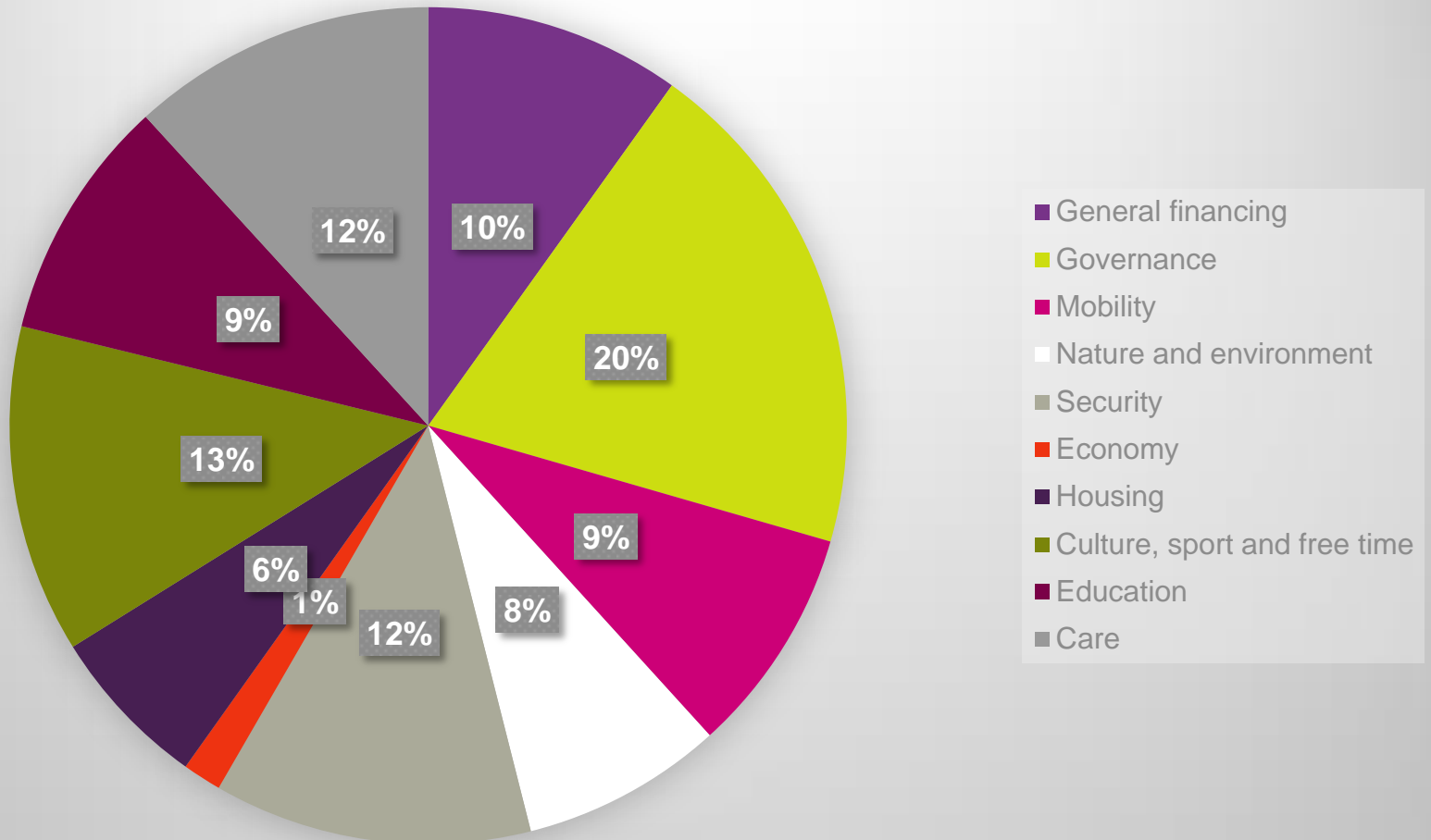
## Flemish Municipal fund (2)

- 40,8% of the fund goes to larger cities with a centre function and to coastal municipalities
- 59,2% goes to all Flemish municipalities:
  - 4% related to the number of jobs
  - 4% related to the number of pupils and students
  - 30,8% related to the 'tax poverty':
    - 19% based on income tax
    - 11,8% based on real estate tax
  - 6% related to open space area
  - 15% related to social criteria

The poorer, the more money

# Use of municipal budget

## Use of municipal budget



# Reporting obligations (1)

---

- In the past: many planning and reporting obligations for local authorities
- Strategic planning is an instrument, but often was a burden
- Partnership with and trust in local authorities lead to change in legislation
  - One integrated system of policy planning, including financial consequences of policy choices and budgetting
  - Reporting frame with ‘policy fields’ (decided by Flemish authorities) and ‘policy items’ (decided by local municipal council)
  - No more ‘sectoral’ reporting !

