

ANNUAL PUBLIC REPORT 2023

Decentralisation, 40 years on

Summary

April 2023

An overview of public finances
(to end February 2023)

An overview of public finances

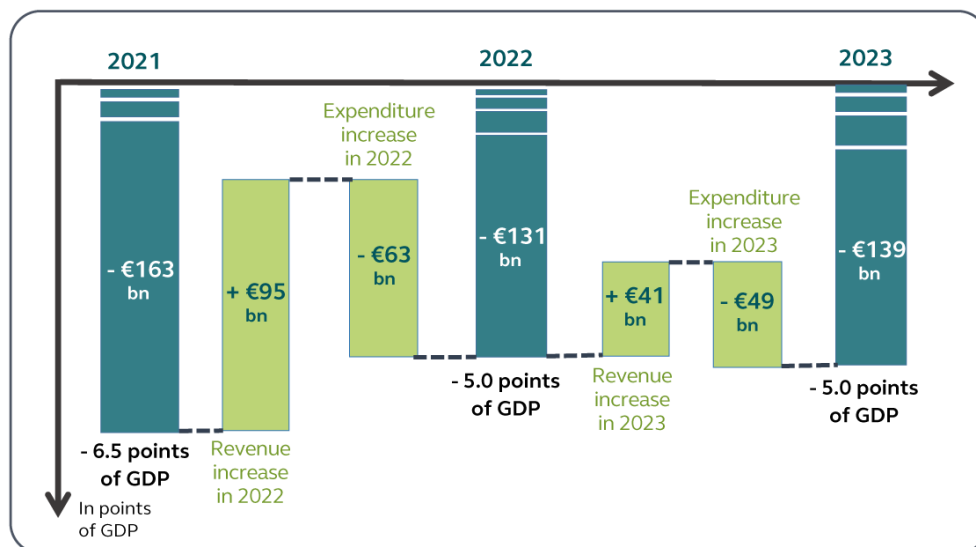
(to end February 2023)

Deficit remains high despite the reduction in emergency and stimulus measures in 2022 and 2023

With an estimated growth rate of 2.6 %, 2022 was marked by a pronounced slowdown in economic activity, linked to the energy price shock and the consequences of the war in Ukraine. The outlook for 2023 is worse, with a growth forecast of 1 % being used to construct the Finance Bill, although the High Council for Public Finances considers this to be a little high.

Although 2022 was supposed to have marked the end of the “regardless of cost” approach to the health crisis, with a €46.5bn reduction in support and recovery spending, the Government has implemented new support measures. Combined with the difficult economic environment, these measures are expected to lead to an expected public deficit of 5.0 points of Gross Domestic Product (GDP) in both 2022 and 2023, thereby delaying the commitment to a credible path for reducing public deficit and debt ratios. Public debt is expected to reach 111.2 points of GDP in 2023 – almost 14 points above its pre-crisis level.

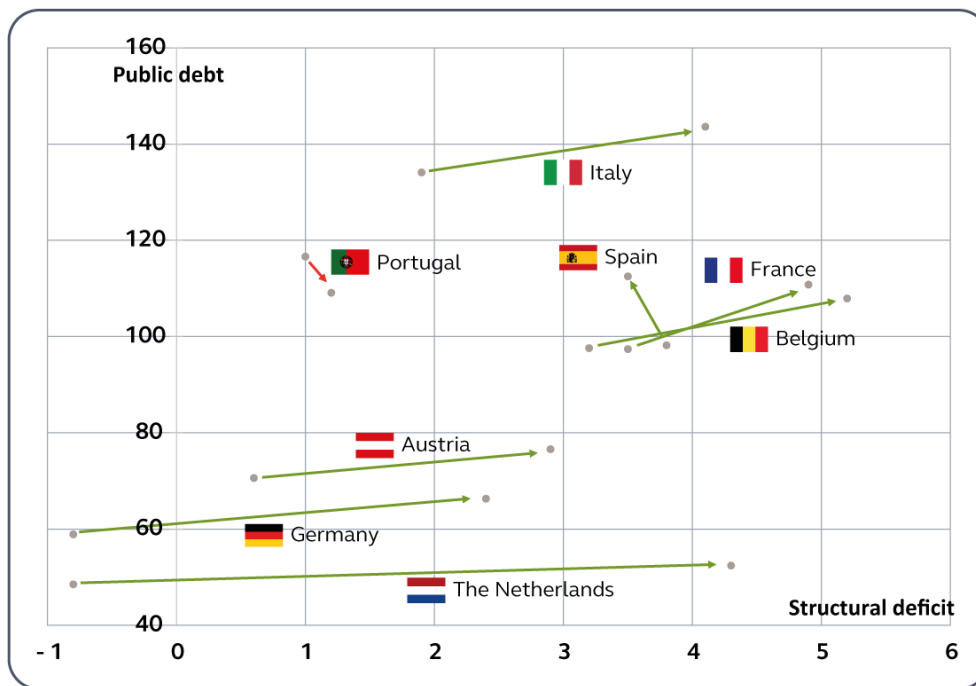
Public deficit in 2021, 2022 and 2023 (in € bn)



Source: Insee, PLFRSS for 2023

By 2023, France's public finances will still be among the worst in the eurozone; meanwhile, the European Commission considers that the risks to the sustainability of French public debt in the medium term are high.

Public debt and structural deficit trends in the main European countries between 2019 and 2023 (as a % of GDP)



Source: November 2022 forecast by the European Commission

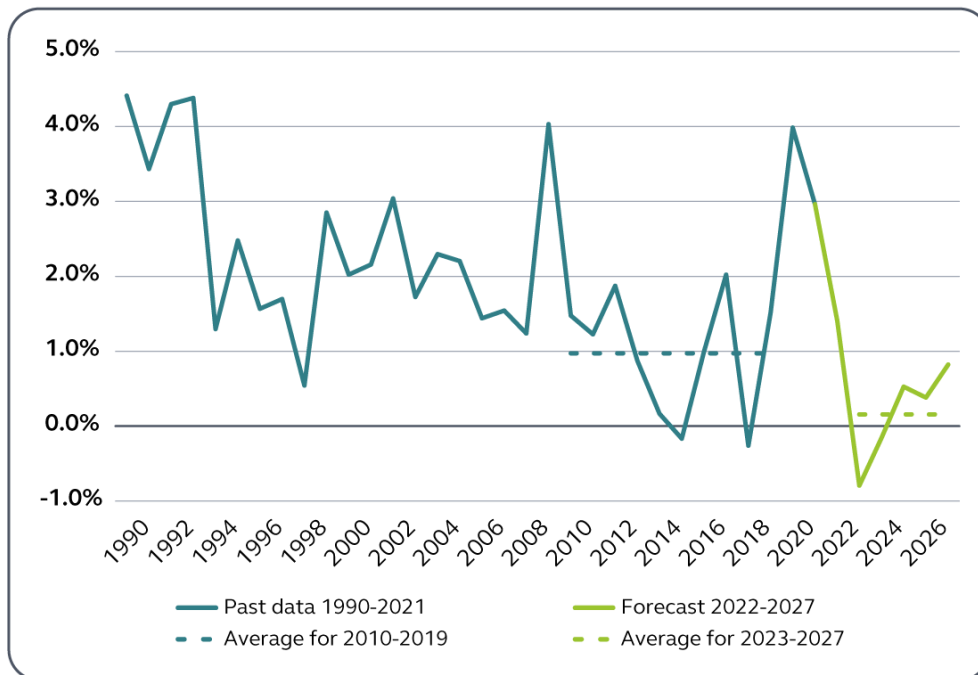
The Court of Accounts therefore considers it essential to implement a strategy that combines a determined recovery of public finances with the preservation of medium-term growth potential.

An optimistic path for returning the deficit to below 3 % in 2027

The trajectory presented by the Government in the draft Public Finance Planning Bill (PFPB) for the years 2023 to 2027 appears unambitious, with a public deficit that will not fall below 3 GDP points until 2027 and a debt that will then be virtually at the same level as in 2022.

Furthermore, some of the assumptions on which this trajectory is based are too optimistic, such as the potential growth forecast of 1.35 % (compared with 1.25 % for the 2011-2019 period before the health crisis) and the growth in public spending in volume terms, forecast at 0.6 % per year, which implies an unprecedented effort to control spending. The introduction of expenditure reviews, provided for in the draft 2023-2027 PFPB, is a step in the right direction, but past experience (general review of public policies – RGPP, modernisation of public action – MPA, public action 2022 – PA 2022), which has shown limited ability to identify and implement substantial savings, shows that success depends on strong political will and the collective support of all those involved in public spending.

Growth rate of public spending in volume* (as %)



Source: Insee and the Public Finance Planning Bill

* Volumes were calculated using the GDP deflator.

Despite its criticisms of the objectives and assumptions of the public finance planning bill, the Court of Accounts reiterates – as it has done on several occasions – the need for France to have such a bill in order to meet its European commitments and lend credibility to its medium-term public finance objectives.

The current state of public finances means that it is no longer possible to postpone the necessary return to a sustainable path. It will therefore be essential in the future to be selective in both spending and discretionary tax cuts, to undertake ambitious reforms in certain key sectors to bring about a lasting change in the pace of spending, without postponing efforts until the end of the planning period, and to make improving its efficiency a top priority.

Decentralisation forty years on

General summary

Forty years after the launch of the decentralisation process, with the adoption of the Act of 2 march 1982 on the rights and freedoms of *communes*, *départements* and *régions*, the financial jurisdictions wished to present, in their annual public report, an assessment of the performance of the local organisation that has resulted from the phased implementation of this policy.

The work carried out by the Court of Accounts and the *régional* and territorial audit chambers has been conducted with a view to educating the public. In this way, the financial jurisdictions have not merely sought to establish an overall diagnosis and identify the main challenges of the regional structure of our country, from an institutional and financial point of view. They have also endeavoured to offer a precise analysis, illustrated by numerous practical examples, of the advantages and disadvantages of this structure in terms of the quality and efficiency of the services provided to the public at grass-roots level, in a number of areas of public action shared between the State, local authorities, their public establishments and, in certain cases, social security bodies.

Support for *régional* economic development, management of household waste, preservation of water resources with reference to global warming, construction, renovation and maintenance of secondary schools, support for performing arts festivals, child protection, the fight against poverty and action to promote independent living for the elderly and disabled, access to primary care for the public: in addition to the diversity of the economic, social, financial and budgetary issues involved, the financial jurisdictions have selected a sample of shared policies linked by the fact that they have a direct impact on the daily lives of the French people, at all stages of life.

*
**

As far back as 2009, the Court had carried out a review of decentralisation¹¹. The general overview of the regional structure of the Republic presented in the **first part** of this report shows that the reforms implemented since 2010 have failed to remedy the shortcomings identified at the time. They have merely attempted to rationalise the structure resulting from the first two stages of decentralisation, but without success given the succession of fluctuating and – in some areas – contradictory priorities to which they have responded. The lack of a method remains relevant: competences are increasingly intertwined, often exercised by several different levels of local government; the structure of the State remains out of step with the *régional* network; and the reduction in staff numbers, which has had more of an impact on its decentralised services than on the central administrations of the ministries, has been perceived by the public as disengagement and sometimes even abandonment.

At the same time, funding arrangements for local authorities have become even more complex. The resources at their disposal (State subsidies, national taxes, local taxes and charges) form an increasingly complex structure, which makes this funding difficult to understand for both local authorities and taxpayers, and also unequal from one *région* to another. Although the overall level of these resources is currently guaranteed by the State and protects local authorities from the risks associated with economic downturns, local elected representatives have less autonomy in deciding how their revenues should change over time.

¹ Court of Accounts, *La conduite par l'État de la décentralisation*, themed public report, October 2009.

The main conclusions of the themed public report of October 2009 on the State's management of decentralisation

In its 2009 report, the Court of Accounts noted:

- that the process of transferring and distributing powers between local and regional authorities, and between regional authorities and the State, had suffered from a lack of method, insufficient prioritisation and major difficulties on the part of the State administration in addressing all the consequences of decentralisation on its organisation and operation;
- that the financing of local and *régional* authorities had become increasingly complex and was based on mechanisms and principles (the sharing of elements of national taxation, the obligation to fully compensate for transferred powers) that were neither satisfactory nor viable in the long term, particularly in the social field, and led to a focusing of debate between local elected representatives, Parliament and the Government on budgetary issues rather than on the effectiveness and efficiency of public management;
- that the difficulties in defining the exact scope of the powers transferred and in estimating their impact – both on State administrations and on local and *régional* authorities – made it impossible to measure the proportion of the increase in local and *régional* authority expenditure linked to decentralisation, and therefore impossible to make a detailed assessment of the rationalisation of expenditure and staff numbers that decentralisation is intended to promote.

The expansion of local authority powers has also led to a significant increase in local spending (per capita local public spending doubled between 1985 and 2020, in inflation-adjusted euros) and a significant rise in their share of public finances (the share of local public spending has risen from 8 % of GDP in 1980 to over 11 % today). However, it is still not possible to distinguish the proportion of this increase resulting from an improvement in the services provided or from exogenous factors – such as an ageing population or increasing complexity of technical standards – from the increase potentially resulting from insufficient attention to controlling the costs of these services. This is particularly true of the local authority sector, in which spending by local authorities has continued to rise despite the increasing power of EPCIs (public establishments for inter-municipal cooperation).

Overall, local spending as a percentage of GDP remains below the European average (17.9 % of GDP). Compared to its main European partners, France remains a poorly decentralised country, with a highly complex organisation that is difficult for citizens to understand and does not help to improve the service provided to households and businesses, or to make public action more efficient.

**

The **second part** of the report confirms that more effective coordination of the stakeholders involved – *régions*, *départements*, *communes*, groups of *communes*, national and local public establishments, social security bodies, government departments – is essential. It also shows that, while the principles that should govern these changes are common to all the shared policies for which the financial jurisdictions have examined the practical conditions of implementation – the aim in each case being to instil greater coherence and intelligibility – the issues (and therefore the solutions to be implemented) are not the same in all cases. They are also subject to different timeframes.

In some areas, such as regional economic development and social assistance and action for vulnerable groups, the rationalisation and coordination of the activities of too many stakeholders has not been completed. This reduces the clarity and effectiveness of the policies implemented by the local authorities mainly concerned (*régions* and *départements* respectively), especially as the State continues to play a major role in these key areas of public action.

- In this way, the distribution of economic development responsibilities between the various levels of local government can be further simplified and this policy better coordinated by the *régions*. It is also necessary to remedy the fragmentation of the aid allocated by the various

players, the inadequacy of the result indicators and the small number of evaluations carried out, which do not allow accurate measurement of their impact on the economic fabric.

The drafting of *régional* economic development, innovation and internationalisation plans (SRDEIs) and the conclusion of agreements between local authorities have proved insufficient to ensure that these initiatives are coordinated by the *régions*. This process could be improved by extending the good governance practices observed between local authorities and with the State during the covid 19 crisis to the implementation of the fourth generation of the future investment programme (PIA 4), the emergency plan and the recovery plan.

- In the area of social assistance and action in favour of vulnerable groups (children subject to protection measures, people in precarious situations, dependent elderly people, disabled people), the *départements* do not have the resources to truly exercise their leadership role. The implemented mechanisms have given rise to criticism of the quality of the services provided to their beneficiaries, both in terms of recourse and access to rights, as well as the time taken to process applications for assistance or benefits and the continuity of services. The *départements* room for manoeuvre is also limited by the State's desire to retain a role, not only in defining schemes, but also in their operational implementation with regard to certain groups or certain priorities, with a particular emphasis on ensuring equal treatment for citizens throughout the country.

