

Looking for savings in local governments: what devices to what rationalities? More control or more steering?

*La recherche d'économies dans les collectivités territoriales :
quels dispositifs pour quelles rationalités ? Plus de contrôle ou plus de pilotage ?*

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ABSTRACT

Considering the burden of financial assistance from the central government and the effect of tax transfers on the central government's budget position, local finances are an important part of the interrelated set of public finances. Therefore, expenditure containment by local government is a necessary contribution to reducing public account deficits and complying with France's EU commitments. In this constrained context, specialist literature seems to indicate two major pathways for containing local spending. Firstly, it is possible to strengthen expenditure control, for example by making sharp cuts to current operating costs, deferring or cancelling investments, decreasing public subsidies and aid, raising local taxes, putting more pressure on suppliers, or increasing the prices of services rendered. Secondly, it is possible to increase local steering capacity by selectively intervening on government action and expenditure in a differentiated manner, by analysing the social value created for users at the lowest cost, by implementing deliberate choices, by deciding on the implementation of budgetary processes, or by restructuring the local service offering thanks to better knowledge of users' needs and level of satisfaction.

The results of our research show that a very wide majority of French local authorities have been aware of the importance of looking for savings solutions for the past decade, due to the deterioration of their financial situations. It also turns out that the tools and devices used are mainly guided by a resource control rationale. Thus, our findings highlight the weakness of the steering paradigm, which is characterised by tools and actions that have a strategic and political dimension. The solutions currently being implemented are focused on the short term and are more oriented towards control. Thus, these actions could ultimately have a negative impact on the local services offering without proper prior control.

Key-words

Local government, Control paradigm, Steering paradigm, Financial performance, Local finances

RÉSUMÉ

Compte tenu du poids des concours financiers de l'État et de l'effet des transferts de fiscalité sur l'équilibre budgétaire de l'État, les finances locales forment une partie importante de l'ensemble interdépendant des finances publiques. Dès lors, la maîtrise des dépenses s'impose comme une nécessaire contribution des collectivités territoriales au redressement des comptes publics et au respect des engagements européens de la France. Dans ce contexte contraint, deux voies principales semblent exister, dans la littérature dédiée, pour maîtriser les dépenses locales. Tout d'abord, il apparaît possible de renforcer le contrôle des dépenses, par exemple en diminuant de manière significative les dépenses actuelles de fonctionnement, en reportant ou annulant des investissements, en diminuant les subventions et aides publiques, en augmentant les impôts locaux, en mettant plus de pression sur les fournisseurs, ou encore en augmentant les tarifs des prestations délivrées. Ensuite, il est aussi possible d'accroître les capacités locales de pilotage, en agissant sélectivement sur l'action publique et sur les dépenses de façon différenciée en analysant la valeur sociale créée pour l'utilisateur au coût le plus faible,

en réalisant des choix assumés, en produisant des arbitrages dans la mise en œuvre des processus budgétaires, ou en restructurant l'offre de service locale en connaissant mieux les satisfactions et besoins des usagers.

Les résultats de notre recherche démontrent que les collectivités territoriales françaises, dans leur grande majorité, sont sensibilisées à la recherche de solutions d'économies, depuis une dizaine d'années, en raison de la dégradation de leurs situations financières. Il s'avère également que les outils et dispositifs mobilisés sont majoritairement guidés par une logique de contrôle des ressources. Aussi, les résultats mettent en évidence la faiblesse de la logique de pilotage, caractérisée, elle, par des outils et des actions ayant une dimension stratégique et politique. Focalisées sur une logique court-termiste, les solutions actuellement engagées, plus orientées contrôle, pourraient ainsi, à terme, impacter négativement l'offre de services locaux sans réelle maîtrise préalable.

Mots clés

Collectivités territoriales, paradigme de Control, paradigme de Steering, performance financière, finances locales

INTRODUCTION

Like the central government, local government is currently faced with the need to scale back budgets¹. Due to the reduction in central government transfers and increased shifting of responsibilities to the local government level, there is increasingly heavy pressure and constraints on local finances. This trend appears likely to continue. In this context of constrained resources, with expenditure containment arising as a necessity, local authorities have, for varying lengths of time, been implementing several types of approaches to reduce their budgets. Specialist literature in the field shows several pathways for controlling budgets: renounce new spending measures, cut current operating expenditure across the board, defer or cancel investments, reduce public subsidies and aid, or put pressure on suppliers. Local authorities can also act selectively in a differentiated manner on their direct expenditure by analysing the social value created for users

at the lowest cost. This approach then requires deliberate choices, strategic reorientation and restructuring of the offer of public services by refocusing existing services to give priority to users.

In this framework characterised by numerous potential approaches for savings, our research thus endeavours to analyse the various schemes potentially or currently being used by local government. To characterise these various savings solutions, we use two paradigms identified in specialist literature: the control paradigm and the steering paradigm. Thus, our research aims to answer the following questions: What schemes and actions are local authorities using to generate savings? Do these schemes and actions derive from a control paradigm or a steering paradigm?