## Reporting obligations (2)

---

- Municipalities have to make a strategic plan for the legislature (year elections +1 until next elections + 1 year)
  - Includes strategic policy options and long term financial planning
  - Priorities and action plans
  - Expenditure and income over the years
- Annual approval of a budget, fitting in the strategic plan
- Annual reporting of finances and policy of past year
- Digital reporting system (BBC) between local and Flemish authorities
- All reports available on website Flemish authorities

# Reporting obligations (3)

Outlook Web App x Home | Interfaval x Beleidsrapport | Lokaal B x

lokaalbestuur.vlaanderen.be/beleidsrapporten?field\_bestuurstype\_tid=763&field\_boekjaar\_tid=5262&field\_maatschappelijke\_naam\_tid=All&field\_rapporttype\_tid=All&field\_status\_tr\_tid=, ☆

Strategisch **financieel beleid**

- BBC: Strategie
- Beleidscyclus en -rapporten
- Verzelfstandiging
- Boekhouding
- Financiering
- BBC andere
- Overheidsorganisatie
- Digitale rapportering
- Personeel
- Financiën intergemeentelijke samenwerking
- Patrimonium
- Bevragingen - Eurostat rapportages
- Erediensten
- Data BBC
- Mandatarissen
- FAQ
- Regelgeving
- Parlementaire vragen

Hieronder kan u de beleidsrapporten van de Vlaamse lokale besturen downloaden.

Type bestuur	Boekjaar	Bestuur	Type	Status
Gemeentebestuur	2017	- Alle -	- Alle -	- Alle -

**Zoeken**

<b>Gemeente Olen</b> Type: Budget Boekjaar: 2017 Status: Origineel Datum vaststelling: 09/11/2016	<a href="#">Publicatie_1901.xml</a> <a href="#">Bijlage_Budget_2017_Olens_beleid.pdf</a> ... <a href="#">Download volledig beleidsrapport</a>
<b>Gemeente Vorselaar</b> Type: Budget Boekjaar: 2017 Status: Origineel Datum vaststelling: 07/11/2016	<a href="#">Publicatie_1922.xml</a> <a href="#">Budget2017_1.pdf</a> ... <a href="#">Download volledig beleidsrapport</a>
<b>Gemeente Putte</b> Type: Budget Boekjaar: 2017 Status: Origineel Datum vaststelling: 15/11/2016	<a href="#">Publicatie_2025.xml</a> <a href="#">beslissing_GR_20161015_goedkeuring_budget_2017.pdf</a> ... <a href="#">Download volledig beleidsrapport</a>

12:05  
20/04/2017

- Most competences are clearly allocated (along with financial responsibility)
- Investments in public areas
  - Shared information platform called GIPOD
  - All planned investments  $> 50\text{m}^2$  have to be reported into GIPOD
  - From 01.03.2019 onwards: all investments and works  $> 3\text{ m}^2$  (if inconvenience can be expected)
  - Any initiator invites other parties for cooperation and organizes coordination
    - Leads to coordination meetings in all phases of implementation of the project

# Financing local investment at sub-national level (1)



- Investment subsidies are limited
  - Represent 0,2% off all income (where for instance, sale of property represents 0,3%)
- No general subsidy mechanism, only applicable in certain sectors, with sectoral legal framework
  - School infrastructure
  - Waste management
  - Waste water collection and treatment
  - Monuments
  - Churches
  - Crematoria
  - ...