A new equilibrium could be found around the notion of common service bases, with minimum scales for individual support allowances (AISs: active support income, compensation benefit for the disabled, personalised independence allowance, disability allowance for adults), which the *départements* could supplement with measures to extend the scope of those eligible or to increase the amount of allowances paid to them. At the same time, the financing of the AISs should be reformed so that the national core benefit is financed mainly by a State grant and that additional expenditure resulting from decisions taken by the *départements* themselves is financed by them.

The work of the Court of Accounts and the *régional* audit chambers has shown that in other areas, the fairly well-balanced division of responsibilities between the State and the local authorities has encouraged effective public action, which does not exempt the State from reflecting on the priorities of its work.

- The decentralisation of education has undeniably led to an improvement in the physical environments for students in secondary schools. New priorities, such as consideration of environmental and health issues in the design of buildings, addressing safety and accessibility issues, and adapting premises to new teaching practices, call for measures tailored to specific local situations. The local authorities, which have sole responsibility for building, renovating and maintaining colleges, are best placed to design and implement them.

However, the State must ensure the uniform deployment of the public education service throughout the country. In this respect, it is the State's responsibility to increase the level of equalisation in the allocation of school equipment grants to the *départements*, which are faced with unequal demographic dynamics, and to make its support more contingent on investment projects that are in line with the objectives of its education policy, such as the promotion of school diversity or the growth of digital education.

- The question of redefining the role of the State also arises in certain areas of shared responsibility between all categories of local authorities and groupings of *communes* where there is no clearly designated leader, such as tourism or culture. For example, the State's long-standing interest in supporting performing arts festivals, which has been maintained during the health crisis, should not obscure the fact that its support remains minor compared to the support provided by local authorities. Cultural action is an important part of local development and the attractiveness of a *région*. The support of local authorities explains why the number of festivals organised in France has risen from under 2,000 to over 7,000 during

the last 20 years. Their dynamism has helped to rebalance access to cultural offerings across the country.

For this reason, the central government must ensure that the support it wishes to continue providing – and to a few festivals with a national and international reputation in particular – contributes to its objectives of supporting artistic creation and making culture available to all. The ministry of culture must endeavour to focus its support on festivals that either make a strong contribution to these objectives, or are committed to developing initiatives along these lines. It also has a responsibility to ensure that the organisers of these festivals uphold the principles of good governance, that their cultural projects are formalised, and that it takes a rigorous approach to measuring the results of their work.

In other areas, such as household waste management and quantitative water management, the challenge is not so much to simplify the distribution of powers between local authorities or to refocus the State's action, but rather to change the way in which these powers are exercised to take account of the new challenges of sustainable development. The growing impact of climate change and the increasing attention paid to these issues by the general public make it urgent to adapt public initiatives.

- In the case of household waste management, the introduction of a so-called “circular economy”, meeting increasingly stringent European and national standards, means that not only the production sectors, but also households, need to be more involved in waste prevention, reuse and recycling. The task of bringing treatment facilities up to standard and modernising them is also a major challenge.

Taking these priorities into account means changing the way in which the local authorities carry out their local missions. Using appropriate communication and innovative initiatives, they should encourage households to produce less waste and facilitate recycling by developing selective sorting. It also requires a greater role for the *régions* in planning and financing the adaptation of treatment facilities, which the sometimes overly-restricted geographical scope and insufficient technical and financial resources of the treatment syndicates do not allow them to do on their own.

- As far as water policy is concerned, the increasing number of droughts means that stakeholders are no longer concerned just with local management of drinking water and sanitation, but also with the balance of the natural water cycle, from evaporation to return to the soil, rivers and groundwater, in order to continue to meet the needs of all consumers.

This priority change in the scale of public action requires the design and implementation of procedures and methods of action that make it possible to overcome the disadvantages resulting from the mismatch between the map of river catchment areas and sub-catchment areas and the map of the local bodies and public services and establishments of the State involved in water management. The need to reconcile the sometimes-conflicting interests of households, farmers, electricity producers, industrial companies and those involved in tourism in the preservation and use of water resources also requires greater consultation on these issues within the local water commissions (CLEs) set up in sub-catchment areas.

Local authorities may also act in areas in which their powers are neither decentralised nor clearly shared. This is true of access to primary care.

- In this area, local authorities are seeking to respond to increasingly pressing demand from our fellow citizens, which the State and the health insurance system are unable to satisfy. Circumstances have thus led them to contribute to an essential aspect of national public health policy, through methods including financial intervention. It is now time to refocus and better coordinate these actions with those of the other stakeholders – namely the State, the *Assurance Maladie* health insurance service and the *régional* health agencies (ARS).

Local authorities are all the more effective when differentiated and targeted. In this way, aid designed to facilitate the installation of healthcare professionals and encourage them to stay in certain areas could be concentrated solely on investment in movable and immovable

property. Improving the overall consistency of the measures introduced by the State, the *Assurance Maladie*, the ARSs and local authorities to facilitate access to primary care also requires better measurement of situations of medical under-density, which are currently insufficiently documented: the available data and indicators need to be improved and shared between all the players in order to better identify the actual difficulties in accessing healthcare in the most affected areas, define the most appropriate tools for responding to these difficulties, which are not of the same nature in rural areas, suburban areas and urban centres, and coordinate their implementation.

*
**

In light of these various examples, it is clear that a new stage of decentralisation is desirable to review the division of responsibilities between the State and the various levels of local government, and to provide each level of local management with the resources to enable it to assume these responsibilities with measurable efficiency and effectiveness.

Although the financial jurisdictions have noted that a complete overhaul of the system would be unrealistic in the short term, their work has also shown that the status quo is untenable. We therefore need to prepare the ground for an ambitious reform by taking all possible action to simplify the organisational structure and improve coordination between the various levels of local management and the decentralised State services.

Measures can be taken quickly to improve and simplify inter-municipal cooperation, while continuing to encourage the merging of less populous *communes* with neighbouring *communes*, and to strengthen the role of local authorities as leaders of policies involving a large number of stakeholders, make better use of the options for local differentiation (consisting of entrusting local authorities at the same level with powers normally devolved to several categories of local authority or grouping of local authorities) and experimentation (authorising a local authority to implement a public policy that is not part of its legal remit, for a given period) in order to tailor the organisational structure and management methods of local authorities to address the diverse range of local situations. It is also important to refocus the State on its role as strategist, regulator and partner to local authorities.

Ultimately, the aim is to return to the three founding objectives of decentralisation: strengthen local democracy; bring political and administrative decision-making closer to citizens; and improve the effectiveness and efficiency of public management.

First part:

Overall diagnosis and main issues

1. Decentralisation 40 years on: new momentum required
2. Local finances: a financing method that needs to be redefined

1. Decentralisation 40 years on: new momentum required

Decentralisation is a policy of transferring powers and resources from the State to local authorities, which administer themselves freely within the framework of the laws that regulate them. As France is a unitary republic and not a federal state, this policy has consisted of a devolution movement designed and managed by the state, although over time it has been increasingly carried out in consultation with the local authorities.

This policy contrasts sharply with a French tradition of centralisation that dates back to the *Ancien Régime* and that the French Revolution and Empire accentuated despite the revolutionary break, as shown by Tocqueville. However, there were attempts to change this situation before 1982. These efforts have gradually shaped the France of *communes*, *départements* and *régions*.

The contemporary decentralisation movement, launched by the Defferre Acts of 1982 and 1983, represents a new and important stage in this process. The first phase, later known as “Act I” of decentralisation, ran from 1982 to 1986 and was followed by “Act II” in 2003 and 2004. The decentralisation process resumed in 2010. It has taken the form of a series of less far-reaching laws, reflecting a more hesitant and sometimes erratic plan: the ambition to open an “Act III” has not materialised.

Over the last 40 years, the legislator has pursued three objectives: to strengthen local democracy; to bring political and administrative decision-making closer to citizens; and to improve the efficiency of local public management.

In 2009, the Court of Accounts published a themed public report on the State’s management of decentralisation, which presented an assessment of “Act II” of decentralisation². The current state of play shows that the initial impetus of 1982 has gradually run out of steam and the institutional landscape has become blurred. The Court of Accounts has examined possible solutions for making France’s local structure clearer and more efficient.

The expected rationalisation of *régional* structure remains incomplete.

The gradual loss of momentum in the decentralisation process

The decentralisation process, launched by the laws of 3 march and 22 july 1982, led to the adoption of 25 laws and over 200 decrees in the space of five years.

The transfer of executive functions from the prefect to local councillors and the replacement of State supervision with mechanisms for *a posteriori* control of the legality of local authority administrative and budgetary acts are the pillars of the new mechanism, which has been supplemented by the transfer of powers – and the means to implement them – from the State to local authorities, and by the distribution of these powers between their various levels.

After the Act of 12 july 1999 on the strengthening of *inter-municipal* cooperation, known as the “*Chevènement* Act”, set in motion the *inter-municipality* growth movement, the decade from 2000-2010 saw the initial momentum of decentralisation continue, with the constitutional revision of 28th march 2003, which endorsed the principle of a “*decentralised régional structure of the Republic*,” and the Act of 13th august 2004, which introduced a new wave of transfers of powers. At the time, the legislator was still demonstrating its desire to transfer homogeneous blocks of powers and the resources and prerogatives required to implement them.

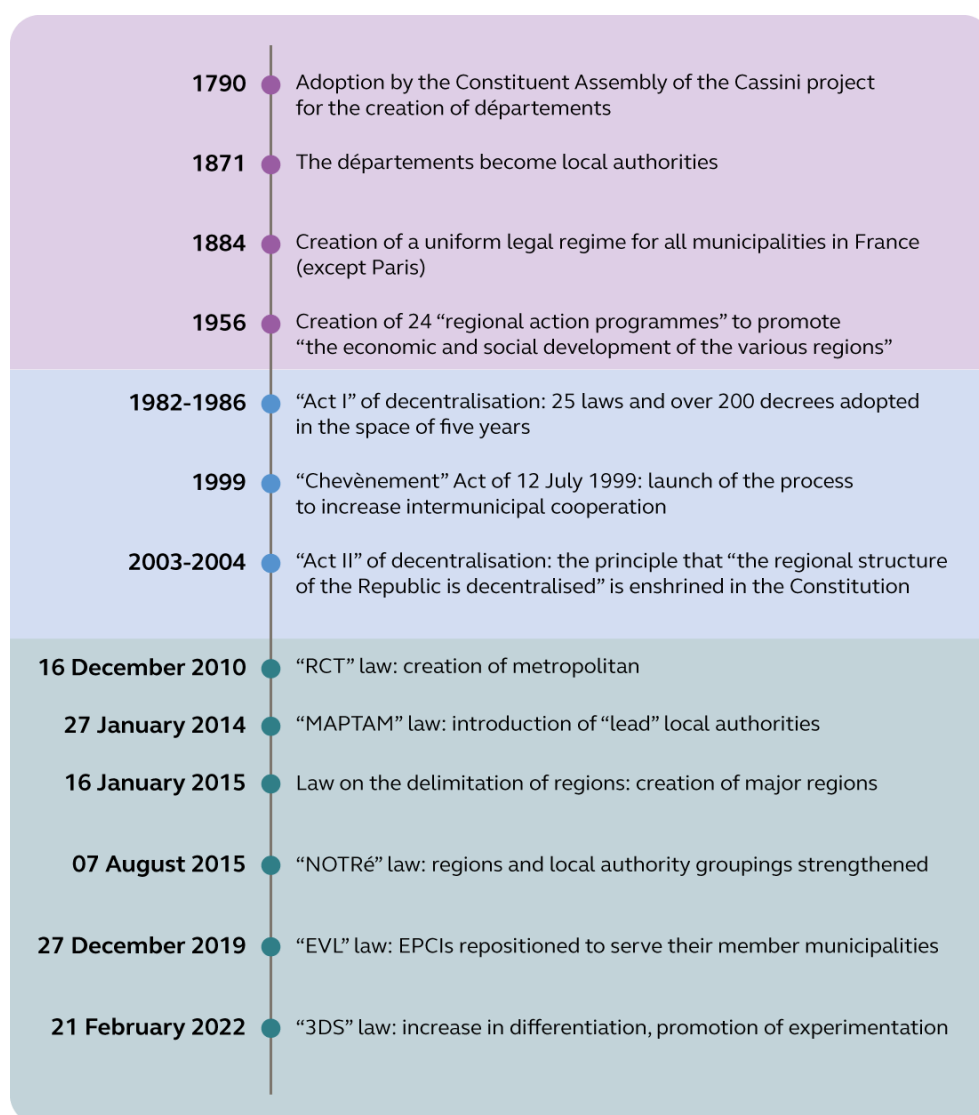
Since 2010, the decentralisation process has continued, but in a hesitant and sometimes contradictory manner. Although the Local Government Reform Act of 16th december 2010 –

² Court of Accounts, *La conduite par l’État de la décentralisation*, themed public report, October 2009.

known as the “RCT Act” – streamlined the intermunicipal system and created metropolises, the Acts of 27th January 2014 – known as the “MAPTAM Act” –, of 16th January 2015 and of 7th August 2015 – known as the “NOTRé Act” – while continuing in this vein, have resulted in a de facto blurring of powers and a challenge to many public officials. Among other examples, while the government had hoped to see the demise of the *départements*, the scheme did in fact represent a reaffirmation of their powers and their usefulness as a local division.

Subsequently, the laws of 27 December 2019 – known as the “EVL law” – and of 21 February 2022 – known as the “3DS law” – aimed to mitigate certain aspects of the previous laws, but without compromising their economic viability. Two successive priorities emerge from this legislative corpus: the strengthening of the *inter-municipal* level and the *régions*, through the creation of “large *régions*”, and then, in response to the demand for local support and to the health crisis, the reaffirmation of the role of the *communes* and *départements*.

Diagram 1: The main stages in decentralisation since the French Revolution



Source: Court of Accounts

The *régional* structure resulting from successive decentralisation laws has led to competition between the various levels of local management

Unlike Germany, Spain and Italy, which have drastically reduced the number of *communes*, France had 34,955 on 1st January 2022, whose average population (1,891 in 2017) was significantly lower than that of *communes* in Germany (7,450), Italy (7,960), Poland (15,507) and the Netherlands (45,071)³. The handicap that results from this small size, both in terms of carrying heavy investments and of considering the legal and financial complexity of local management, has led the legislator to promote the merger of *communes* since 2015, with relative success. Under the *Pélissard* Act of 16 March 2015, 2,498 *communes* were grouped into 796 new *communes*.

In response to the fragmentation of local government, there has been a strengthening of the inter-municipal level, initiated by the *Chevènement* law of 12 July 1999. Under the RCT Act of 16 December 2010, France will be fully covered from 2017 by larger public *inter-municipal* cooperation bodies (EPCIs) with their own tax status.

Change in the number of EPCIs with their own tax status and number of associations between 1992 and 2021

EPCI categories	1992	1995	1999	2010	2015	2021
Metropolitan areas	-	-	-	-	11	21
Urban communities	9	9	12	16	9	14
Agglomeration communities	-	-	-	181	226	223
Communities of municipalities	-	756	1,347	2,409	1,884	995
"new town syndicates"	9	9	9	5	3	-
Districts	214	324	305	-	-	-
City communities	-	4	5	-	-	-
Total EPCIs with own taxation systems	-	1102	1,678	2,611	2,133	1,253
Total number of syndicates	17,074	17,895	18,504	15,367	12,670	9,065

Source: Court of Accounts, Report on the financial situation and management of local government bodies and their agencies, issue 2, October 2022, in line with DGCL data

The strengthening of *inter-municipal* cooperation has also resulted in an extension of the scope of the powers of groups of *municipalities* and a significant increase in their staff numbers, without any reduction in staffing levels in *municipalities*. In total, the number of local authority staff has increased by 700,000 over the last 40 years. This threefold trend towards more widespread use of EPCIs, an increase in their size and an extension of their powers has made their governance and operation more complex, particularly when it comes to delivering local public services. These difficulties ultimately led to the legislator's reaffirmation of the primacy of the municipality in the EVL Act of 27 December 2019 and the 3DS Act of 21 February 2022.