In this sense, on the basis of literature relative to public management, management control and steering of

¹ OFL (Local Finance Monitoring Unit), 2014, "Les finances des collectivités locales 2014 - état des lieux".

organisations, we pick out the characteristics, advantages and disadvantages specific to these two paradigms (Part 1). Next, we carry out a quantitative analysis using the findings of a questionnaire-based survey of 120 French local government bodies of several categories: municipalities, *départements*, regions, Public Intermunicipal Cooperation Establishments (EPCIs), etc. This analysis enables us to describe the practices implemented to achieve savings (Part 2).

procedure, etc.). In the field of management control, this type of control is therefore the application of the bureaucratic model described by Weber (Maître 1984). This type of control shows these three main attributes: rationality, central authority and impersonality. An organisation regarded as a human community is associated with control based on results; at stake is no longer whether actions conform to outside norms, but whether they are consistent with individuals' own

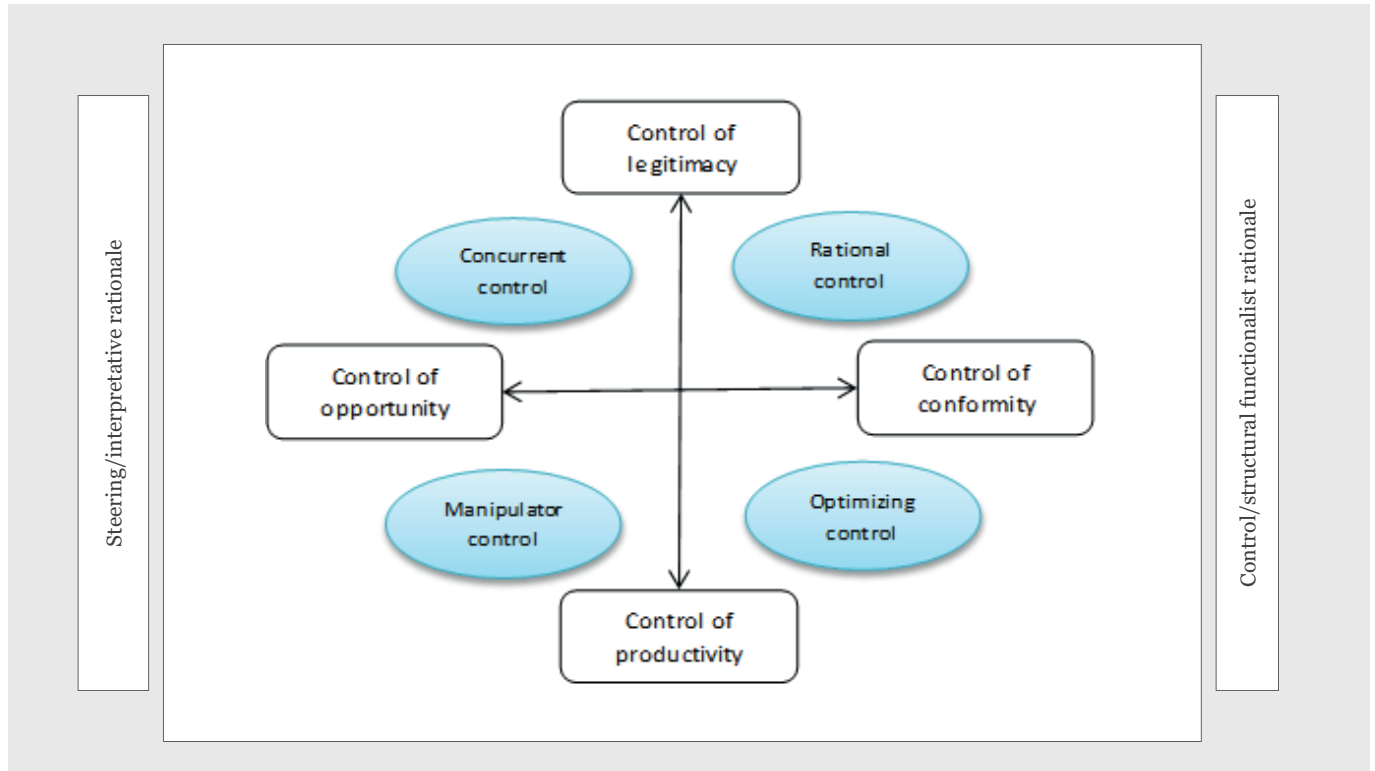


Figure 1 – The sociological conceptions of control and steering
Adapted from Bessire 2002 (p. 7)

1. THEORETICAL FRAMEWORK FOR THIS RESEARCH:

two paradigms (control vs. steering)
with different goals and tools
for containing expenditure

To differentiate between the control and steering paradigms, we refer to Bessire's 2002 paper. This paper analyses the organisational rationales in the fields of control and steering.

Bessire thus shows that an organisation conceptualised as a functional structure corresponds to 'legal control' (i.e. based on conformity with a model, standard,

goals. In our view, this opposition between legal and results-based control appears to encompass the distinction made by Lorino (1995) between control and steering. In a firm viewed as a mere business operation, emphasis is placed on control of productivity; the major source of concern is control of the rate of production. In a firm viewed as a project, the predominant form is control of legitimacy, which refers to an ideal and a system of values.

Without going into as much detail as in Bessire's paper, with regard to the matter at hand, we note the separation between the right-hand side of Figure 1 corresponding to the control (or structural functionalist) paradigm, and the left-hand side corresponding to

the steering (or interpretative) paradigm as defined in Lorino (1995). Thus, after presenting the characteristics and potential actions for optimising expenditure in a control rationale (Part 1.1), we do the same for steering (Part 1.2). Next, we present the conceptual framework for our research, with its two paradigms and constituent variables. We then test this framework in the field of local governments.