- Sectoral frameworks mostly follow same philosophy
  - First come, first served
  - Not only subsidy, but also legal, technical and policy support
  - Max. subsidy
  - Procedure
    - Approval of project
    - Public procurement phase
    - Approval of choice of contractor → first advance
    - Implementation
    - Final reporting → financial settlement
  - No obligatory link with PPP or other instruments

- Reasons for intermunicipal cooperation:
  - New and complex challenges
  - Lack of staff and finances
  - Efficiency of scale
  - Risk management
  - Continuity of public services
  - Dissatisfaction about services delivered by private companies
  - As an alternative for mergers

## Intermunicipal cooperation (2)

---

- Belgian constitution (1831) already created the right for local authorities to cooperate on any matter of municipal interest
- 1900: creation of intermunicipal institutes for medical care, for management of regional railroads and drinking water provision
- 1922: first Belgian law on intermunicipal cooperation
- 1986: 'last' Belgian law
- 1993: legal competence was transferred from the Belgian to the regional level
- 2001: Flemish decree on intermunicipal cooperation

# Intermunicipal cooperation in Flanders (3)



Interlocal association	Project association	Service providing association	Association with a clear assignment	Association with a clear assignment and private sector participation
Basic contract	Separate juridical entity			
No exclusivity			Exclusive right	
No max duration	6 years max, renewable	18 years max, renewable		
Only a board of directors		General assembly (2/year), board of directors, management committee		
Anyone can associate	Only local public entities			Public entities and private companies

- We see cooperation in many policy fields today:
  - Waste water collection and treatment
  - Drinking water provision
  - Management of crematoria
  - Distribution of gas and electricity
  - Communication (internet, TV)
  - IT support of local authorities
  - Economical development
  - Sport infrastructure
  - Waste management

# Example: waste management (1)

---

- Current legal competences:
  - Flemish region decides on targets, objectives, general obligations and planning
  - Municipalities responsible for organization of collection and treatment of household waste
- This municipal competence has a long tradition

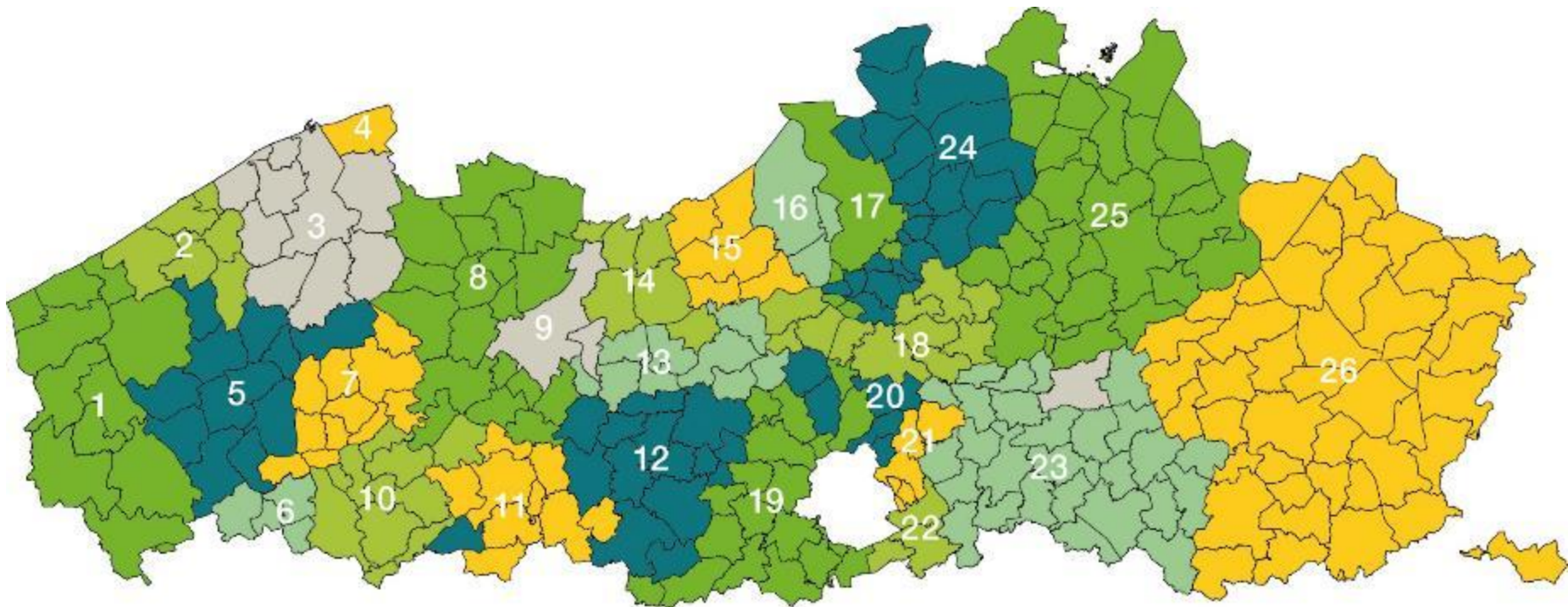
## Example: waste management (2)