The law of 16 January 2015 on the delimitation of the *régions* reduced the number of metropolitan *régions* from 22 to 13, and the *NOTRé* law of 7 August 2015 strengthened their strategic and planning role, as well as their powers in a number of areas. However, the reform emphasised the geographical extension of the *régions* rather than strengthening their powers. The strength of the German, Spanish and Italian *régions*, which are presented as a model for the new French *régions*, stems essentially from the combination of extensive powers, strong resources and a historical and political base that is an essential component of their legitimacy. The new "large *régions*" have taken on their new responsibilities for economic development and inter-urban and school transport without any major difficulties, but while their implementation has gone smoothly, the expected gains in efficiency have yet to be achieved.

³ Data from the World Observatory of Subnational Government Finance and Investment (SNG-WOFI).

In fact, the reorganisation of the *régional* map has highlighted the importance of maintaining the *départemental* level in the merged *régions*, even though the Government's desire was for it to be stripped of its powers and then disappear. Thanks to their *régional* roots, partly linked to the way in which their elected representatives are elected, they claim a role as leaders of local solidarity, a role that is recognised by law.

The fact remains that the position of the *départements* between the increasingly large and powerful EPCIs, including the *métropoles*, and the *régions* – which are sometimes considered to be too far removed from the concerns of the *régions* and their citizens – has not yet been clearly redefined.

The State has not restructured its decentralised services in line with the effects of decentralisation

The State has successively undertaken two reforms: the reform of the State's territorial administration (RéATE), as part of the general review of public policies (RGPP), which came into force in 2010, and then the reform of the State's *régional* structure (OTE), launched by the Prime Minister's circular of 24 July 2018. Broadly speaking, it has made the *région* the basic level of common law for steering State policies, replacing the *département*, and has reorganised its services into eight thematic structures, where previously there were twenty-three services. However, the creation of the "large *régions*" and the persistence of derogatory divisions – particularly for national education and justice services – do not facilitate unified State action in the *régions* under the authority of the prefects.

These structural changes have been accompanied by a significant reduction in the number of staff employed by the State's territorial administration, which may have accentuated the public's feeling that the *régions* are being gradually abandoned. A recent audit by the Court of Accounts showed that this reduction had been simply imposed, rather than properly managed⁴. It has mainly been a burden on *départemental* administrations, and has not been sufficiently well correlated with changes in government duties and priorities. It was only in 2022 that, for the first time in ten years, their jobs were stabilised.

The increasing overlap of powers between local and *régional* authorities and their groupings is making them less efficient and effective

In most areas, the complexity of local public action is reflected by the almost constant overlapping of responsibilities

This situation increases the risk of poor synergy, or even inconsistency, in the decisions taken by stakeholders at the planning, steering and operational management stages of public services.

For example, within the local authority block, the vagueness surrounding the definition of community policies and the recognition of the community interest of public facilities intended to be managed by the EPCI means that the scope of the powers of the *municipalities* that are members of the grouping has not been sized in line with the powers that have supposedly been transferred to it. Similarly, although the law has withdrawn the benefit of the general competence clause, the *régions* and *départements* retain the ability to take action in any area of local interest not assigned by law to another local authority. The potential resulting confusion is perfectly illustrated by the fact that the State and each of the levels of local structures are involved in implementing housing policy. The same applies in the area of employment policies and the development of the social economy. This overlapping of responsibilities makes it difficult to measure the quality, efficiency and effectiveness of local public services.

⁴ Court of Accounts, *Les effectifs de l'administration territoriale de l'État*, report with final observations, May 2022.

The tools for cooperation between local authorities as defined by law are proving to be unsuitable or under-used

The MAPTAM Act of 27 January 2014 stipulates that in each area of shared competence, a lead partner must be identified to organise the arrangements for joint action by the local authorities and groupings of the relevant municipalities. However, the scope of this system is limited, mainly because it is optional, since the constitutional principle of the free administration of local authorities prohibits any form of supervision by one authority over another. Similarly, none of the coordination tools introduced by the NOTRé Act – the territorial conference on public action (CTAP) and the territorial agreements on the concerted exercise of powers (CTEC) – has proved effective.

Ultimately, the greatest number of cooperative ventures are implemented on a contractual basis, even if they are of unequal intensity and kinds. It is therefore the *régions'* traditional method in practice for implementing European funds or their support for *infra-régional* local authorities; it is also the tool that enables the *départements* to provide financial support to municipalities or their groupings, provided that their projects are consistent with the *département's* guidelines.

For its part, the State has ceased to be the partner that local and *régional* authorities expect to regulate their activities

The State has progressively dismantled its technical services; staff numbers have shrunk, and skills have been reduced to a limited number of areas. In fact, it lacks both the capacity to monitor compliance with standards and the ability to provide advice, particularly in terms of project management.

Reduced monitoring of legality issues and budgets is also obvious, although this is the result of the transfers of competences that have been happening since 1982. The State is thus depriving itself of the preventive and educational benefits of these controls; this contributes to imbalance in its relations with local authorities. Finally, because the weakening effect is uneven across the various regions, it is also likely to fuel a feeling among the population that, contrary to the principle of equality before the law, the same irregularities are not being punished everywhere with the same rigour.

A gradual and organised revival of decentralisation is required

Forty years on from the laws of 1982-1983, and twenty years after the constitutional revision that affirmed that the organisation of France is decentralised, a satisfactory balance of powers between the State and the various tiers of local government has still not been found. Greater decentralisation, with greater clarity and efficiency, remain objectives shared by the State and local authorities.

The path of permanent reform, which has been imposed by changing governments and political priorities, is no longer a tenable one. Public distrust, the relative fragility of local finances and the “legislative fatigue” of both elected representatives and administrations are condemning this method of transformation to a low-key, step-by-step approach. Similarly, the “overnight change” scenario, based on the systematic reallocation of powers between the State and the various levels of local government, seems flawed because it is not realistic in the short term. It is, however, important to retain the ambition and objectives of providing a better service to citizens, controlling public spending, simplifying the institutional framework and ensuring consistency between the structure of the regionally-based State and the structure of the decentralised local authorities.

Reorganise relations between local authorities

The gradual and organised relaunch of decentralisation recommended by the Court of Accounts presupposes, first and foremost, a new approach to the inter-municipal philosophy, the *régional* vision and the concept of community interest, as well as a simplification of the

clarity of financial relations within the municipal group. The outcome must continue to be a reduction in the number of *communes*, either through mergers or the creation of “*municipality-communities*”.

Although the philosophy of decentralisation by “blocks of competences”, which permeated the 1982-1983 laws, has shown its limitations, it would benefit from being retained in specific areas such as vocational training and employment, social competences and the management of schools. In the much wider field of shared competences, recourse to the law will be necessary to strengthen the lead partner principle and specify the terms of cooperation between the local authorities concerned; for example, the scope of the “*régional* agreements for the concerted exercise of competences” (CTECs), which would then have to be concluded and validated by the prefectural authority.

Lastly, the 3DS Act has opened up the ability for local authorities to manage matters within their jurisdiction in a different way; for example, by tailoring the general rules to suit specific local circumstances. A broader application of the principle of differentiation, after redefinition and general application, would simplify the institutional landscape in areas where competition between local authorities of different levels proves to be punitive or meaningless. Similarly, changes to the rules governing experiments should encourage greater use of this formula, which now allows them to be continued in cases where they have proved successful, without requiring them to be generally implemented – as had previously been the case.

The State’s role and place in the *régions* must be re-emphasised

The need for state involvement in the *régions* has become more acute as a result of the economic and social crises that have affected France, and has become firmly entrenched in people’s minds as a result of the health crisis. The State is expected to play a greater role as a strategist for national policies and as a partner for local and *régional* authorities, providing information, facilitating, advising and sometimes co-financing, while at the same time ensuring equal treatment of citizens’ rights and obligations throughout the country.

It must fully embrace its role as a prescriber and standard-setter, but it must also rebuild its ability to exercise control over the legality and budgetary control of local authority actions and regain its technical, legal and financial expertise. Although it can sometimes step aside, as in the case of town planning or economic development, it needs to reinvest in other areas such as housing policy or road traffic regulation and safety.

2. Local finance: a financing method requiring redefinition

Over the last forty years, the role of local finances within public finances has increased significantly, with local authority spending rising in parallel with a securing of the necessary resources. This development, which is only partly the result of decentralisation, is taking place against a backdrop of inadequate funding, requiring a revamp of the way in which they are managed.

The share of local finances within public finances has increased significantly

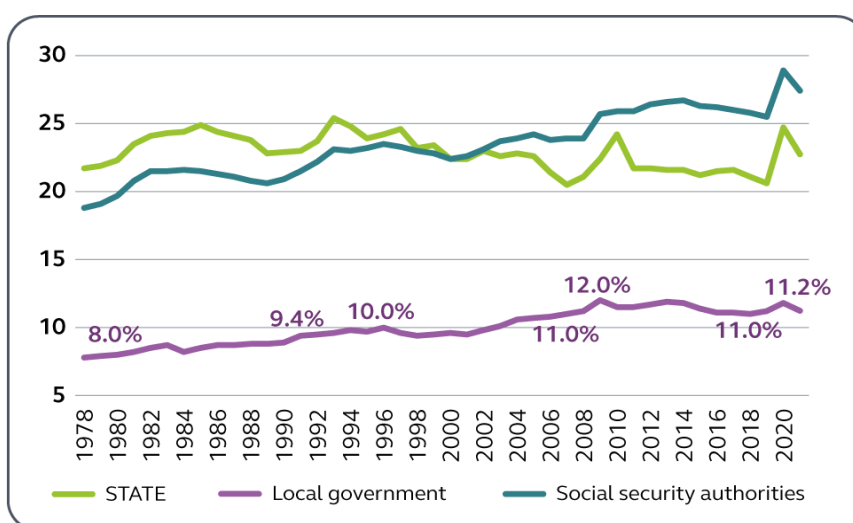
In 1980, local authorities made up 17 % of total government expenditure and 15 % of total government revenue. Their share has risen to 20.2 % of public spending in 2019, before falling back to 19 % in 2021 as a result of the sharp increase in State and social security spending during the covid 19 crisis. At the same time, local authority revenue accounted for 21.3 % of public revenue.

The share of local finances increased steadily until the last decade, when it stabilised

Local per capita public spending will double between 1985 and 2020, rising from € 2,013 to € 4,000 in “constant” euros (i.e. excluding the effect of inflation)⁵. It has increased significantly more than gross domestic product (GDP). It accounted for 8 % in 1980, and peaked at 12 % in 2009. It has since remained slightly below this high point, rising to 11.2 % of GDP in 2021. Over the same period, social security spending has risen steadily, reaching 27.4 % of GDP in 2021, while government spending has contracted since 1997, accounting for 22.7 % of GDP in 2021.

However, local public spending lags behind that of other European Union countries (17.9 %), where there is greater decentralisation of powers and resources to local institutions, and where local authorities make a greater contribution to social spending.

Changes in spending by local authorities, government and social security funds (% GDP)



Source: Insee. APUL data. The labels indicate years in which local public spending exceeded an additional unit of GDP

⁵ Without taking the effects of demographic change and inflation into account, local public spending has increased eightfold since 1980, while State spending has increased sixfold.

The relative share of local expenditure in the financing of public policies varies. Although local authorities are responsible for less than 9 % of social welfare expenditure and 30 % of education expenditure, they fund the bulk of local public services (86 % of the management of public facilities, 74 % of sports and cultural policies, 76 % of public transport).

Local authorities also play a key role in public investment, financing over 55 % of it and accounting for around 20 % of expenditure in this area. As a proportion of GDP, local investment has remained stable since the 1980s: it represented 2.6 % of GDP in 2021, the same share as in 1982.

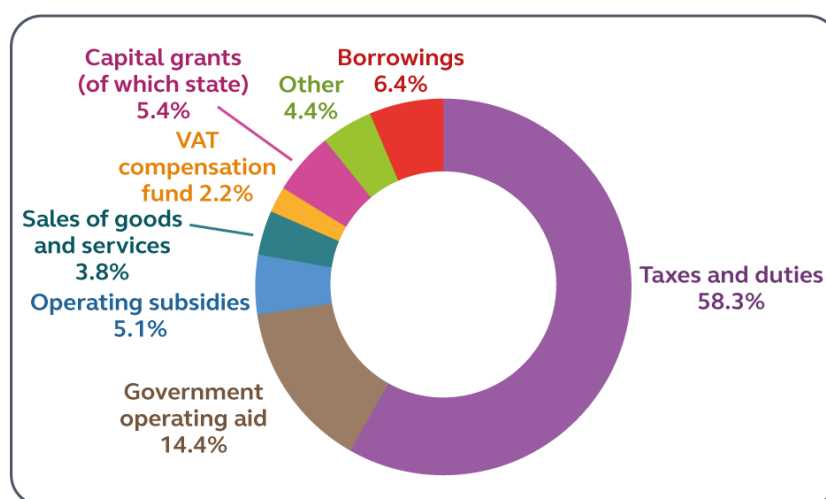
Local authorities have benefited from secure resources over the period

Local authorities are financed not only by compulsory levies, local taxes and duties (60 %), but also by the share of national taxes allocated to them. Local authorities received 15 % of compulsory levies in 2021, compared with 10 % in 1984. This increase is not only the result of increased demands on the “local taxpayer”, whether households or businesses, but also of the allocation by the State of a growing proportion of national taxation. In 2021, 37 % of local authority tax resources came from national taxes, with no link to a regional centre (compared with 14 % in 2014).

The State also contributes directly to the financing of local authorities through its grants and subsidies, whose share of GDP (2.7 % in 2021) has remained stable since 1980.

Overall transfers of resources from the State, which increased up until 2010, have since stabilised.

Breakdown of local authority revenue in 2021



Source: DGCL

Local public debt is now under control

Local authority debt has been gradually brought under control, and its weighting reduced from 9.4 points of GDP in 1993 to 8.4 points by 2021. It now accounts for 8.7 % of public debt. The combined effects of controlled borrowing over the period and falling interest rates mean that interest on debt now accounts for just 0.2 % of local expenditure.

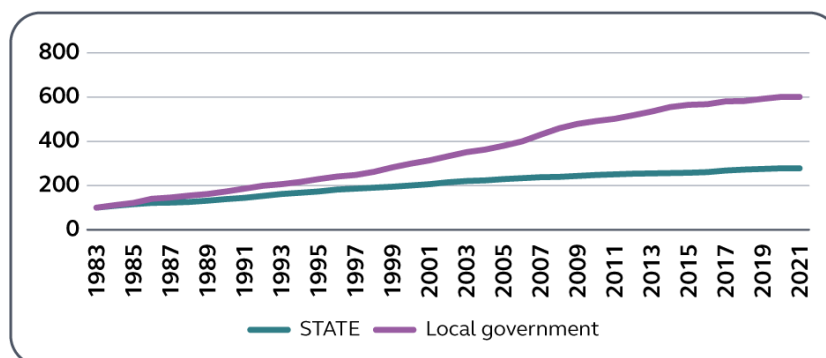
Control over local spending calls for a new financing method and management structure

Most of the growth in local spending is being driven by the local authorities, whose operating budgets suffer from a certain rigidity due to the high proportion of staff costs. This can only partly be explained by the transfer of new responsibilities, as local authorities have

been able to make the nature and quality of the services they provide a priority, sometimes to the detriment of efficiency and cost control.