1.1. Control focused on means and deploying financial tools

According to specialist literature on the topic, the first solution for containing local government expenditure fits with a rationale of control. According to Lorino (1999), two assumptions provide the explicit or implicit foundations for the control paradigm: the assumption of simplicity and that of stability. According to the assumption of simplicity, the need being answered is a standardised one. After the content of a service is defined, users are asked to use the standard service being offered. The assumption of stability, meanwhile, regards the need being answered as belonging to the basic needs related to citizenship (e.g. education, safety, health, transport, etc.). These needs are assumed to be stable and predictable. In this sense, Lorino (1999) picks out a set of variables for comparing the control and steering paradigms. Relying notably on Lorino's research, we have identified eight variables that characterise these two paradigms:

In the present study, we have only used two of the eight characteristics from our overall research model, namely, the conceptual and instrumental characteristics represented by variables 1 and 2. The other variables will be analysed at a later date. The object in the control paradigm corresponds to means and resources, as well as organisational structures. In this rationale, regulation basically becomes a matter of sizing and quantitatively adjusting resources. The questions that might be asked are: in light of activity forecasts, what quantity of resources should be injected into the system? What quantity of resources is it socially acceptable to use? Without modifying the organisational structure, streamlining of resources can be achieved by scaling back local government's daily operating expenditure and reducing absenteeism, or by modifying the organisation in order to generate productivity gains, without changing the level of services rendered to users. Control schemes therefore act endogenously on the resources made available to the various structures of local government. The principal actors in these schemes are frequently the local government executive, support functions (notably the finance and HR departments) and the elected official in charge of finances. Thus, these actors work as 'censors', 'trimming' and 'cutting' the budget.

This rationale of 'more control' may take various shapes depending on the resources in question. On a financial level, these schemes can result in 'cost-killing' on various budget items, such as supplies, travel

Variables	Control paradigm
V1 - Objet	Means (human and financial resources, property, etc.), structures (directorate, services)
V2 - Tools	Budget, budget control, financial performance statement, cash flow statement
V3 - Rationale	Basic (assurance), endogenous, normative
V4 - Time period	Short term (infra-annual, annual)
V5 - Process	Non-continuous, hierarchical/vertical, top-down
V6 - Performance	Economic, organisational
V7 - Learning	Adaptive (allocation of financial resources), influenced by past experience
V8 - Leaders	Administrative, Support functions (Finance, HR, IT, Communications, etc.)

Table 1 – The eight variables that characterise the control paradigm

expenses, subsidies, studies, documentation and communication. On a human resources level, they can involve a pay freeze and/or hiring freeze, not replacing employees on sick leave, or resorting more frequently to temporary staff to cover permanent positions. In terms of property and assets, these schemes can result in investments or maintenance measures being deferred or cancelled. With regard to information resources, they can involve the use of dematerialisation or digitalisation systems, for example, by dematerialising procedures and optimising archives. Lastly, on an organisational level, these control schemes can (as recommended in the current local government reform) use rationales aimed at either pooling internal services to generate economies of scale, or re-engineering, e.g. in purchasing/procurement, or logistics by creating shared platforms.

However, the growing complexity of local government and its activities, linked to the instability of performance mechanisms, is leading to social systems that are not very predictable and are uncontrollable under the classic definition of the term 'control'. Maintaining control over these systems may therefore require supplementing the control paradigm with a steering paradigm.

1.2. *Steering focused on local public policies and using comprehensive tools*

According to Tondeur and De La Villarmois (1999), 'the transition from control to steering implies a shift from a resource-based paradigm to an activity-based paradigm, from resource allocation to the diagnosis of causes, from sequences of separate events to a continual duration, from a hierarchical breakdown to integration into a network.' Burlaud (1990) mentions the transition from an enterprise to a complex organisation. Similarly, as shown in the table below, Simons (1995) compares the previous and new objectives of control systems. In this framework, according to Simons, the traditional control system is used to monitor, measure and adjust performance. This system is based on a top-down strategy characterised by a system of beliefs that convey the organisation's fundamental values, such as mission statements, cre-

dos and vision statements. This system uses codes of conduct and ethics statements to curb the freedom of actors, whereas the new control system, called a 'control and diagnostic system', is interactive and based on strategic retrospective action in response to the market, clients and competitors. As Simon (1995) notes, 'strategic control is not only done by the new system, but instead through belief systems, control and diagnostic systems, and interactive control systems working in concert to control both the implementation of the strategy and the formulation of emerging strategies.'

New system	Former system
Consumer- and market-centric strategy	Top-down strategy
Customisation	Standardisation
Constant innovation process	Monitoring of plans
Satisfying consumers' needs	Containing activity
Empowerment	Avoiding surprises

Table 2 – Comparison of previous and new objectives of control systems

Source : R. Simons (1995)

According to Lorino (1995), steering consists of coordinating the performance at all levels of activity; it implies notions of planning, coordination, control and evaluation. In this model, steering revolves around two priority areas: the first establishes a standard behaviour through a 'smart' analysis prior to the underlying action being planned; the second checks that this standard is applied properly. Relying notably on Lorino's research, we have identified eight variables that characterise the steering paradigm, as we previously did for the control paradigm:

Variables	Steering paradigm
V1 - Object	Actions and activities, public policies and public service
V2 - Tools	Segmentation, roadmap, budget per policy, analytical accounting, management dialogue, service projects or CPOM (Multiyear Contract of Objectives and Means), indicators/dashboards, activity report, satisfaction/needs surveys
V3 - Rationale	Complementary, exogenous then endogenous, value creation
V4 - Time period	LT/MT (multiyear) and ST (infra-annual, annual)
V5 - Process	Continuous, vertical/horizontal, iterative (top-down <-> bottom-up)
V6 - Performance	Overall, policy, organisational/individual
V7 - Learning	Generative (priorities), adaptive (means, structure, culture), influence on choices and priorities
V8 - Leaders	Elected representatives, administrative staff, professional and support functions

Table 3 – The eight variables that characterise the steering paradigm

For the present study, as indicated above, we have only used two of the eight characteristics from our overall research model, namely, the conceptual and instrumental characteristics represented by variables 1 and 2. The other variables will be analysed at a later date. The steering paradigm covers local public policies, broken down into routine and innovative actions, i.e. the public services offered. The tools used are complementary to those used in the steering paradigm. These tools primarily include the budget, budget control and the administrative account, with priority given to the projective, evaluative and analytical dimensions. Roadmaps, budgets per public policy, or strategic plans can then be used (Meyssonnier 1993).