---

- Until the 1960ies:
  - Municipal approach
  - Several dumpsites in each municipality
  - Poor concession contracts with private operators
- Societal needs:
  - Ambitious policy on separate collection
  - Investments in compliant landfills and waste treatment facilities
- Impossible for a single municipality
- However: strong link with local policy remained necessary

# Example: waste management (3)

- Solution: intermunicipal cooperation



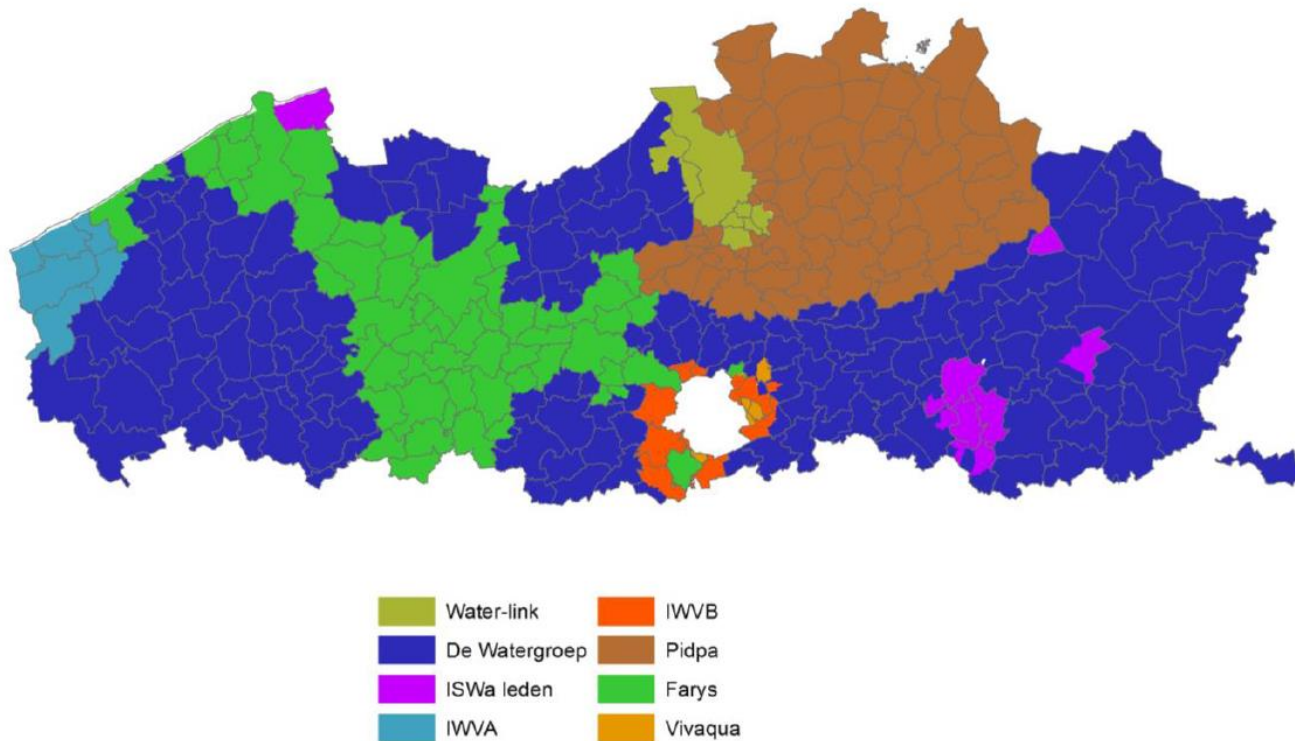


# Example: waste management (4)

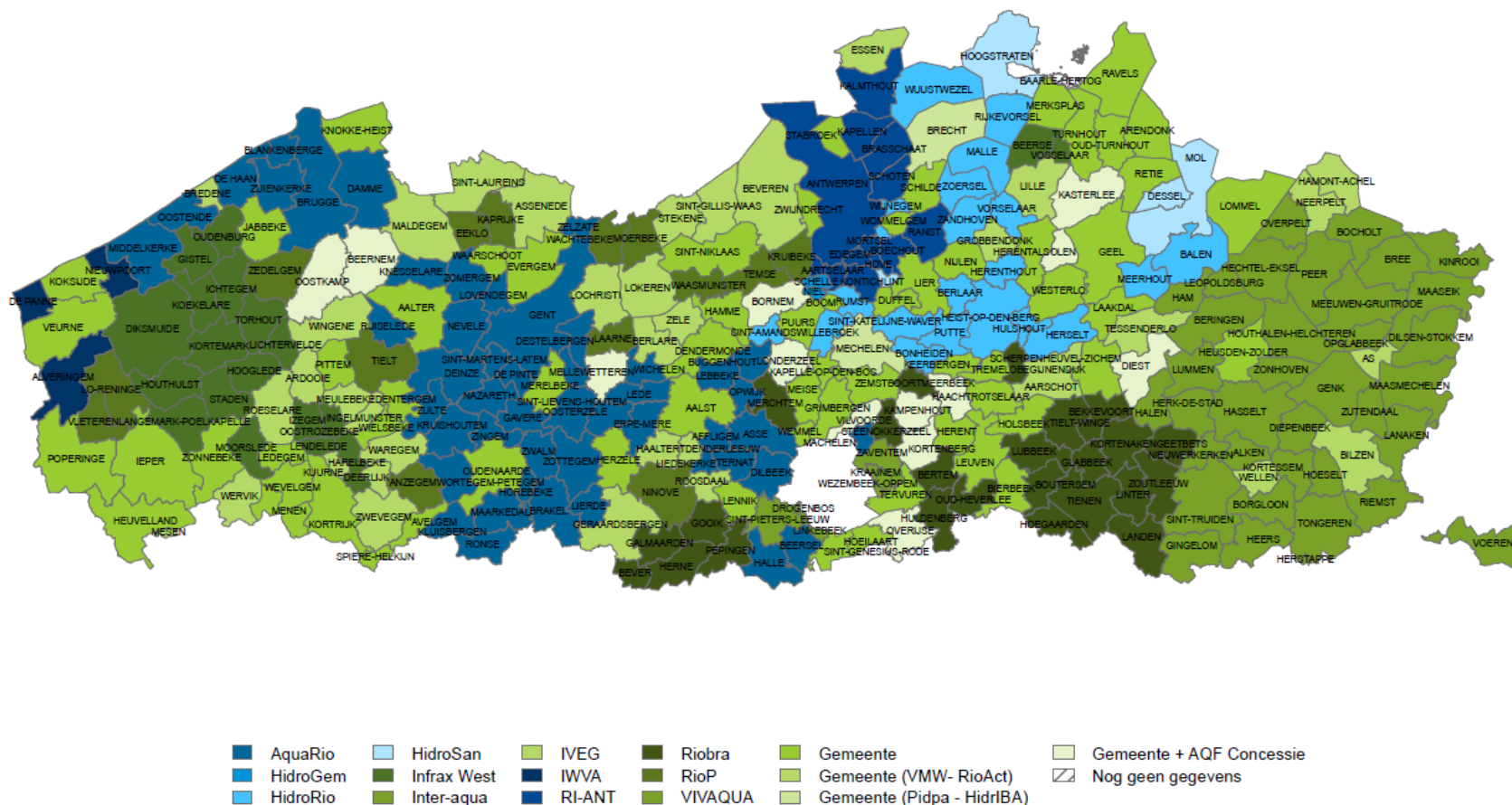
- Advantages:
  - Policy decision on public service delivery remain municipal
  - Almost all political parties directly involved through cooperation
  - More financial possibilities
  - Allows to organize collection and treatment efficiently
  - Creates market opportunities

# Example: drinking water provision

- Intermunicipal cooperation for drinking water provision



# Example: waste water collection and treatment



# Example: public transport (1)

---

- Some interesting elements in the history of public transport
  - 1884: creation of a national entity for regional railroads, which at some point managed more than 4,000 km of tracks
  - 20th century:
    - Local authorities created their own companies (municipal and intermunicipal)
    - Fierce competition from private buses (concession system)
    - Both world wars impacted public transport very heavily
  - Since 1990: one regional Flemish public transport company for buses and trams, called 'De Lijn'