Over the last 40 years, local authority staffing costs have grown proportionately faster than State staffing costs.

Comparative trend in staffing costs for the State and local authorities (base: 100 in 1983)

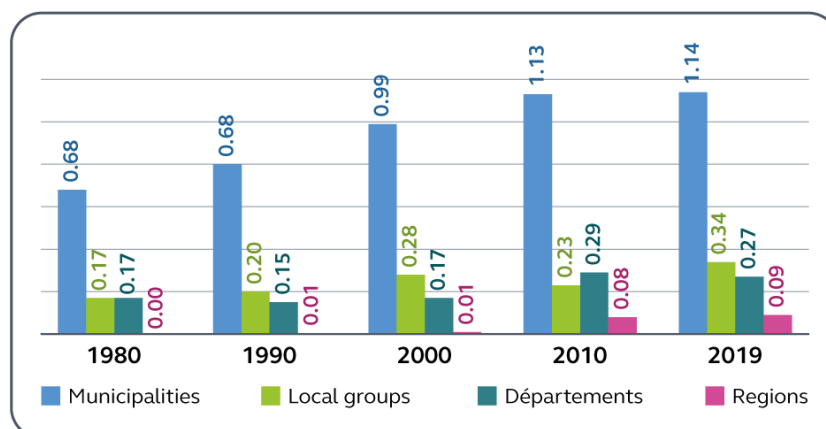


Source: Insee

Since 1980, the number of local authority civil servants has increased by 900,000. Only a small portion of this increase has been due to staff transfers to local and regional authorities under Acts I and II of decentralisation, which affected 140,000 State employees.

Paradoxically, the biggest increases in staff numbers have been in the municipalities and their groupings, despite the fact that these two levels of local government have not been subject to any significant transfers of powers from the State. The development of inter-municipal structures accounts for a significant proportion of the growth in these staff numbers, as the EPCIs have created jobs and recruited staff other than municipal staff, while the municipalities have retained their staff and redeployed them⁶ while at the same time continuing to recruit.

Physical workforce in the local authority civil service by local authority category (in millions)



Source: DGAFP. A change in the method used to count the number of employees in the groupings may explain the apparent drop between 2000 and 2010

The majority of local investment also comes from local authorities, with the share taken by EPCIs increasing significantly, particularly in the metropolitan areas. The *départements* and *régions* are responsible for the resources required to fulfil their responsibilities. The *régions*

⁶ Redeployments have been made to other functions in order to create or improve local public services.

stand out for the volume of their investment grants, particularly since 2014, when the management of European structural and investment funds was transferred to them.

The way in which local authorities are financed appears to be increasingly unsuitable

The gradual replacement of local tax resources by shares of national taxes (abolition of the *taxe professionnelle* business tax in 2011, the *taxe d'habitation* property tax from 2020, and the *cotisation sur la valeur ajoutée des entreprises* (CVAE) corporate value added tax in 2023-2024) has weakened the link between local authorities – which provide services to the public and businesses – and the businesses themselves, which pay local taxes.

In addition, government grants are too complex and their equalisation effect is not sufficient. Originally, they were intended to offset the impact of State decisions unfavourable to local authorities – e.g. tax rebates – and to ensure their financial neutrality. They were then assigned a second objective – equalisation between beneficiaries, in order to take account of demographics, relative wealth or the level of resources and costs of local authorities. Lastly, grants have become a tool that enables the Finance Act to set the overall volume of State financial support to local authorities.

The current mechanism lacks predictability and transparency. A choice among various potential scenarios for evolution needs to be made. This would serve mainly to establish a stable distribution method for national taxes over several fiscal years and set rules for the evolution of financial transfers from the state to local authorities.

A new framework for local finances must be established.

Despite the clarifications brought by the 2003 Constitution, debates over the degree of financial autonomy for local communities and over compensations for the transfer of responsibilities have continued to rage. Clearly, the “double balance” rule for local budgets, which prevents local authorities from presenting operating budgets in deficit and borrowing to finance debt repayment, continues to play an effective educational and preventive role. However, it does not guarantee comprehensive control over expenditure levels, especially as various accounting techniques can limit its effectiveness.

The mechanism to control public spending resulting from the stability and growth Pact (1997) incorporates local finances into the calculation of the overall deficit of public finances. Consequently, measures aimed at improving this balance apply to all public bodies, including local authorities and community groups. Since the early 1990s, several systems have been introduced to control local expenditure and, simultaneously, ensure the predictability of resources for local communities. Recent health, economic, and financial crises have impacted these efforts. A compromise is needed to ensure real financial solidarity between public administrations.

Three conditions must be fulfilled to achieve this. Firstly, restoring open dialogue among stakeholders calls for a trust-based pact founded on reciprocal commitments that ensure its sustainability, equitable treatment of different communities and categories of communities, and the confident sharing of tools and data that are accessible to all.

Addressing major national challenges of public policies (ecological transition, public investment, etc.), which call for detailed coordination between state and local interventions, requires strengthened multi-year contracts between them, based on shared objectives and predictable funding.

Lastly, the financial interdependence between the central government and local communities is such that a new financial pact is required to ensure the sustainable recovery of public finances as a whole. Such a pact would specify the terms of participation of all public authorities in an effort to return to a sustainable trajectory over the long term.

Section two:

Sector-based analyses

1. Economic development skills of local authorities: rationalisation incomplete, greater oversight needed
2. Decentralised social policies: a need for enhanced coordination and funding reform
3. Construction, renovation, and maintenance of colleges: improving the coordination between the national education authority and the *départements*
4. Festivals and *régions*: the challenges of a shared policy in the performing arts
5. Household waste: a day-to-day challenge for local authorities, and a new challenge for the *régions*
6. An organisational structure ill-suited to the challenges of quantitative water management
7. Better coordination and prioritisation of local authority involvement in access to primary care

1. Economic development skills of local and regional authorities: rationalisation incomplete, greater oversight needed

Local and *régional* authorities contribute to the development of their areas by taking action in a variety of fields, such as training, innovation, digital access, transport, maintaining services in rural areas and improving infrastructure. This scope includes economic development, to which they contribute through direct or indirect business support measures.

Despite the decisions taken to clarify the economic development responsibilities of the various levels of local government, such clarification work has not yet been completed. The management of the policies implemented and the auditing of the aid issued must be improved. It is also the responsibility of local and *régional* authorities to develop an evaluation of the measures taken in order to measure their impact on businesses and the local economic fabric.

The unfinished task of clarifying skills

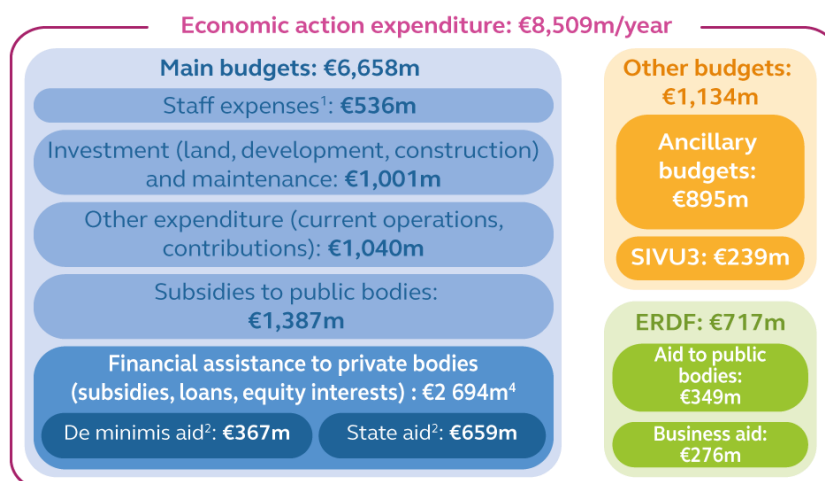
The MAPTAM Act of 27 January 2014 and the *NOTRe* Act of 7 August 2015 sought, among other things, to clarify the division of economic development responsibilities between local authorities.

However, the scope of this clarification has proved limited: while business support has since been the responsibility of the *régions* and land is now the responsibility of the EPCIs, tourism and trade (in the name of community interest), there are still areas of shared responsibility between the four tiers of local government. The law also authorises the *départements* to delegate or co-finance all or part of the aid.

Furthermore, the transfer of funding for economic development structures from the *départements* to the *régions* and EPCIs, which should have followed on from the abolition of the general competence clause for the *départements*, was only partial.

The Court of Accounts has estimated that local and regional authorities spent an average of €8.5 billion a year between 2014 and 2020 on financing economic development initiatives. On average, they account for 11 % of the total expenditure of the *régions*, 4 % of *municipal* spending and EPCIs and 2 % of the *départements*' expenditure.

Average annual economic development expenditure by local and *régional* authorities (from 2014 to 2020, in €m)

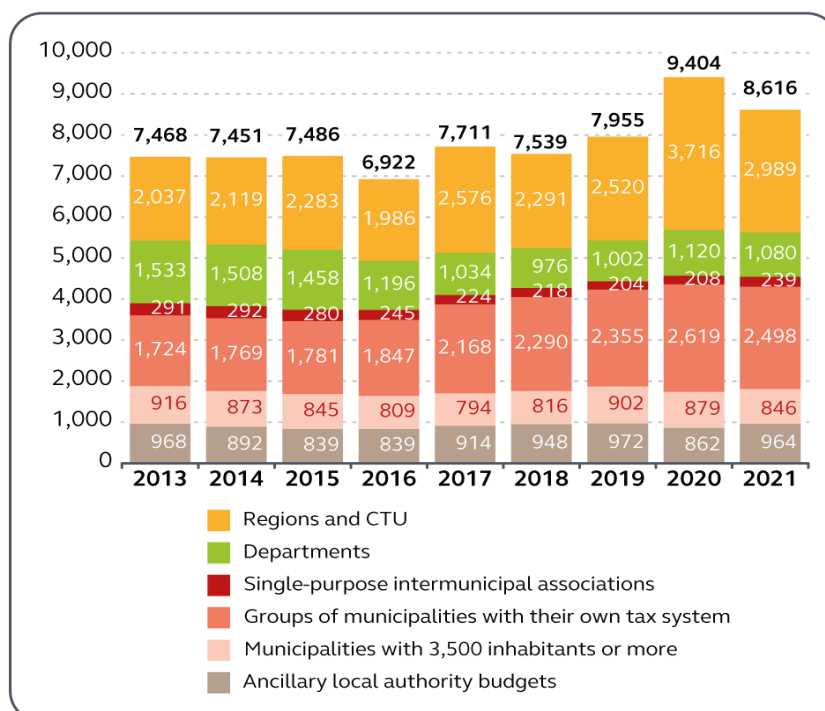


Source: Court of Accounts

Notes: (1) excluding regional staff costs. (2) aid excluding overseas regions. (3) SIVUs: single-purpose intermunicipal syndicates (4) As of 30 June 2022, 53% of the planned ERDF aid (€5bn) had been paid out, i.e. €2.7bn.

Over the period 2014-2020, the share of the *régions* and local authorities in total spending on economic development rose from 66 % to 80 % of the total, and the specialisation of their actions increased. As a result, local authorities now devote more than 40 % of their expenditure to land development work. The increase in the work of EPCIs has not been accompanied by a concomitant reduction in spending by *municipalités*, and spending by *départements* remains high (€1.08bn).

Trend in economic action expenditure by local and *régional* authorities from 2013 to 2021 (€m)



Source: Court of Accounts, based on available DGCL data from 2013-2021

Over the same period, the average annual amount of assistance to businesses, as defined by regulations⁷, amounted to €1.3 billion, representing 15.4 % of the economic work expenditure of local authorities. Expenditure allocated to business assistance is concentrated at the *régional* level, accounting for 87 % of the total.

Enhanced policy steering and aid auditing are required

The NOTRé law introduced two tools for structuring partnerships among local entities: the *Régional* Economic Development Scheme (SRDEII) and agreements or delegated powers for business assistance. However, even though they have in some cases improved the coordination of economic measures among regions, metropolitan areas, and intermunicipal authorities, the 2017-2021 SRDEIIs and agreements between local entities have not fully addressed the complexity of skills organisation.

Enhancing coordination among local entities is a crucial objective of the 2022-2026 SRDEIIs. The MAPTAM Act gave the regions the role of managing authority for the European *Régional* Development Fund (ERDF) from the 2014-2020 period, increasing the resources they earmark for economic development by at least 25 % (€5bn). In terms of aid to businesses, €1.9 billion was added to the €3.5 billion in state aid paid out by the regions.

The planning and management of the ERDF is part of a structured governance system, which in turn influences the strategic framework for the regions. Although the areas and methods of intervention (cross-functional or sectoral policies, support measures or aid to businesses) differ from one *région* to another, some devote a larger proportion of their expenditure to aid for innovation, in line with the characteristics of their economic fabric.

The work of the Organisation for Economic Co-operation and Development (OECD) has shown –and the investigation by the financial jurisdictions has confirmed – that it would be worthwhile to structure the partnership relations between local and regional authorities and the State to a greater extent, taking inspiration from good practice in the management of the ERDF and relying on the national leadership provided by the Agence nationale de la cohésion des territoires (ANCT) *régional* cohesion agency and the *Régions de France* association. It is also worth maintaining the methods of coordination between the State and local authorities that appeared to be the most effective during the implementation of PIA 4, the emergency plan and the stimulus plan (*SGPI, DGE*).

Local and *régional* government control of development structures (*régional* or *départemental* economic development or *régional* attractiveness agencies) is a strategic element in the management of expenditure, which can often be partial or superficial. However, a number of local authorities have taken steps to improve their performance, based on similar auditing procedures applicable to local public companies (SPLs). The “3DS” law of 21 February 2022 also enhanced the control of structures in the form of local public companies (EPLs) via local authority shareholders.

The monitoring of economic action expenditure is affected by shortcomings on several levels. Accounting practices do not allow amounts paid to companies to be separated from financial assistance to private individuals. The annual census of local authority aid to businesses, carried out by the *régions*, also has its limitations, and this will need to be rectified by the administration, in conjunction with the *régions*.

⁷ The European framework for state aid aims to ensure the incentive-driven and proportionate nature of public assistance and the existence of a market failure that prompts such public assistance. A simplified “*de minimis*” framework applies to aid involving lower sums.

The need to develop evaluation systems to measure the impact of aid on businesses

In 2022, the national public establishment that coordinates the network of chambers of trades and crafts (CMA-France) identified 2,100 business support programs implemented by both the State and its agencies, and also by local authorities.

This abundance reflects the *régions'* intention to diversify their tools (grants, financial engineering), tailoring them to the size of businesses, their stage of development (creation, growth, takeover-handover), and their sectors of activity. However, this diversity can be a source of complexity for project holders, hinder the dissemination of aid, and undermine its economic effectiveness.

With the exception of initiatives funded by the European *Régional* Development Fund (ERDF), the evaluation mechanism – which is essential for identifying market failures and choosing appropriate tools – is underdeveloped. Only four *régions* were able to provide the Court with a report on their SRDEII indicators.

The fragmentation of aid, the insufficiency of indicators and collected data, and the low number of conducted evaluations prevent a thorough assessment of the impact of business support. Streamlining programs and enhancing evaluations, drawing from the experience of managing European funds and expanding the responsibilities of *régional* audit chambers (which are now competent to contribute to policy evaluations) should be the subject of renewed effort on the part of *régions* to improve the transparency and accessibility of business support and ensure its economic effectiveness.