Unlike the control paradigm, the variables that characterise the steering concept reflect the idea of long-term management, playing on the interactions and complementary aspects of the various fields of local development, along with management structured around clearly-defined strategic objectives and priorities (Lorino 1999). This is a comprehensive, interactive process that combines each of the following: (1) the short and long terms, (2) strategic and operational planning, as well as control and evaluation, (3) the quantitative and qualitative approach determined by the type of tools being used, (4) the political and social dimensions of performance, as well as its economic and organisational dimensions.

Now that we have described the two paradigms of local expenditure containment, we will present an empirical study of French local authorities in order to answer our research problem. Thus, we will shed light on whether, in response to the current economic and financial crisis, local government practices use tools and concepts influenced by the control paradigm or the steering paradigm.

2. EMPIRICAL STUDY

of French local government tools and processes for cost savings: Control is dominant, with steering starting to emerge

Our central research problem investigates French local government practices aimed at locating cost savings and containing the budget. To answer this problem, we sent out a questionnaire to 1,000 French local authorities. We received 120 usable responses. The purpose of this study is to describe local cost-saving practices in light of the two paradigms of our conceptual framework and their constituent variables. We begin by presenting our research methodology (Part 2.1). Then, we present our findings (Part 2.2). Lastly, we analyse and discuss these findings in light of our theoretical framework (Part 2.3).

2.1. A questionnaire-based quantitative research methodology

We opted for a quantitative methodology based on a questionnaire, and, for the current stage², a descriptive statistical analysis of the findings. In this section, we begin by presenting the conditions for developing the questionnaire (Part 2.1.1). Then, we give the descriptive statistics of the characteristics of respondents (Part 2.1.2). The list of items used to describe the objects and tools of the control and steering paradigms are presented in Appendix 1. Note that we did not tell questionnaire recipients which items corresponded to control or steering.

2.1.1. The questionnaire

The questionnaire contains 122 items arranged in three parts: one part to identify the local authority and the respondent (seven items) and two parts covering the cost-savings schemes and actions potentially or currently being used by local authorities (115 items)³. Respondents were asked whether the local authority is already using a given scheme (yes or no). If yes, respondents were asked to indicate what year the scheme was launched. If no, they were asked whether they thought that it would be useful to implement the scheme in the future, with responses on a four-point Likert-like scale (ranging from 1: strongly disagree, to 4: strongly agree). The questionnaire was sent by e mail to local authorities. It was initially sent out in February 2015, with a reminder message sent in March of the same year. The survey was closed at the end of April 2015.

We built the questionnaire in several steps. Firstly, we identified the constituent variables for both paradigms. This process was mainly based on the work of researchers discussed in Part 1 of this report. Next, for the sub-variables and items, we began by referring to French and international academic research in the fields of public management, territorial management, management control and performance management (we referred to the main sources in Part 1 of this report), along with recent research on the issues of

financial performance, local finances, public contract management or regional human resource management. We rounded out this bibliographic research review by analysing the main professional and specialist journals for French local government (including *La Gazette des Communes*, *Acteurs Publics* and *Le Courrier des Maires*), along with institutional reports.

After drafting the questionnaire, we asked researchers and professionals in contact with local authorities to assess and complete the lists of variables, sub-variables and items.

2.1.2. Profile of respondents

Our preliminary analysis of the 120 usable responses shows that, among the respondents, municipalities were the most represented (43.3% of responses), ahead of EPCIs (26.7% of responses) and *départements* (18.3%). This distribution of responses is consistent with the current structure of local authorities of more than 10,000 inhabitants.

According to information obtained from the questionnaires, the distribution of responses per stratum (population bracket) shows that large-sized communities (>100,000 inhabitants) represent 45.8% of respondents. Mid-sized communities (from 10,000 to 100,000 inhabitants) represent 30% of respondents, and small-sized communities 15%. Given the small proportion of large-sized communities within the surveyed population compared to the other strata, these communities should have contributed fewer responses than mid-sized communities. This finding may highlight the fact that large-sized communities show greater interest in cost-saving processes.

With regard to the profile of respondents, we note that a majority of respondents are members of a local government executive (50.83%) or CFOs or finance managers (35%). This finding is largely attributable to the technical nature of the questions and the high stakes of identifying cost savings in local government.

² In a later stage, we will carry out in-depth statistical analysis, notably factor analysis, in order to justify the two paradigms and their constituent variables.

³ See Appendix 1.

Type of local authority	No. of valid responses	% of total valid responses
Municipalities	52	43,3%
Départements	22	18,3%
Regions	4	3,3%
EPCIs (Public Intermunicipal Cooperation Establishments)	32	26,7%
SDISs (Departmental Fire and Emergency Services)	9	7,5%
Other*	1	0,8%
TOTAL	120	100%

* Community governed by Article 74 of the Constitution

Distribution of responses by stratum (community size)	No. of valid responses	% of total valid responses
> 100.000 inhabitants	55	45.8%
50 000 <> 100 000 inhabitants	11	9,2%
10 000 <> 50 000 inhabitants	36	30%
< 10 000 inhabitants	18	15%
Overall TOTAL	120	100%

Table 4 – Distribution of responses by type of local authority

Table 5 – Distribution of responses by stratum

Profile of respondents	No. of valid responses	% of total valid responses
Director General of Services, Deputy Director General	61	50,83%
CFOs and finance managers	42	35%
Management controllers, management advisers, expert advisers for finances/resources	7	5,83%
Elected officials	5	4,17%
Finance department assistants	2	1,67%
N/A	3	2,5%
TOTAL	120	100%

Table 6 – Distribution of responses by respondents' level of responsibility

2.2. Responses show that local government is very focused on the issue of cost containment

An analysis of responses to our questionnaire shows that French local government bodies are very focused

on reducing their expenditure (Part 2.2.1). Note that this interest in cost containment changes over time and varies according to the size and type of local authority (Part 2.2.2). collectivité.