# Example: public transport (2)

- Basic data 'De Lijn' (2015)
  - 8,158 employees
  - Around 2,400 employees work in private companies who drive by order of De Lijn
  - 530 million passengers
  - More than 190 million km of distance covered
- General assembly
  - approves the annual accounts The general assembly
  - comprises the owners of the company shares:
    - the Flemish Region (81.6%)
    - the provinces (6.8%)
    - the municipalities (11.6%)
    - private individuals (0.1 %)
- The board of directors
  - Appointed by the Flemish Government
  - 11 members, 2 company auditors and 2 observers from the trade unions

## Example: public transport (3)

---

- General functioning of De Lijn (targets, obligations, ...) is based on a management agreement between De Lijn and the Flemish Parliament
  - Current agreement: 2017-2020
  - Sets out policy targets to be reached by De Lijn and financial compensation by Flemish government
- Finances
  - Income from governmental dotation, ticket sales ( $\pm$  15%) and income from publicity on buses and trams
  - Costs: staff, contracted lines, depreciation, fuel and maintenance

# Example: public transport (4)

- Third party financing
  - Companies, but also cities and municipalities can decide to cofinance (part of the) cost of public transport of employees or citizens
  - 3 systems:
    - Free year ticket for certain age categories
    - Free public transport within a municipality
    - Employer takes over public transport cost of employees





Thank you for your attention

Christof Delatter  
Member of Staff VVSG vzw  
[christof.delatter@vvsg.be](mailto:christof.delatter@vvsg.be)



# ADDITIONAL INFORMATION

- VVSG: Association of Flemish Cities and Municipalities
  - Not for profit organization
  - Free choice for municipalities to become a member, however...:
    - All Flemish municipalities (308)
    - All OCMW (local public centres for social welfare) (308),
    - All police zones (103)
    - All intermunicipal waste management organizations (26)
    - All intermunicipal associations for local economical development (11)
    - Other intermunicipal organizations (22)
    - Autonomous municipal companies (53)

- VVSG: 3 main activities
  - Support and service (information dissemination, advice, training) for its members
  - Defending the interests of local authorities on a Flemish, Belgian, European level and towards other stakeholders
  - Create a network of cooperation between Flemish local authorities
- Financed through:
  - Membership fees (48,13%)
  - Subsidies (20,40%)
  - Turnover from activities (31,47%)
  - Total budget approx. 15 million euro

## About VVSG (3)

---

- 149 members of staff
- 58 working groups on all kinds of policy fields
- VVSG is represented in 270 external consultative bodies
- VVSG was mentioned 615 times in national media in 2015
- Representation through a political board of directors
  - Chair: Wim Dries, Mayor of Genk

