

THE CONGRESS OF LOCAL AND REGIONAL AUTHORITIES

Opinion 34 (2011)¹ Draft recommendation of the Committee of Ministers to member states on the funding by higher level authorities of new competences for local authorities

The Congress of Local and Regional Authorities of the Council of Europe,

1. Shares the conviction of the Committee of Ministers that a strengthening of local and regional democracy in Europe is essential for furthering the core values of the Council of Europe and improving the lives of European citizens.
2. Welcomes the attention of the Committee of Ministers to the question of the financial resources of local and regional authorities and the publication of the 2008 Lotz report on “Member states’ practices for the funding of new competences for local authorities”, which provided the basis for the current recommendation.
3. Notes that the afore mentioned report, which examines the increasing use in Europe of earmarked grants, in possible contradiction with Article 9.7 of the European Charter of Local Self-Government (ECLSG), itself specifies that it did not take into account the perspective of local and regional authorities.
4. Underlines that consultation of local and regional authorities by national authorities on financial matters is an important principle in this respect, as enshrined in Articles 4.6 and 9.6 of the ECLSG.
5. Observes that several points concerning this principle of consultation were deleted from earlier versions, contrary to

the requests of associations of local and regional authorities which were supported by the Congress.

6. Recalls that the practice of earmarking as opposed to block grants should be the exception to the rule, and that this principle of the ECLSG has been affirmed by the Conference of Ministers responsible for Local and Regional Government in its Resolution on Local Government Finance, adopted in Lisbon in 1996.
7. Notes that, in times of economic hardship, local and regional authorities are experiencing particular difficulties in maintaining public services to citizens and that, in the course of its monitoring of the ECLSG, the Congress is informed of numerous complaints related to the financing of competences that are delegated to local and regional authorities.
8. Reaffirms its conviction that local and regional financial autonomy is a key for the development of democracy at local and regional level.
9. Believes that paragraph 6.iv of the draft recommendation with regard to raising local taxes, contradicts Article 9.3 of the ECLSG which stipulates that at least part of the financial resources of local authorities shall derive from local taxes and charges, the rate of which they have the power to determine within the limit of the statute.
10. Believes that in its present form the draft recommendation, by giving an unduly restrictive interpretation of Article 9 of the ECLSG, represents a step backwards as regards to development of local and regional democracy in Europe.
11. Consequently, invites the Committee of Ministers to re-examine this issue and suggests that it entrust the Congress with the preparation of a report on this subject which would take into account the needs and perspectives of local and regional authorities and citizens and serve to strengthen local and regional democracy in the European area.

1. Discussed and debated by the Statutory Forum on behalf of the Congress on 17 June 2011, presented by K.-H. Lambertz, Belgium (R, SOC), rapporteur.