2.2.1. Strong local government interest in identifying cost savings

We observe that cost savings is a major goal for local authorities. Around half (50.75%) of the schemes suggested in our survey (including both control and steering) are already being used by local authorities.

Frequency (yes/no)	Frequency of responses	% of total responses	% of total valid responses
Yes	6 703	48,57%	50,75%
No	6 504	47,13%	49,25%
No. of total valid responses	13207	95,70%	100%
N/A	593	4,30%	-
No. of total responses	13800	100%	100%

Table 7 – Proportion of local authorities currently implementing cost-saving schemes

Moreover, of the remaining 49.25%, 60% of respondents indicate that they agree (strongly or somewhat) that these schemes might be implemented in the future.

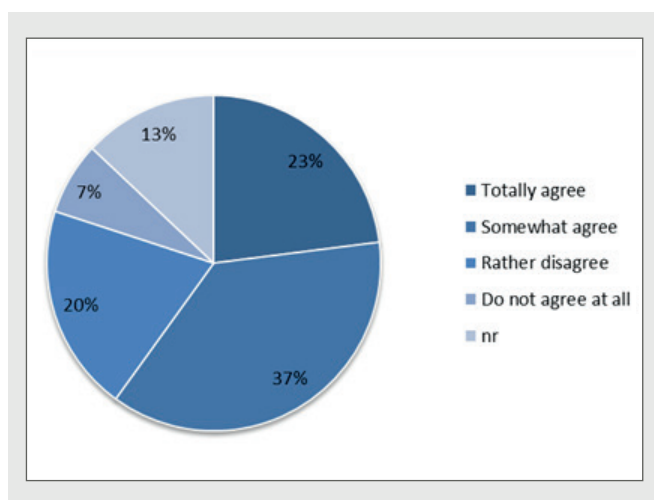


Figure 2 – Level of agreement for implementing cost-savings schemes in the future

2.2.2. Large-sized communities, very small communities and départements are the most advanced in terms of cost-saving practices

Small-sized communities (15% of respondents) are very much on the cutting edge in terms of cost-saving practices, compared to mid-sized and large-sized ones. Small-sized communities reported already implementing 63% of the cost containment schemes covered in the questionnaire. Communities of more than 100,000 inhabitants (45.8% of respondents) were in second place, with 53.8% of positive responses. Conversely, for mid-sized communities, the percentage of cost-saving schemes currently being implemented ranged from 42.2% to 45.7%.

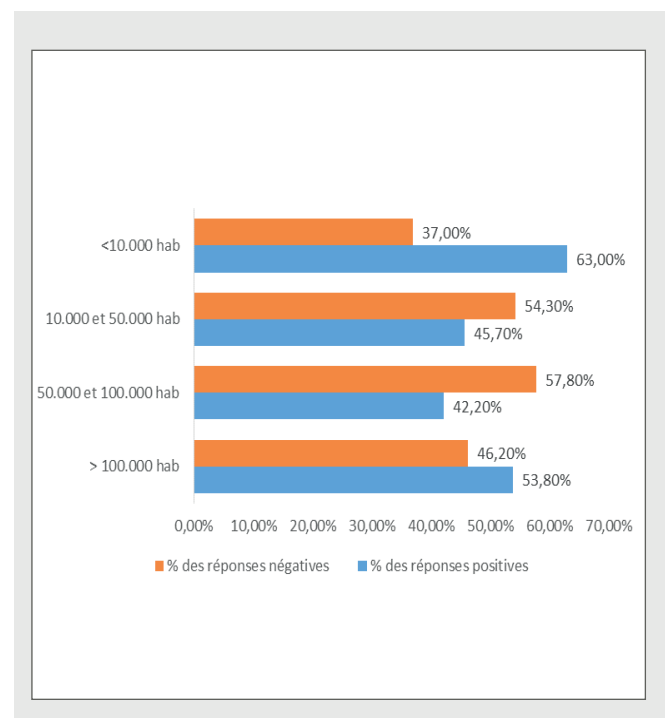


Figure 3 – Percentage of 'yes' and 'no' responses by stratum

By type of local authority, départements (18.3% of respondents) were in first place, with 54.6% of schemes currently being used, SDISs (7.5% of respondents) came next, with 53.5% of schemes currently being used, and municipalities (43.3% of respondents) were in third place, with 52.6% of schemes currently being used.