# Flanders, Belgium (1)

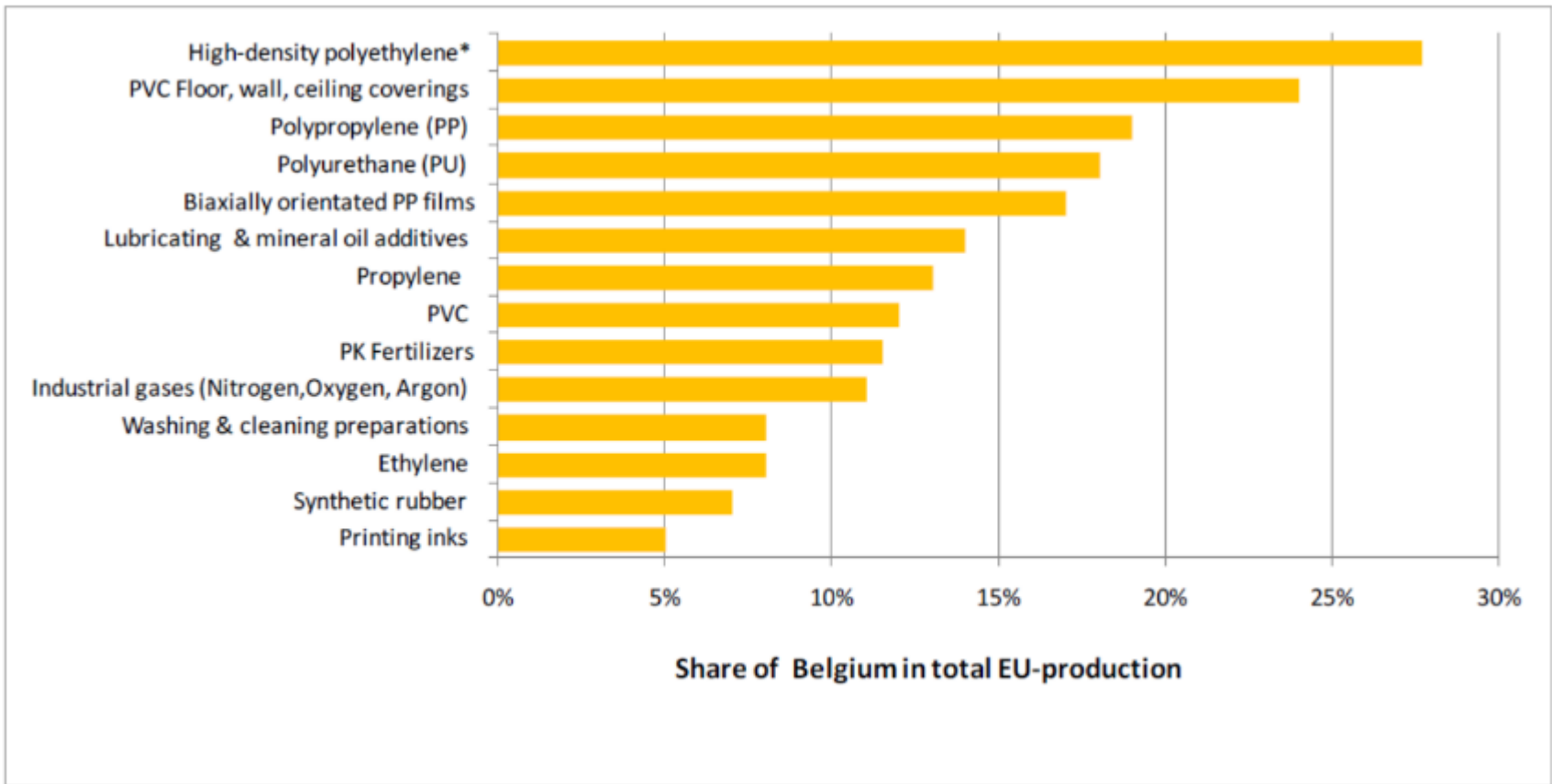


## Flanders, Belgium (2)

- Surface :  $\pm 13.500 \text{ km}^2$  (45% of Belgium)
- Population: 6.437.680 inhabitants (1st of January 2015)
- Population density:  $\pm 477 \text{ inhab./km}^2$
- GDP/inhab: 31.500 € (2010)
- Very industrialized