Audit recommendations

The Court of Accounts is making the following audit recommendations:

1. ensure the long-term viability of the coordination mechanisms between the State and local authorities that have proven most effective during the implementation of PIA 4, the emergency plan, and the recovery plan for steering economic development (*ministry of economy, finance, and industrial and digital sovereignty, SGPI, Régions de France, ANCT*);
2. ensure there is a reliable process for recording the aid provided by local authorities to businesses (*ministry of the interior and overseas territories, ministry of ecological transition and territorial cohesion*);
3. enhance monitoring and evaluation of the impact of aid on businesses (régions).

2. Decentralised social policies: coordination needs to be improved, funding mechanism needs to be reformed

Decentralised social policies refer to assistance and social action policies established for the benefit of vulnerable individuals; their implementation falls under the jurisdiction of local authorities within a national regulatory framework. Such policies account for approximately 10 % of the expenditures dedicated to social protection in France, amounting to €78 billion in 2020. Financial authorities have paid particular attention to policies implemented in favour of protected children, beneficiaries of the Active Solidarity Income (RSA), individuals with disabilities, and elderly individuals experiencing a loss of autonomy.

Incomplete decentralisation

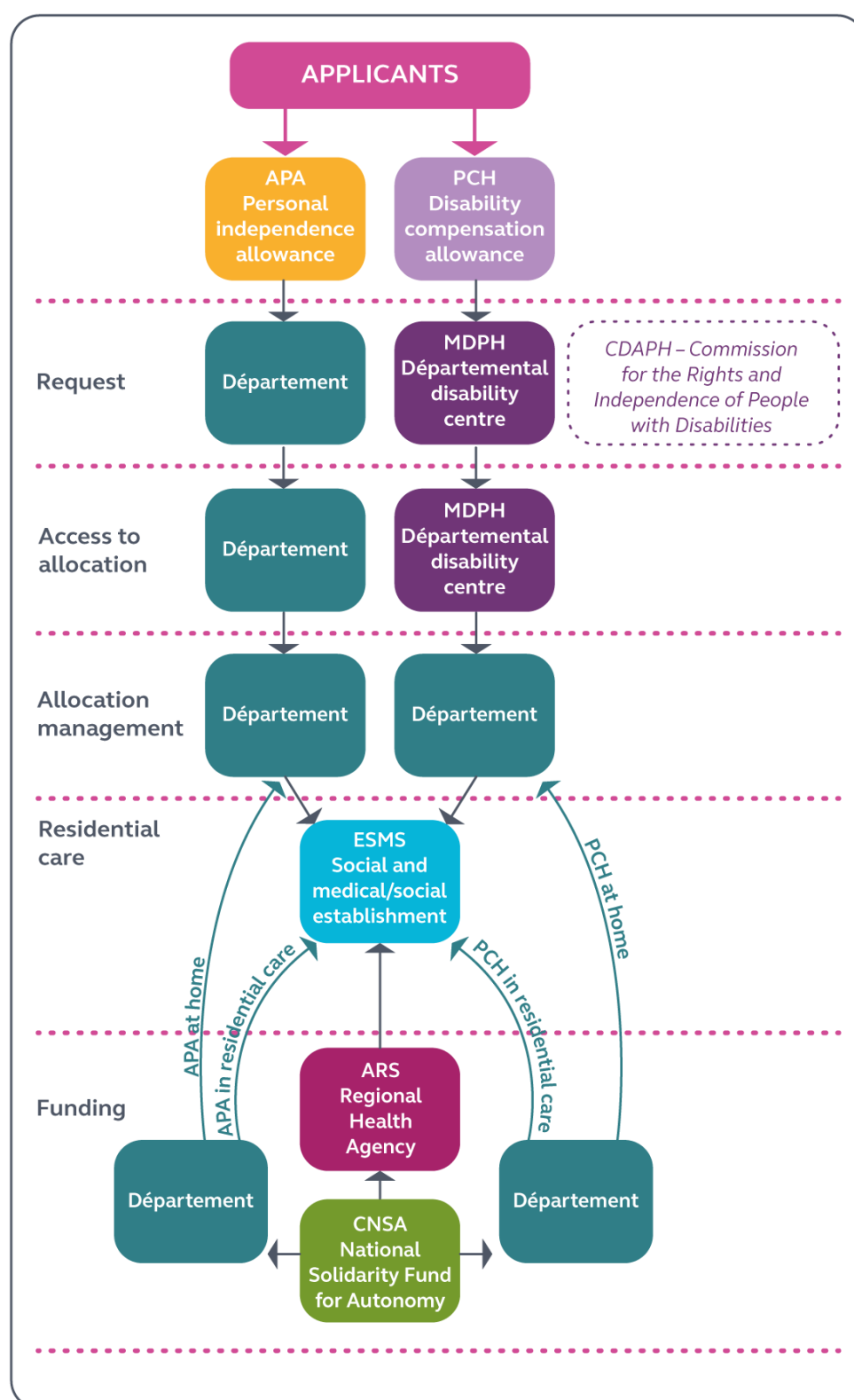
The decentralisation of social aid and action policies was intended to implement schemes for vulnerable groups as close as possible to the beneficiaries by entrusting the management of these policies to local authorities.

However, this decentralisation appears not to have been completed. From the outset, it has been marked by a tension between the national solidarity philosophy and the local policy philosophy implemented under the authority of the *départements*, which have been designated as the lead bodies for social action.

On the one hand, the State's intention is to retain a role in organising, financing and coordinating these various policies, and also being involved in implementing them, at the risk of blurring the division of responsibilities with local authorities where there is insufficient coordination between the national and local levels.

On the other hand, many stakeholders retain responsibility for social action alongside the departments, including other local authorities, branches of the social security system and government *départements* and operators. However, the coordination tools available to the *départements* are of limited practical use. In particular, the many planning and organisational measures devised by the *départements* are not binding upon the other stakeholders, and do not constitute the steering instruments they are supposed to represent.

An illustration of the tangled institutional landscape : The players involved in providing care for independent living



Source: Court of Accounts

These institutional and legal difficulties are compounded by weaknesses in management tools and information systems, which are geared more towards the payment of monetary benefits than towards the individual monitoring of beneficiaries and of the final results of these policies. They are also too rarely designed to produce harmonised and comparable

management data, although it is essential for analysing and comparing the work of the various stakeholders, improve their coordination, and monitor the pathways taken by beneficiaries to effectively assess the social impacts of these public policies.

To overcome the shortcomings of the planning tools, it would be desirable to achieve convergence between the various contractual approaches promoted by the State and to rationalise the plans of the *départements* by promoting a “plan contracts” model like the one which already exist at a *régional* scale between the State and the *régions*.

At state/*département* level, new planning documents could formally record the commitments of the partners around a set of objectives and resources implemented as part of a five- or six-year programme. The *départements* would be responsible for implementing and monitoring it, thus giving greater substance and authority to the concept of the “lead organisation”. Without affecting the freedom of decision of other local authorities, this planning would specify the framework within which they could apply for co-financing.

Conditions of care for the public and monitoring of disparities: a need for improvement

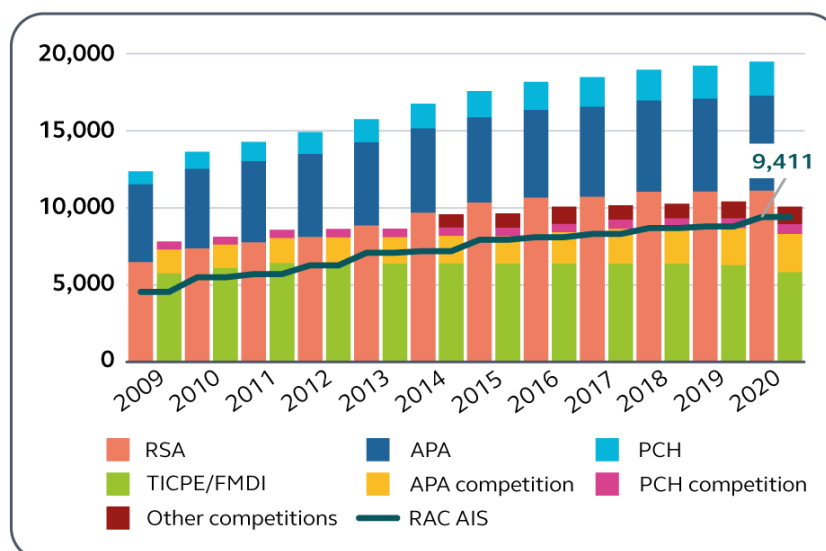
In terms of the quality of services provided, the results of decentralisation are mixed. The issues of accessibility and prevention of the non-use of social benefits remain significant, whose implementation is hampered by the compartmentalisation of strategies. Over and above the specific features of each of the social policies, the overall level of control over the time taken to provide care to beneficiaries remains inadequate, and there are too many breaks in the process.

There are also sharp local disparities concerning access to social services. These partly reflect the socio-economic and demographic differences between areas, and may also reflect local priorities. However, some of these gaps cannot only be explained away by socio-economic or demographic differences, and are of such magnitude that they raise the question of compliance with the principle of equal treatment of beneficiaries. In that perspective, the aforementioned limitations of information systems are an obstacle to analysing these territorial disparities and transparently comparing the public policy choices made by local authorities.

Dynamic expenditure, driven by individual solidarity allowances whose funding requires reform

Social spending by the *départements* has risen steadily, particularly as a result of the dynamic growth of the main individual solidarity allowances (AIS) – the RSA, the Personalised Autonomy Allowance (APA) and the disability compensation allowance (PCH) – which now account for almost half of the global amount of the spending, totalling almost €20bn. The increase in these expenses has been much faster than the increase in the resources historically intended to finance them, leading the *départements* to use part of their other resources for this purpose: in 2020, the historical coverage rate for AIS was 52 % and the gap not financed by specific transfers represented €9.4bn, whereas the total operating expenses of the *départements* were €57bn and their gross savings were €7.85bn.

Changes in AIS expenditure and the revenue allocated to finance it for the period 2009-2020



Source: Court of Accounts

NB.: RAC = reste à charge (remaining payable borne by the départements' budgets)

Although this situation is in line with the constitutional principles governing decentralisation, it is nonetheless being contested by the départements. However, the trend in AIS expenditure will continue to be upwards, due to foreseeable changes in underlying socio-demographic factors. As this is a very specific form of expenditure, based on national support for the most vulnerable members of society, it requires a clear and sustainable funding, meaningful and appropriate to this dynamic. This would also eliminate a long-standing dispute between the State and the *départements*.

Audit recommendations

The Court of Accounts is making the following audit recommendations:

1. reform the system for funding the three main individual support allowances (AIS) by introducing a social action grant allocated on the basis of recorded expenditure, contractual targets and a target for expenditure to be borne by the *départements* from other resources (*ministry of solidarity, autonomy and the disabled, ministry of labour, full employment and integration, ministry of public accounts, ministry of local and regional authorities*);
2. rationalise the various planning tools around four more prescriptive departmental plans (mother and child protection; anti-poverty and inclusion measures; independent living; disability), adopted jointly by the presidents of the *départemental* councils and the representatives of the State, and involving the main partners in their preparation and monitoring, under the responsibility of the *départements* (*ministry of solidarity, autonomy and the disabled, ministry of health and prevention, départements*);
3. define national data repositories for the main social assistance schemes, enforceable against publishers, with a view to making the *départements'* information systems compatible with each other and improving the interoperability of tools (*ministry of solidarity, autonomy and the disabled, départements, National social fund for independent living - CNSA*).

3. Construction, renovation and maintenance of colleges: better coordination of initiatives from the French Ministry of Education and the *départements*

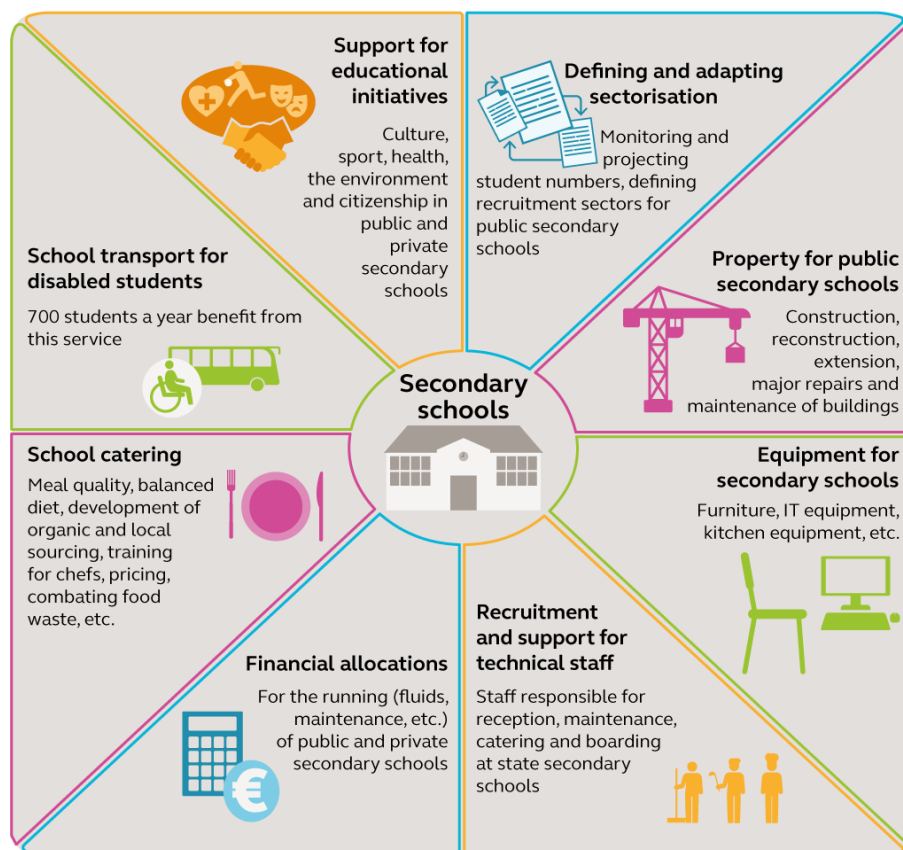
The decentralisation laws of 1983 and 1985 established a division of responsibilities for secondary schools based on simple principles: the State is responsible for teaching, while the *départements* are responsible for the physical environment and the management of the staff responsible for this. Since 1st january 1986, the management of secondary school buildings has been the responsibility of the *départementales* authorities.

Despite a proactive policy on the part of the *départements*, property management measures in secondary schools suffer from major *régionales* inequalities. The process of co-construction that should guide the exercise of shared responsibilities needs to be further consolidated to enable the public sector to adapt to the needs of 21st-century education.

Major inequalities remain

Today, the *départements* are responsible for a wide range of initiatives that go beyond their statutory remit (for example, funding educational projects, allocating transport subsidies for school outings, providing students with digital tools, etc.). As a result, their financial commitment has steadily increased: having spent 4.1 billion francs on *collèges* in 1986, the equivalent of €1.1 billion (in 2020 euros), this amount has more than quintupled to €6.2 billion in 2020.