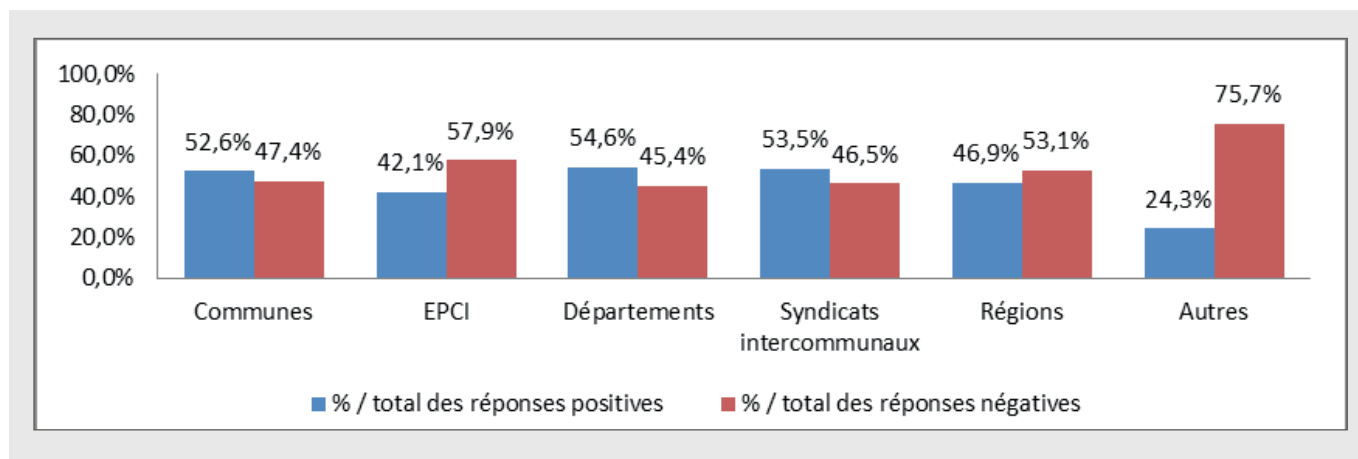


Figure 4 – Percentage of 'yes' and 'no' responses by type of local authority

Year	No. of schemes implemented	% of valid responses	Cumulative% of total
Before 1995	31	0,63%	0,63%
1995<>2000	158	3,19%	3,82%
2000<>2005	482	9,74%	13,56%
2005<>2010	1379	27,88%	41,44%
2010<>2015	2897	58,56%	100%
Total valid responses	4947	100%	
N/A	1756	26,20%	
Total	6703	100%	

Table 8 – Number of schemes implemented by year range

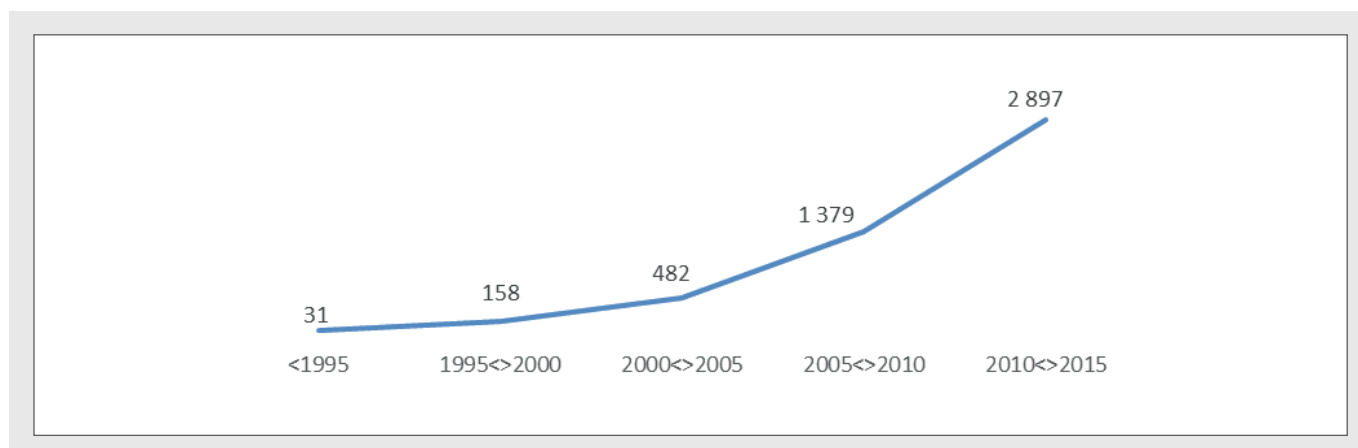


Figure 5 – Trend in number of schemes implemented by year range

2.2.3. Local government interest in cost-saving schemes has been growing since 2010

Cost-saving schemes do not appear to have been an important topic for local government before 1995. Only 0.63% of schemes currently being used were implemented before that date. This observation remains virtually unchanged until the mid-2000s. Only beginning in 2005 did local authorities start actively seeking solutions to contain their budgets. This trend has grown especially strong since 2010. We observe major interest among local authorities for cost-saving solutions over 2010-2015, with 2,897 schemes implemented over that period, compared to 1,379 over the period 2005-2010 and 640 over the period 1995-2005. This trend over time appears consistent with changes in the local financial environment.

2.3. Responses highlight greater emphasis given to control schemes for generating savings

In this section, we begin by analysing the findings for the 'Object' variable in Part 2.3.1, then we look at findings for the 'Tools' variable in Part 2.3.2.

2.3.1. Cost-containment objects clearly focused on 'control'

An analysis of responses to our questionnaire reveals that nearly two-thirds of the cost-saving solutions currently being used by French local authorities are focused on 'control'. Of all the solutions proposed in the questionnaire, 53.35% of 'control' solutions were already being implemented, compared with 45.5% of 'steering' solutions. The control paradigm is the most predominant in the Information Resources group, with an average percentage of positive responses of 94.5%. 'Control'-focused items in the Property Resources group received positive responses in 66.7% of cases. The Overheads group comes next, with 63.8% of positive responses for control schemes. As for the Human Resources Expenditure group, control schemes received 51.3% of positive responses, vs. 39% for steering schemes.

⁴ See Appendix 1.

⁵ See Appendix 2.