# Flanders, Belgium (3)



## Flanders, Belgium (4)

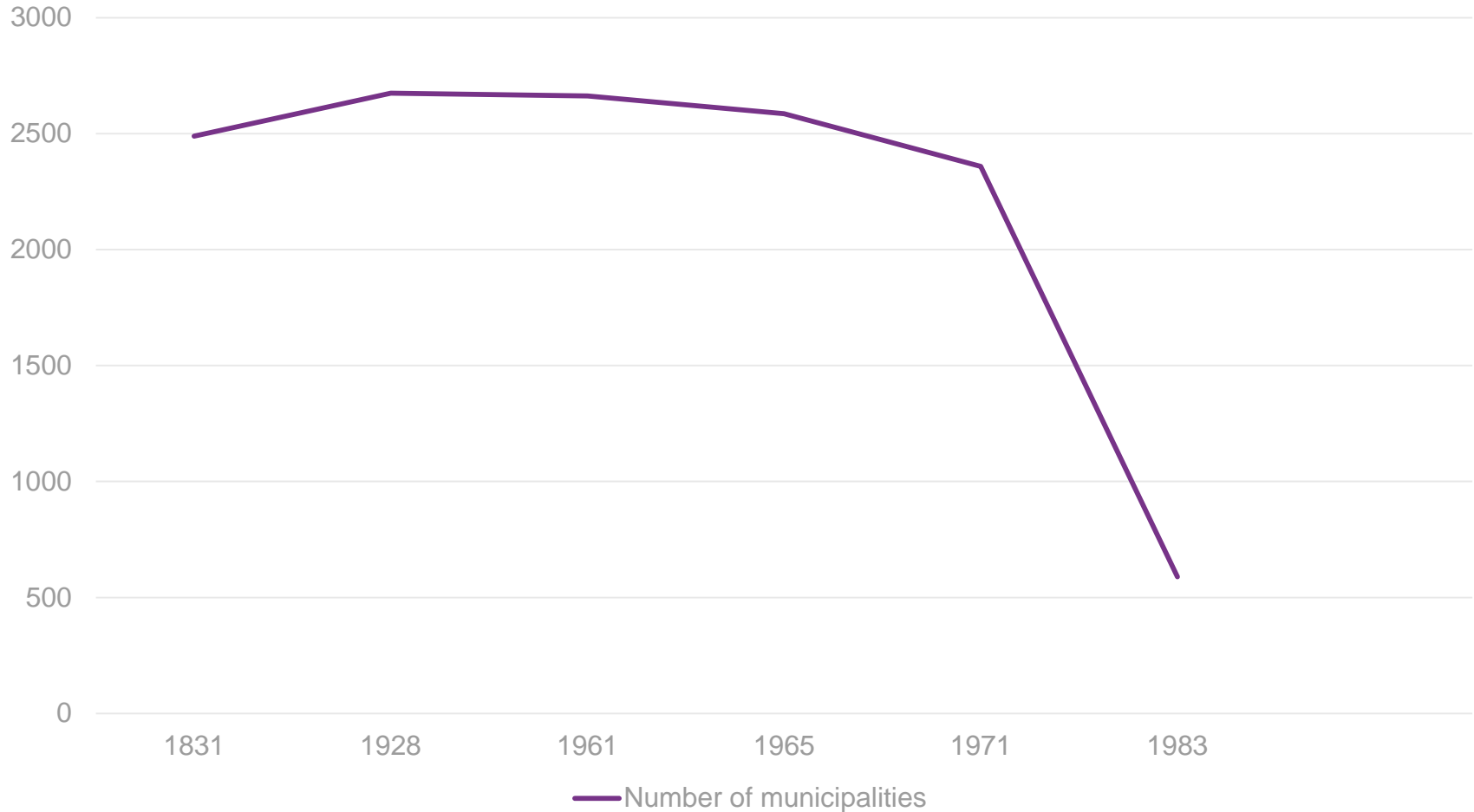
---

- Intensive and industrialized agricultural sector
  - In 2012:
    - 1.269.405 cows
    - 6.227.520 porks
    - 30.151.028 poultry
    - > 110.500 rabbits
    - 69.814 sheep
    - 23.405 horses
- A lot of pression on the environment due to human activities



# Flemish municipalities - mergers (1)

Number of municipalities in Belgium



- Mergers of municipalities is a point of debate in many European countries
- However: very uncertain to be the ‘silver bullet’ for local capacity building
  - Experiences in the Netherlands:
    - Larger municipalities have more staff per inhabitant than smaller
    - Expenditure is higher in larger municipalities
    - Mergers have not lead to a higher efficiency
  - Largest municipality in Flanders seems to rely the most on support from VVSG

# Flemish municipalities - mergers (3)

- Flemish government developed a ‘capacity monitoring instrument’
- Allows municipalities to perform a ‘self evaluation’
- Based on a set of indicators
  - Financial indicators (solvability, level of autofinancing,...)
  - Staff
  - Planning
  - Level of cooperation with other municipalities
  - Investments
  - Physical data
  - Citizen related data

# Flemish municipalities - mergers (4)

- Flemish government supports voluntary mergers between municipalities
  - Financial bonus of max. 500 euro/inhab. under the form of takeover of municipal debt
  - Guarantee that central subsidies for the merged municipality will never be lower than sum of subsidies municipalities received before
  - Specific legal framework
- Currently 5 cases
  - Opglabbeek / Meeuwen-Gruitrode
  - Kruishoutem / Zingem
  - Aalter / Knesselare
  - Neerpelt / Overpelt / Hamont-Achel
  - Tremelo / Begijnendijk

- General point of view on mergers:
  - There is no such thing as the best scale
  - Good to know what the problems are if one wants to address them
  - Cooperation can be a very good first step, based on local conditions and needs
  - Different public services require other scales of cooperation