Work by the *départements* in the secondary schools sector



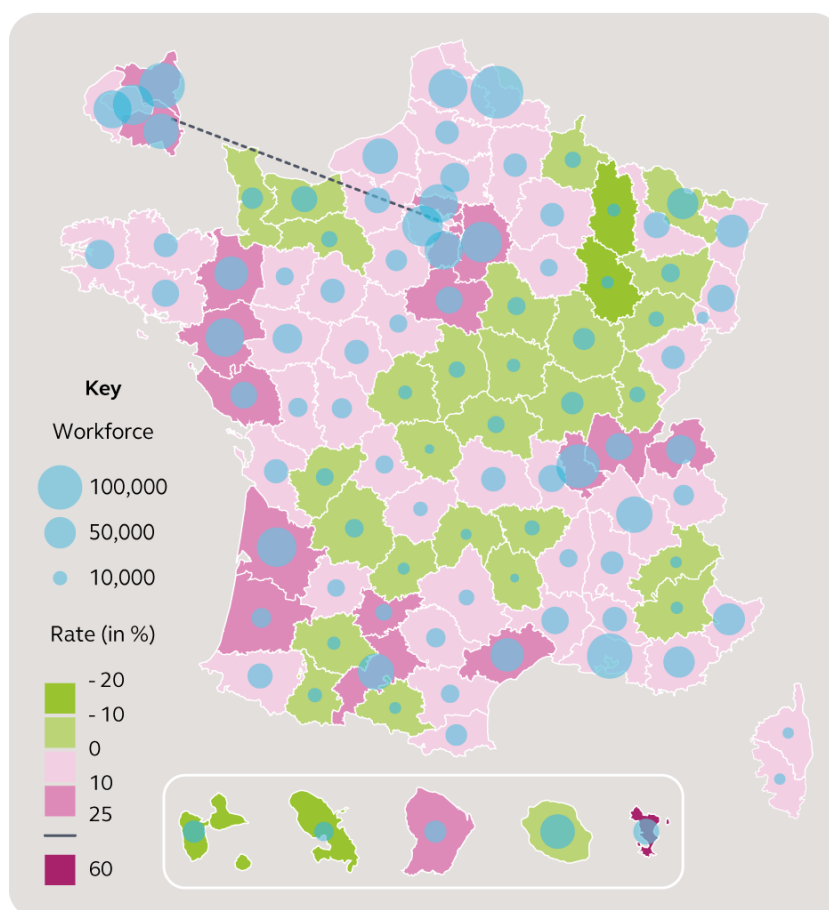
Source: Court of Accounts

However, the proactive policies they are pursuing are marked by the persistence of major inequalities, which make it impossible to offer all secondary school students the same material schooling environment. Some *départements* have less room for manoeuvre due to their geographical and demographic characteristics, the state of their existing housing stock and their reduced financial capacity. For example, a secondary school student in the *Ardennes* annually receives equipment of an average value of €98, compared with €1,311 for a secondary school student in the *Côtes-d'Armor*. The national average is €654 per secondary school student per year.

To help the *départements* cover these new costs, the State has introduced a system of financial compensation through an increase in the general decentralisation grant (DGD) for operating costs and the allocation of the *départemental* grant for equipment to secondary schools (DDEC) for investment. These allocations can be supplemented by the introduction of specific schemes (stimulus plan, programmes run by the *Banque des territoires*, the *Agence de l'environnement et de la maîtrise de l'énergie* and the *Agence nationale pour la rénovation urbaine*, etc.), over which the ministry of education has relatively little control.

However, from 2008 onwards, the DDEC has been flat-rated, meaning that its amount is now unlinked from changes in student numbers and the floor area of school buildings. This system penalises *départements* with growing populations and the most socially disadvantaged, and benefits those with declining student intakes.

Situation in 2020 and changes between 2010 and 2020 in the distribution of secondary school students in mainland France and overseas territories



Source: Court of Accounts

Co-construction of public services requires consolidation

The education Code gives the State the role of allocating resources and regulating on a national scale “*in order to ensure, in particular, equal access to the public service*”. However, there are limits to this objective of uniform deployment, as evidenced by unequal access to digital services and resources, as already deplored by the Court of Accounts in a 2019 report⁸.

At local level, the effectiveness of the co-construction process for the public education service depends on constant consultation between the State – which is responsible for teaching, curricula and education – and the *départements*, which are responsible for buildings, equipment and logistical services. A number of key issues, such as improving the state of sanitary facilities, enhancing accessibility and making buildings safer, show that there is real scope for progress. In order to introduce genuine synergy between the various players, management, dialogue and steering methods must evolve, to ensure closer relationships and greater flexibility between the ministry of education and the departments.

The school map, which assigns each student to a state school according to their place of residence and is based on a joint exercise between the *départements* and the national education authority, represents a means of promoting new dynamics in terms of *régional* planning and social diversity in secondary schools. However, little use is made of this instrument. Many *départements* are reluctant to take the decision to create or close schools, as this is a highly strategic public policy issue at a *régional* level. Faced with this situation, there is a need for more in-depth discussions between the *départements* and State services, particularly in areas with declining populations or highly segregated schools.

Adaptation to the needs of the public education service in the 21st century is required

Consideration of environmental issues in the management of school buildings has become essential, both to meet energy-saving targets and to tackle climate change. The postponement by a few days of the *brevet des collèges* examination in June 2019 due to the heatwave, and more recently the closure of schools following episodes of extreme heat in June 2022, have revealed the inadequacy of most establishments and shown the extent to which the quality of the building can have an impact on students and their education.

The necessary adaptations are costly and sometimes difficult to implement. To encourage local authorities to take this approach, the government needs to review its policy for allocating financial support for investment projects in secondary schools, so as to make it more contingent upon consideration of these environmental issues.

A new concept of what a secondary school should be is gradually emerging, advocating a spatial organisation that is conducive to a calm school climate and new teaching practices. Steps are also being taken to open up secondary schools to the outside world, in order to make optimal use of school premises as public facilities and allow wider access to the public outside school hours.

In light of such developments, the State – while accepting the diversity of interventions by the departments inherent in the decentralisation process – must not fail to use its regulatory powers to guarantee the deployment of the national public education service throughout the country.

⁸ Court of Accounts, *Le service public numérique pour l'éducation, Un concept sans stratégie, un déploiement inachevé*: themed public report, July 2019.

Audit recommendations

In this respect, the Court of Accounts makes five recommendations:

1. ensure effective inter-ministerial consultation between the general secretariat of the ministry of national education and youth and the ministry of the interior and overseas territories (Directorate-general for local authorities) on the allocation of financial support for school infrastructure (*ministry of national education and youth, ministry of the interior and overseas territories, ministry of ecological transition and territorial cohesion*);
2. make State financial support conditional on investment projects for secondary schools that improve energy efficiency and compliance with environmental standards (*ministry of the interior and overseas territories, ministry of ecological transition and territorial cohesion*);
3. reinforce equalisation in the calculation of the DDEC in favour of the *départements* with the greatest needs (*ministry of the interior and overseas France, ministry of ecological transition and territorial cohesion*);
4. systematically include objectives and priorities relating to property investment for secondary schools in tripartite contracts between establishments, *académies* and *départements* in order to improve the coordination of public policies between the ministry of national education and youth and the *départements* (*ministry of national education and youth*);
5. automatically involve the *départements* when designing or revising special safety plans (PPMS) (*ministry of education and youth*).

4. Festivals and *régions*: the challenges of a shared policy in the performing arts

Over the last 40 years, France has seen a huge increase in the number of festivals. In one area – culture – that is not a decentralised policy but is shared between all public stakeholders, with no clearly designated leader, this growth has mainly been the result of support from local authorities, which has helped to rebalance access to cultural offerings across the country. It does, however, highlight the need to reform the governance of organising structures to make them more rigorous in terms of democratic public access, and to improve cooperation between the State services and the relevant local authorities.

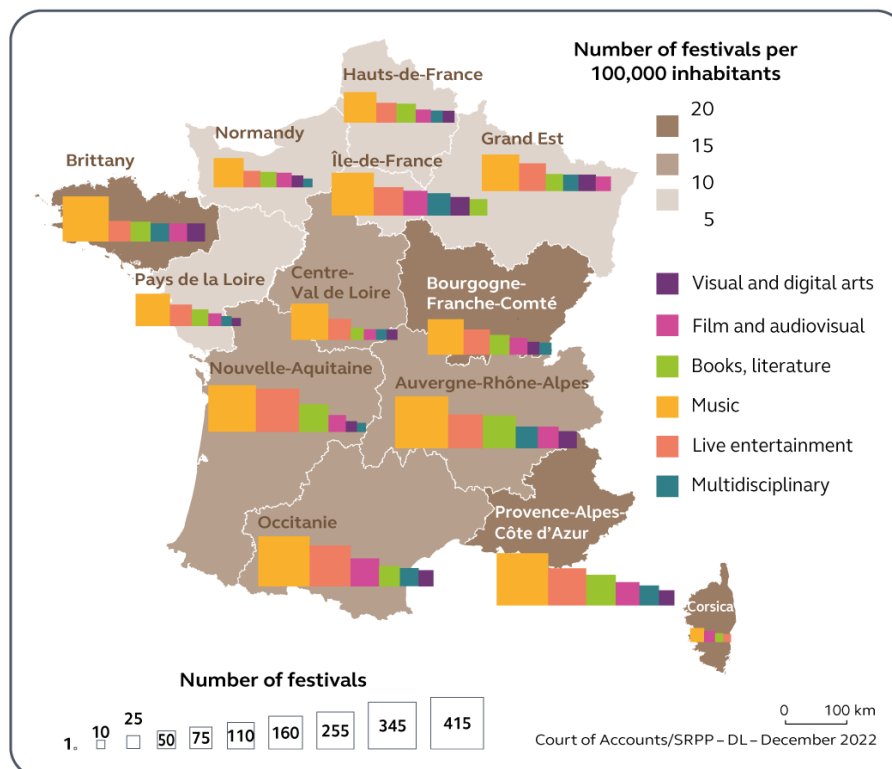
A large-scale cultural initiative, supported mainly by local and *régional* authorities, which has helped to rebalance access to cultural offerings

According to a recent count by the ministry of culture, there were 7,282 festivals in France in 2022, almost four times as many as 20 years previously. Live performance festivals account for almost three-quarters of the events listed: music festivals represent around 45 % and theatre, dance, street arts, circus arts, storytelling and comedy festivals almost 30 %.

Despite the fact that the government increased its support for live performance festivals during the covid 19 crisis, their growth was mainly the result of the support they received from local authorities. Cultural action is an important part of local development and the attractiveness of a *région*. As a result, the effort made by local and *régional* authorities, which is estimated at over €300m per year (excluding expenditure in kind in the form of premises, technical facilities and human resources), is at least six times greater than that made by central government (€50m in 2022).

This dynamism has helped to rebalance access to cultural offerings across the country.

Distribution of festivals in France (2019 data)



Source: Court of Accounts, based on ministry of culture data

Better coordination between local authorities and the State: the need for concerted and rigorous governance

The survey carried out by the Court of Accounts and three *régional* audit chambers among a sample of eight performing arts festivals organised in the *Grand Est*, *Nouvelle-Aquitaine* and *Provence-Alpes-Côte d'Azur régions*, as well as the State departments responsible for defining and implementing national policy in support of the performing arts, showed that modernising and strengthening the governance of the structures hosting these events was a major challenge.

Beyond the diversity of their statutes, the governance of the festivals in the sample has one thing in common: it is insufficiently shared between the relevant stakeholders. The survey also highlighted the need to improve the formal process of signing agreements and ensure more rigorous monitoring of the objectives pursued.

For this reason, the central government must ensure that the support it wishes to continue providing – and to a few festivals with a national and international reputation in particular – contributes to its objectives of supporting artistic creation and making culture available to all. The ministry of culture must endeavour to focus its support on festivals that either make a strong contribution to these objectives, or are committed to developing initiatives along these lines. It also has a responsibility to ensure that the organisers of these festivals uphold the principles of good governance, that their cultural projects are formalised, and that it takes a rigorous approach to measuring the results of their work.

Audit recommendations

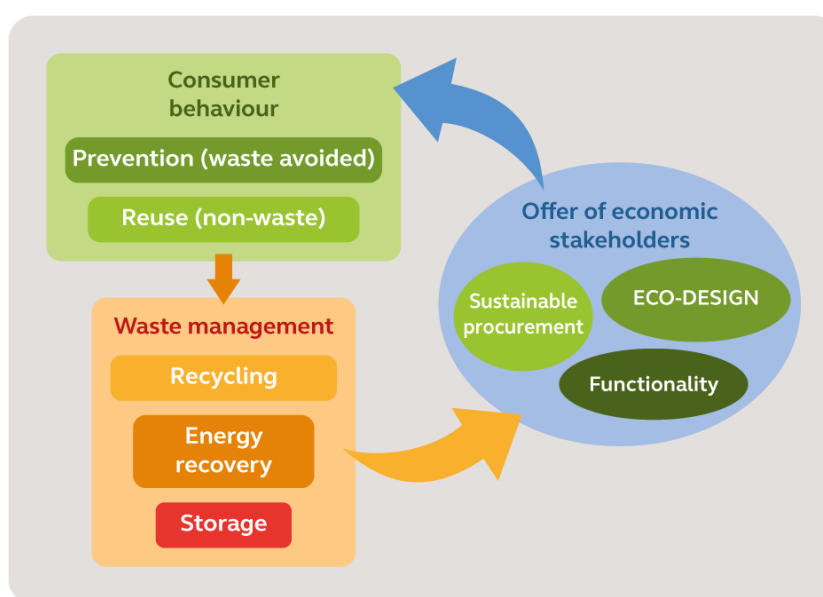
The Court of Accounts makes the following recommendations to the ministry of culture and the local authorities concerned:

1. further research into the financial and in-kind resources involved in festivals in order to understand the actual effort being made by local authorities, and the economic spin-offs (*ministry of culture*);
2. better formalise the objectives expected of each festival that receives public funding through means including steering tools and multi-year contracts (*ministry of culture and local authorities*);
3. measure the effects of measures taken by festivals to appeal to the widest audiences (*ministry of culture and local authorities*);
4. make State aid more contingent upon requirements for creation, mass cultural appeal and digital distribution (*ministry of culture*).

5. Household waste: a daily challenge for *intermunicipal* authorities and a new challenge for the *régions*

Household and related waste, which is essentially the municipal waste produced daily by households, is mainly collected door to door. France is not one of the more advanced European countries when it comes to controlling the volume of waste (582 kg per inhabitant per year) or recycling it. The as-yet unsorted half of this waste, representing 249 kilos of residual household waste (RHW) per inhabitant per year, could be recycled if the targets set by the legislative and regulatory framework establishing a so-called “circular” economy were met.

Hierarchy of treatment methods and circular economy



Source: Court of Accounts

Public establishments for *inter-municipal* cooperation (EPCIs) are required to have the full range of powers of the public waste management service (SPGD). In most cases, they are directly responsible for waste prevention and collection, and outsource waste treatment (which involves transporting, sorting, recycling, incinerating and burying waste) to treatment associations operating on a wider geographical scale. The State and the *régions*, meanwhile, operate mainly through planning and co-financing tools.

Inter-municipal authorities called upon to promote prevention and sorting to citizens

Since the best waste is waste which is not produced in the first place, consumers are encouraged to buy goods that are more durable, produce less waste or are easier to recycle and repair. To facilitate this development, the State and local authorities can improve the means at their disposal (eco-contribution paid by companies, reuse network). A number of *régions* have been able to significantly reduce the amount of waste they produce by taking part in innovative national initiatives such as the *Territoire Zéro Déchet Zéro Gaspillage* (Zero Waste *Région*) programme, the Regal network for combating food waste, and the creation of shops selling items in working order that have been taken to waste collection centres.

In cases where waste production cannot be avoided, improving the quality of sorting should help to improve its management. The selective sorting of bio-waste is a major challenge in this respect: by 31 december 2023, every citizen must have access to a solution that enables them to avoid throwing away their bio-waste, which still accounts for a third of household waste. Successful experiments in local shared composting already exist, even in dense urban areas. Local authorities were also required to allow users to put all packaging made of plastic (bottles and flasks, as well as pots, trays, film, tubes, etc.) in their yellow bins and sorting bins by 1st january 2023 at the latest. However, this deadline was not met everywhere in the country.