Item groups	% of positive responses for control items	% of positive responses for steering items
Vo1.1 - Overheads	63,8%	58%
Vo1.2 - Human resources expenditure	51,3%	39%
Vo1.3 - Organisational resources	43,8%	28,5%
Vo1.4 - Information resources	94,5%	73,4%
Vo1.5 - Property resources	66,7%	50,2%
Vo1.6 - Actions and activities	0,0%	23,9%
Average% for variable 1	53,35%	45,5%

Table 9 – Percentage of positive ('yes') responses by item group and by paradigm

Next, we will go into detail for these various groups.

a) Overheads: Control schemes generally used to seek savings

The Overheads group contains 14 items, including 10 control items and 4 steering items⁴. Control schemes received 63.8% of positive responses. Steering schemes received 58% of positive responses. Thus, 92.7%⁵ of local government respondents have begun to reduce spending on consumables, 94.5% favour the use of the public procurement procedure to generate savings, and 91.8% have reduced spending on utilities and energy. However, there is still work to be done on awareness, notably to optimise uniform costs, because just one-third of respondents indicate that they replace uniforms only when they are worn out, and roughly the same proportion state that they have automated maintenance techniques to save money.

Some local authorities have gone so far as to cancel certain events. Here, we can cite the example of the city of Argenteuil (population 103,000, in the Val-d'Oise *département*), which had to cancel several festive events, including a fireworks display, Christmas celebrations, 'Girls' Day' and the mayor's annual New Year's wishes ceremony. This city also renegotiated a reduction in its purchases and its communication expenses, and cancelled some grants awarded to associations⁶.

Similarly, the Pays de la Loire region (population 3.6 million) generated EUR5m in overhead savings between 2013 and 2014⁷, by taking the following steps:

- EUR1m cut in the communications budget
- EUR1m in reserve funds cancelled for several regional satellite entities (regional natural parks, the Pays-de-la-Loire national orchestra, etc.)
- EUR1m cut to funding for certain entities and associations
- EUR2m in miscellaneous savings on overheads and management expenditure (copying/printing costs, franking, trimming certain services such as cleaning, IT, security, catering, etc.)

As for the Montélimar urban district community (an EPCI), it implemented a plan to save EUR392,000 in 2015, i.e. a 1% reduction in its overall budget. It plans to generate the same level of savings p.a. for five years. The main cost-saving items are as follows⁸:

- Daily control of invoices, costing 235 hours p.a. (i.e. EUR11,000), but generating savings of EUR140,000.
- Training: savings of EUR9,000. Staff members are incentivised to train their colleagues on their areas of expertise. They are paid EUR230 per day, and there are no training-related travel expenses.
- Gas: savings of EUR80,000. Gas contract renegotiated to obtain a 20% cut in rates.
- Externalised services: savings of EUR50,000. The increased skill level of local government staff results in a reduction of externalised contracting on building projects.
- Energy: savings of EUR20,000.

- Telecommunications: savings of EUR15,000. Changing telecoms provider generated a 10% savings.
- Vehicle fleet: savings of EUR8,000. Booking software enables fleet usage to be pooled among local government departments.

With regard to steering-focused schemes, 71.3% of local authorities surveyed reported that they had chosen to restructure their debt to reduce interest costs. Moreover, 62.6% stated that they had implemented a purchasing policy, 50% had renegotiated existing public procurement contracts, and 48.1% had created a purchasing department within the local authority.

b) Human resources expenditure: control schemes mainly used to contain costs

The Human Resources Expenditure group contains 15 items: seven control items and eight steering ones⁹. Despite the larger number of steering items than control items in this group, an analysis of responses reveals that 51.4% of the schemes currently being used by local authorities to generate savings on human resources are focused on control, vs. 39.0% focused on steering.

Among actions categorised as control schemes, 82.9% of respondents have opted for a reduction in hiring volume for non-permanent jobs, e.g. replacements for employees on sick leave, seasonal or temporary staff. 80.2% of respondents have implemented a temporary hiring freeze. 73.6% have chosen not to replace retiring employees, and 57% have permanently eliminated certain positions. The least frequently-used schemes are the cancellation of discretionary for-fee training courses (36.4%) or the hiring of contractual staff for permanent positions (26%).

With regard to steering schemes, these include reducing headcount by reorganising departments (implemented by 62.6% of respondents), making working hours and organisation more flexible to boost productivity and

⁶ 'Argenteuil échappe à la tutelle de l'Etat grâce à un plan drastique d'économies', *Actualité Club Finance - La Gazette*, 27 April 2015.

⁷ 'Pays de la Loire: le montant des économies réalisées fait débat', *Actualité Club Finance - La Gazette*, 3 December 2014.

⁸ 'Montélimar économise plus de 40 000€ sur ses impressions', *Actualité Expert Finance - La Gazette*, 6 October 2015.

⁹ See Appendix 1.

reduce absenteeism (implemented by 35.5% of respondents), and making a portion of compensation conditional on group and/or individual performance (29.6% of respondents).

On a more forward-looking level, a 2015 survey of 601 local authorities, carried out jointly by several French local government associations (AMF, AMGVF, ACUF, AdCF and Villes de France), revealed that to limit the impact of the reduction in central government transfers, the local authorities surveyed use several approaches to contain payroll expense. These actions include:

- Not systematically replacing employees who retire or resign
- Reducing replacements for absent employees
- Reducing use of reinforcement staff or seasonal staff
- Not renewing short-term contractual staff, or renewing on a case-by-case basis
- Freezing outside hiring
- Freezing creations of new positions
- Implementing a pay freeze
- Slowing down the pace of promotions for civil servants
- Reducing overtime
- Implementing policies to combat absenteeism
- Etc.

**c) Organisational resources:
cost containment solutions
mainly focused on control schemes**

The Organisational Resources group contains 15 items: 13 control items and two steering ones. Of the six groups in the Object variable, the Organisational Resources group is the one with the highest proportion of items in the control category. Local authorities gave positive responses for 42.57% of the questions related to control solutions, and for 27.95% of the steering solutions. Conversely, we observe that 59.2% of respondents have not yet tested the cost containment schemes proposed in this group.