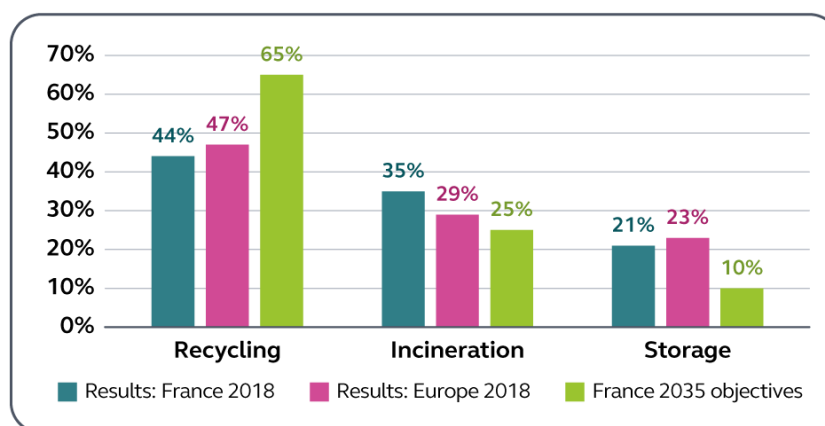
To get taxpayers to finance these initiatives, the household waste collection tax – calculated on the basis of property rental value – is still the predominant method of financing, even though it is not linked to the quantities of waste produced by users and therefore has no incentivising effect on volumes. However, the effectiveness of incentive-based pricing has been confirmed: according to *Ademe*, it can reduce the quantity of household waste by 41 %.

Departmental treatment syndicates face the challenge of modernising facilities

The waste treatment industry is currently undergoing a period of intense modernisation. Storage facilities have already been upgraded. However, sorting centres need to be modified and automated to ensure that plastic and organic waste is sorted at source, the number of composting and anaerobic digestion facilities needs to be increased, and energy recovery facilities need to be modified to meet new European standards.

We still have a long way to go to reach the treatment levels of the most advanced countries, such as Germany, Austria, the Netherlands and the Scandinavian countries; and most importantly, to achieve the targets set by France's environmental Code.

Current situation and targets for household waste outlets



Source: Court of Accounts, based on Eurostat data

This necessary change requires operators to reach a sufficient size to achieve economies of scale and to benefit from pooled operating and depreciation costs.

However, the treatment associations have neither the financial and technical capacity nor the geographical scope to cope with such modernisation investments, manage them and distribute them across France in a way that ensures a good balance between local support and efficient management of waste flows.

The regions: key players in supporting treatment associations

Since the law of 10 february 2020 on the fight against waste and the circular economy (known as the “AGEC law”), the regions have had a role in planning, running and coordinating EPCIs and treatment groupings. They provide technical assistance and track quantified targets

through their *régional* monitoring centres. However, to date, the *régional* plans are not specific enough to meet the need for a modern, coherent network of treatment facilities.

The *régions* could improve these plans; for example, in their monitoring of eco-organisation targets in their areas. They could also increase their involvement in the co-financing of treatment facilities using the “heat” (energy transition) and “circular economy” funds, currently managed by *Ademe* and intended to support the restructuring of industrial treatment facilities, that were recently delegated to them.

The *régions* need to assert their role as planners, facilitators, coordinators and co-funders of circular economy players by taking advantage of the option offered to them by law of requesting this delegation of *Ademe* funds.

Audit recommendations

The financial authorities therefore make the following recommendations:

1. in 2023, entrust *régional* waste management and prevention monitoring centres with the task of tracking the implementation of national objectives by *inter-municipal* bodies (*ministry for ecological transition and territorial cohesion, régions*);
2. make the use of contracts between eco-organisations and the *régions* standard practice, thus ensuring that the national objectives for these sectors are implemented at *régional* level;
3. incorporate the delegation of *Ademe* funding for energy transition and the circular economy into each State-*région* plan contract (*ministry for ecological transition and territorial cohesion, régions*).

6. An organisational structure that is unsuited to the challenges of quantitative water management

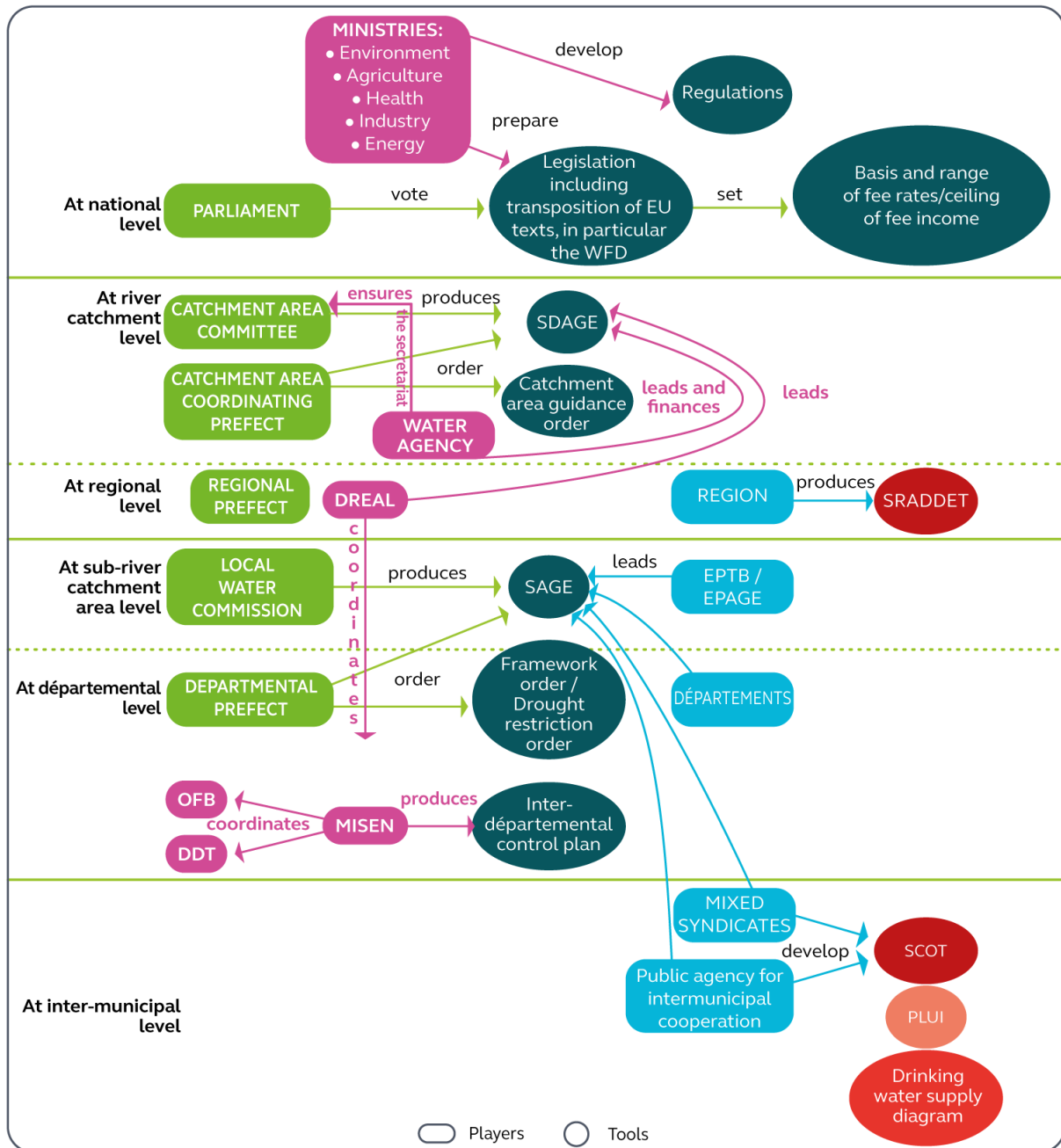
The summer of 2022 reminded us all that climate change is challenging the way we use water, in France and around the world.

For a long time, water was considered to be an almost inexhaustible resource, making it possible to satisfy all the needs of households and the economy. The deterioration in its quality as a result of human activity, and its increasing scarcity as a result of climate change, have prompted European and national policies to consider it as part of a common heritage that requires protection. This tension between exploiting a resource and protecting a heritage asset lies at the heart of water management policy.

In France, water policy has long been decentralised. For over two centuries, local authorities have been responsible for supplying the population with drinking water. However, the State also plays an important role in this area; for example, by structuring and enforcing water policing, which is entrusted to its decentralised *départements* (the *Régional* Directorates for the Environment, Planning and Housing and the *Départemental* Territorial Directorates) and to the French Biodiversity Office. However, the overall consistency of its work is compromised by the fact that the three ministries responsible (environment, agriculture and health) work to different sets of priorities, and that their differences have never really been overcome.

Furthermore, the mismatch between administrative boundaries and the geography of water catchments and sub-catchments is an inescapable reality, forcing the State and local authorities to set up numerous coordination bodies. This requirement increases the complexity of the task of governing water policy and does not facilitate its implementation on the ground, within the framework of the master plans for water development and management (*Sdage*).

Simplified introduction⁹ to water governance



Source: financial jurisdictions

Misen: interservice mission for water and nature; EPCI: intercommunal public cooperation establishment; SradDET: régional scheme for planning, sustainable development, and territorial equality; Scot: territorial consistency scheme; PLUI: intercommunal local urban planning.

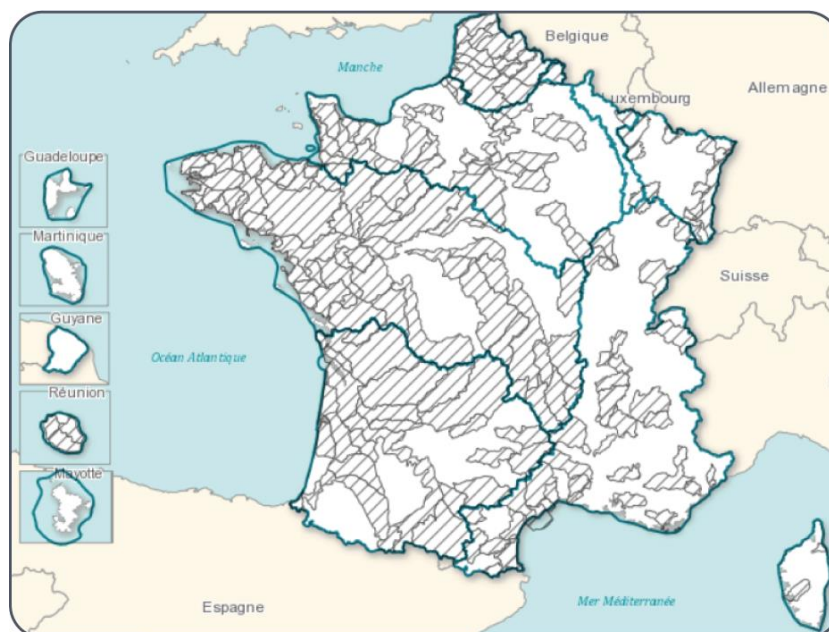
Drawn up at water catchment area level, the Sdage master plans are adopted by catchment area committees representing all stakeholders. They are ordered by the catchment area coordinating prefects, and set the guidelines to be implemented over six-year periods. Together with local authorities and European funds, the water agencies, public establishments of the State, finance the action programmes that implement the Sdage guidelines in practice.

⁹ To make it easier to read, the diagram does not list all the players involved in water policy (for example, the municipalities, some of which continue to exercise jurisdiction over water and sanitation on a provisional basis) and the tools used (for example, *régional* water management plans, *régional* operational action plans, etc.), nor does it take into account the specific features of the organisational structure in *Île-de-France*, Corsica and the French overseas departments and territories.

They are also responsible for collecting fees, the basis, rate and ceiling of the annual income from which are voted by Parliament.

Despite increasing tensions, water development and management master plans and accompanying action programmes exist in all water catchment areas. Yet almost half of the sub-catchment areas are not covered by a water development and management plan (*Sage*), even though the preparation of such a plan is a prerequisite for the practical implementation of the *Sdage* guidelines. Where they do exist, the content of these plans is not always satisfactory due to the average time taken to draw them up, which is close to ten years, the age of the data on which they are based and the lack of targets for reducing water consumption.

Sage boundaries (hatched areas) currently being implemented or drawn up



Source : <https://cartograph.eaufrance.fr/donnees/359971/2018>

The transfer of responsibility for aquatic environment management and flood prevention (Gemapi) to public *inter-municipal* cooperation bodies (EPCI) has not improved the situation: resistance to this reform has led to the postponement of its implementation. In addition, as the geographical area covered by the EPCIs does not match the water catchment areas either, it is necessary to create public establishments for water development and management (*Epage*) or public territorial establishments for catchment areas (*EPTB*) so that a coherent policy can be implemented at the appropriate scale (at water catchment area level). Much remains to be done to ensure that this organisational structure, which must be promoted by the State administration, is introduced throughout the country.

The effective implementation of water management policy requires the support of the general public. Local water commissions are the place where this democratic process operates. However, such commissions have not always been established, particularly where no area development and management plan has been drawn up. In addition, local water commissions often lack the resources to carry out their work, prompting the financial jurisdictions to recommend that they be attached to *Epages* or *EPTBs*, while at the same time upholding their independence. Finally, to ensure consistency between water policy and local planning and economic development policies, local water commissions should always be consulted on the main planning documents, *régional* plans for development, sustainable development and territorial equality (*SRADDET*), territorial coherence plans (*SCoT*) and *intermunicipal* local urban plans (*PLU*).

All in all, the intertwining of the responsibilities of the State and local authorities is detrimental to the effectiveness of water management policy. Although its implementation

since 1964 has made it possible to ensure the supply of drinking water to the public and to reduce a degree of pollution in aquatic environments, it will not make it possible to achieve the objective of restoring the good status of water bodies by 2027, the deadline set at European level. Nor does this interweaving help citizens to understand the division of roles between the decision-makers.

More effective decentralisation of powers would make it possible to increase the responsibility of the various stakeholders in managing this essential public policy and make it easier for the general public to understand.

Audit recommendations

The Court of Accounts therefore makes the following recommendations to the ministry of the interior and overseas territories and the ministry for ecological transition and territorial cohesion:

1. promote the development of water development and management plans in each sub-catchment (2024);
2. promote, in all *régions*, the creation of public water development and management establishments and public territorial catchment area establishments to encourage integrated water management at the level of a sub-catchment or a consistent group of sub-catchments;
3. attach local water commissions to public water development and management establishments or public territorial catchment area establishments and give them an enhanced role, while at the same time ensuring their ability to act and their independence.

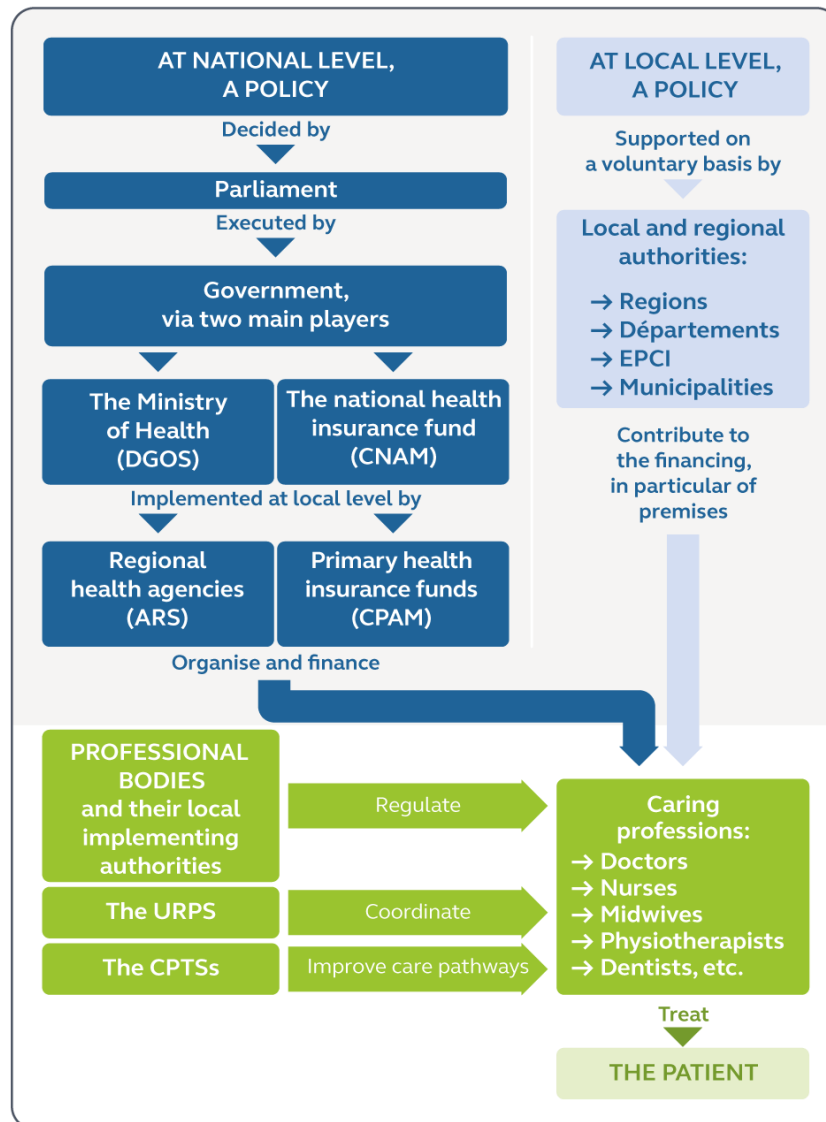
7. Improve coordination and prioritisation of local authority involvement in access to primary care

Longer appointment times, difficulties in finding a “general practitioner”, lack of on-call doctors: there are many and varied difficulties in accessing local healthcare not only in many rural areas, but also in suburban areas and even urban centres. These are largely due to shortcomings in the organisational structure of primary care and the lack of available healthcare professionals.

Like healthcare policy, the reduction of social and territorial inequalities in healthcare is the responsibility of the State, which delegates part of its implementation to health insurance organisations. However, local authorities also have a margin for action, recognised in particular by the law of 23 february 2005 on the development of rural areas, which authorises them to take action to support the establishment or retention of independent health professionals in cases where access to medical care is recognised as being below or close to the national average. More than two-thirds of the population of France is likely to benefit.

The survey carried out by the Court of Accounts and ten *régional* audit chambers, which examined 45 *régions* or local health policies, shows the ambivalent nature of such initiatives, the net value of which can be estimated at €150m per year. Although not very significant compared with the expenditure by the State (€1bn) and the *Assurance Maladie* health insurance fund (around €30bn) on primary care, initiatives funded by local and *régional* authorities to improve access can be relevant if they work alongside the medical projects drawn up by healthcare professionals and form part of a consistent regional plan. Conversely, they are not very effective when dispersed and fragmented. Changes are therefore needed to better integrate local aid into the national strategy.

Primary care access policy stakeholders



Source: Court of Accounts

Initiatives are useful, but still often scattered and ineffective

MSPs (*maisons de santé pluriprofessionnelles*, “multi-professional healthcare centres”) bring together independent healthcare professionals within the same legal structure and, with some exceptions, in the same physical place. Constructing such centres is one of the most common ways in which local authorities aim to increase or maintain GP activity in their area, usually through co-financing measures involving all levels of government: *régions*, *départements* and *intermunicipal* or local authorities.

The survey showed that the results of such measures were only positive in cases where the aid supported a solid medical project and effective commitment by healthcare professionals. In areas where the density of self-employed doctors is very low, the use of salaried doctors – particularly in health centres managed on a self-employed basis – can also provide an effective response to local needs.

It also shows that, despite significant investment aid from local authorities, the impact of multidisciplinary health centres on primary care provision is often limited. In some cases, coordination between professionals is increasing, but is failing to create a more global dynamic to improve access to care. In addition, there are many projects for which local authorities

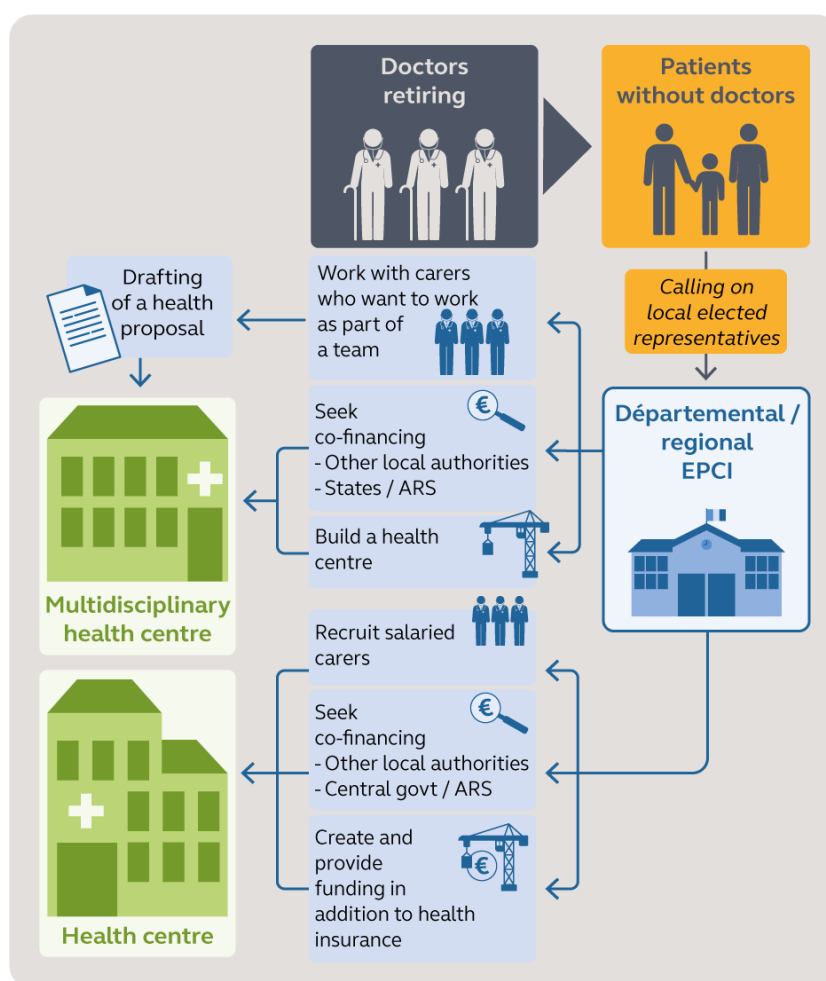
confine themselves to the role of funder (with aid from other local authorities, departments and regions, and the State), without having access to any monitoring indicators.

There is a wide range of other types of involvement by local and *régional* authorities. For example, these take the form of study grants, allowances for trainees, and even direct individual aid for the establishment or retention of professionals in areas where there are various shortcomings in access to primary care. Often, however, little is known about these various forms of assistance, and they are therefore little used.

The largest amounts of aid are targeted at supporting hospital equipment and training establishments for paramedical professionals, rather than primary care.

The survey also showed that health centres run by local authorities paid too little attention to management balances. The number of daily consultations billed per doctor is often insufficient, and doctors do not always take part in evening or weekend duty.

Process for setting up multidisciplinary *maisons de santé* and health centres



Source: Court of Accounts

Changes needed for better incorporation of local aid into the national strategy

This mixed record means that corrective measures are needed, at a time when inequalities in access to healthcare are becoming increasingly unacceptable. The risk is that patients will be excluded from care, and that the regions at risk of becoming medical deserts will spiral into decline.

The first step would be to refocus local authority support on investment into property and equipment. This development is especially necessary given that the deployment of medical time-sharing measures, with the establishment of new medical assistants or the inclusion of advanced practice nurses (IPAs), is hampered by a lack of available premises. In some areas, setting up health centres can be an effective solution, possibly on a temporary basis, but it also requires suitable premises.

A second change would be to involve local and *régional* authorities more closely in identifying the practical difficulties encountered by patients, by defining indicators and action plans that focus on the demand for care (with regard to GPs, outpatient care (PDSA), unscheduled care, home visits, etc.). A resource already exists, the local health contract (CLS), but it is underused and not ready for operational deployment. Its implementation should therefore be encouraged under the aegis of the ARS. To this end, the possibility of financial support from local and *régional* authorities could be made conditional on the signing, or at least the investigation, of a CLS contract at supra-*municipal* level (at the level of each EPCI or other inter-municipal grouping structures).

In this respect, the forms of intervention proposed by local and *régional* authorities, which are still relevant, would contribute more effectively to the national strategy of “*transforming healthcare provision*”, which is aimed precisely at gradually rolling out a graduated range of services in all areas, starting with effective primary care that is accessible to as many people as possible.

Audit recommendations

The Court of Accounts makes the following recommendations to the ministry of health and prevention, the ministry of the interior and overseas territories and the ministry of ecological transition and territorial cohesion:

1. refocus local authority support for establishing and retaining healthcare professionals on investment in property and equipment;
2. plan and coordinate at *départemental* level – for example, within the coordinated practice commission – in liaison with the EPCIs, the creation and adaptation of premises for coordinated and shared delivery of care;
3. set up a committee within the regional health councils responsible for identifying practical difficulties in accessing care (with regard to GPs, the PDSA, unscheduled care, home visits, medical/social establishments, etc.);
4. make the possibility of financial assistance from *municipalities* and EPCIs contingent upon the signing of a local health contract, drawn up at a supra-municipal level (EPCI in particular) and identifying, among other things, difficulties in access to healthcare (based on indicators defined at national and *départemental* level);
5. clarify, for local authorities running a health centre or delegating management to a not-for-profit operator, the legal option of offering doctors remuneration based partly on activity.

General conclusion

General conclusion

The decentralisation laws and the decrees issued to implement them between 1982 and 1986 marked a historic break with the centralising tradition that had prevailed in France up until then. This body of legislation and regulations, subsequently referred to as “Act I” of decentralisation, was intended to do nothing less than *“put an end to a centralised system, radically alter the distribution of powers between the State and local authorities, give those local authorities control over their future and bring the administration closer to the people”*¹⁰.

The transfer of executive functions from the representatives of the State to the presidents of the *départements* and *régions*, and the replacement of the supervision of local authorities by prefectural oversight with mechanisms for monitoring the legality and budgetary control of local authority acts, have radically altered the foundations of the territorial structure of the Republic. In line with the objectives set, the many transfers of power that have taken place have been carried out in areas of public action that directly affect the daily lives of our fellow citizens.

Forty years after the first decentralisation laws, the Court of Accounts and the *régional* and territorial audit chambers wanted to take stock of the current situation and compare the initial ambitions of decentralisation with the real-world results, in terms of services provided to the public and to businesses. The financial jurisdictions have sought to illustrate their institutional and financial analysis of decentralisation with practical examples, drawn from an examination of its implementation in a number of areas of public action shared between the State and local authorities.

At the end of this analysis, it appears that the first two phases of decentralisation, from 1982 to 1986 (Act I), then again in 2003 and 2004 (Act II), did indeed result in major transfers of powers and the enshrinement of the main principles of decentralisation in the Constitution. However, our country is still marked by a strong tradition of centralisation, which is reflected in the lower proportion of local public spending in GDP compared with our neighbours – even though this has risen sharply – and in the persistent intervention of the State in many areas of public action, despite the reduction in the human resources it deploys in the *régions*. A number of laws have been passed since 2010, but the once-mooted objective of creating an “Act III” of decentralisation, marked by new transfers of powers, has not in the end materialised: the lack of a common vision between the various players, both the State and the different categories of local authorities and groupings of municipalities, has meant that it has not been possible to create the conditions necessary for progress to be made in furthering decentralisation.

The legislative process that has been underway since 2010, in line with opportunities and circumstances, has suffered from hesitations, reversals and backtracking that make it impossible to discern any overall coherency. For example, the creation of large *régions* has compromised the objective, set out in the NOTRé law of 7 August 2015, of gradually disempowering the *département* in favour of the *régions* and metropolitan areas. In addition, unlike most of its main European partners, France has never succeeded in satisfactorily resolving the issue of maintaining a very large number of small *municipalities*. Because of the general competence clause, these local authorities – to which our fellow citizens remain attached – have the power to intervene in all areas, even though they do not have the resources or technical expertise to meet the social and environmental challenges they face on their own. Although the number and variety of forms of local authority grouping have increased to take responsibility for a wide range of services, this has not meant that local authorities have reduced the level of their involvement.

¹⁰ Presentation of the bill on the rights and freedoms of municipalities, *départements* and *régions*, examined by the Council of ministers on 15 July 1981.

Ultimately, the current situation is characterised by a high degree of interlocking powers between too many levels of local management. This situation, which requires the implementation of complex, costly and often ineffective coordination mechanisms, makes it impossible to ensure the overall efficiency of the players involved and makes it difficult for our fellow citizens to understand the organisational structure. Neither does it encourage consideration of the new challenges of sustainable development, which have to be addressed on geographical scales that do not coincide with the map of local authorities and decentralised State services, and require the use of new technical skills, which local players partly lack.

Decentralisation has also led to a significant increase in the proportion of gross domestic product accounted for by local spending (from 8 % in 1980 to over 11 % today), without an ability to distinguish between what proportion of this increase has resulted from transfers of powers between the State and the local authorities, what proportion has resulted from decisions taken by the *régions*, *départements*, *municipalities* and their groupings to improve the services provided to the population and to businesses, and what proportion can be explained by economically inefficient organisational or management choices.

At the same time, the organisational structure of the State's services has not been modified to take account of changes in the map and powers of local authorities. The creation of the large *régions*, followed by the reaffirmation of the *départements* as the natural forum for action between these new local authorities and groupings of *municipalities*, has destabilised the two ways of organising the State's decentralised services which, as part of the reform of the State's territorial administration (RéATE), had been introduced at *régional* and *départemental* level. In addition, the State's decision to shift the burden of staff reductions onto its decentralised services, rather than the central administrations of the ministries, has contributed to the de-resourcing of technical services and the weakening of legality and budgetary control.

Lastly, changes in the distribution of local authority resources, marked in particular by the abolition of local taxes and their replacement by shares of national taxes, have weakened the link between contributions to local public charges and public services provided to users. Local authority funding is also based on State grants, which do not have a sufficiently equalising effect to reduce inequalities in resources and costs between local authorities.



The overall picture that emerges is one that is not sufficiently conducive to efficient local public management, stakeholder empowerment and transparent decentralisation. This situation is neither satisfactory nor sustainable. At a time characterised by the need to restore balances in public accounts – a goal to which local authorities and groups of *municipalities* must contribute – and by the need to re-establish close links of trust between citizens and decision-makers, the temptation to stand still must be overcome.

Pending an exercise (which is undoubtedly necessary but difficult to implement in the short term) to review the division of powers between the State and the various levels of local government, driven by a desire to simplify the system and make stakeholders more accountable, it is necessary to activate all the resources available to deepen *inter-municipal* cooperation, continue to reduce the number of *municipalities* that are too small, and strengthen the role of local authorities as leaders of policies that bring together a large number of stakeholders. Similarly, we need to tailor local authorities' organisational structures and management systems to the diversity of local situations by making greater use of the options for territorial differentiation and experimentation.

In short, the aim is to restore coherence to territorial structures, give local players the means to pursue more effective and efficient local policies in their areas of responsibility and, as the legislator had intended when the major decentralisation laws of 1982 and 1983 were discussed, to make government authorities more accessible to the people.