Of the control schemes, the most frequently used is the pooling of existing equipment belonging to the local authority (e.g. service vehicles, printers, etc.); this item

received 83.5% of positive responses. Next came the simplification of administrative procedures for users (with 63.8% of positive responses). In third place, we note the simplification of internal administrative procedures (53.7%). Conversely, the solution of merging satellites and syndicates belonging to different local authorities was not very popular among respondents (just 15.7% of positive responses), probably due to political considerations.

As for steering schemes, we note that the two steering solutions proposed for this group did not receive strong support from local authorities answering our questionnaire. Indeed, just 34% of respondents stated that they had pooled certain actions and public policies with other local authorities. Only 21.9% give priority to setting up public-private partnerships for strategic and large-scale areas of responsibility.

On this issue, we must note that calculations of savings on the pooling of resources are rarely available. To compare expenditure before and after, a consolidated budget combining the expenses of the pooled entities is necessary. A report by the Inspectorate General of Finance¹⁰, based on a review of 35 communities, municipalities and EPCIs, identified only a limited number of approaches for estimating savings based on pooling of resources. Furthermore, most of these approaches apply only to a very specific scope, such as the pooling of procurement or insurance. Field observations show that some savings can be generated. Moreover, payroll savings appear to be limited initially to the reduction of executive positions, followed by the closing of the vacant positions with the elimination of overlaps. Savings on overheads can be achieved from year 1, but the amounts saved level off fairly rapidly. Pooling of internal and external resources allows for rapid savings on overlapping expenses, such as supplies, subscriptions and communication.

**d) Information resources: control
schemes dominant, with steering
schemes gathering strength**

The Information Resources group includes two items: one control scheme and one steering scheme. The control item relates to dematerialisation within the local authority. This item received strong support from

¹⁰ Inspectorate General of Finances, 'Les mutualisations au sein du bloc communal', December 2014.

respondents, with 94.5% of local authorities already implementing it. This high level of positive responses is undoubtedly attributable to the immediate positive impact of dematerialisation on cost savings and productivity. The second item, characterised as a steering scheme, focuses on the development of e-administration and digitalisation. Thus, 73.4% of respondents stated that they have developed e-administration services and digitalisation to generate cost savings.

For example, in 2012, the city of Douai (population 42,000) set up a system that dematerialises the process for making administrative decisions and reviewing legality¹¹. The local authority has dematerialised the full process for handling administrative acts and sending them for review of legality. However, it has not yet implemented electronic signing and archiving, even though everything is ready from a technical standpoint. Therefore, administrative staff still print a copy of each act so that the elected officials can sign it. While this dematerialisation is only partial, the local authority expects to generate net savings on its investment within less than five years. Printing expenses are far from the largest source of savings. The most sizeable source of savings from dematerialisation comes from productivity gains. The head of the IT project for the city of Douai has calculated savings as follows:

- Less time spent searching for acts in paper archives: EUR10,000 in savings
- Optimising internal exchanges: EUR10,000 in savings
- Productivity gains within the clerk's office for the *département's* council: EUR20,700 in savings
- Eliminating daily trips to the Prefecture: EUR3,845 in savings
- Reducing printing expenses: EUR3,100 in savings
- Implementing the electronic registered letter: EUR12,000 in savings.

e) Property resources: optimisation solutions clearly focused on control

The Property Resources group contains seven items: four control items and three steering ones. An analysis of responses to this part of the questionnaire reveals

66.67% of positive responses for control schemes, compared to just 49.97% for steering schemes. Of the control schemes, 81.3% of respondents have deferred certain investments to a later date, 71.7% are streamlining the occupancy of local government buildings, and 66% have decided to sell a portion of their property assets. Of the steering schemes, 33.3% of respondents have chosen to freeze non-productive investments, 65.7% invest to reduce spending on maintenance (e.g. purchase new vehicles to make savings on repairs and maintenance, invest in energy efficiency, etc.), and 50.9% have defined a property management strategy in line with their development plans and available resources.

f) Governmental action and public policies: cost-saving schemes not widely developed

This group includes five items, all of which are focused on steering. These schemes are focused solely on local governmental action and public policies. Our analysis of this group reveals that just 23.73% of respondents have leveraged local public services as a source of savings. Thus, in detail, 42.9% of respondents are developing a strategic policy that enables the local authority to set ambitions and priorities for spending. 30.8% have chosen to refocus the local authority's activities on its legal responsibilities, and to scale back spending on discretionary activities. 16.2% state that they have reduced the public services on offer, and 15% have reduced the level or activity and/or the number of users for public services (e.g. reducing opening hours for swimming pools, gymnasiums, etc.). The least frequently-used scheme is to outsource non-strategic public services to generate savings (just 13.7% of positive responses).

Overall, an analysis of the responses for our first variable shows that the means and resources available to local government are largely focused on cost-savings schemes, in a short-termist approach that ignores the resulting local policies. This analysis will not change when we look at variable 2, the tools implemented.

¹¹ 'Douai économise plus de 47 000€ en dématérialisant ses actes', *Actualité Expert Finance - La Gazette*, 22 January 2015.

2.3.2. Cost-containment tools also clearly focused on control

Variable 2, the tools implemented, breaks down into 21 items: eight control items and 13 steering ones. These consist of the management tools and schemes that enable the local authority's overall expenditure to be contained. Although steering tools outnumber control ones in this group, the questionnaire reveals that control tools garner 67.55% of positive responses, compared to just 29.9% for steering tools. These findings cover just 44.6% of the local authorities that responded to the questionnaire because 55.4% stated that they have not implemented any specific management tools to cut spending.

Of the control tools, 87.9% of respondents have improved the quality of budget forecasts, and 82.2% have reduced overall operating expense budgets across the board. Thus, across-the-board cuts are predominant when savings must be found, without taking into account the specific features of certain local policies. In the same vein, 41.7% of respondents stated that they require across-the-board cuts by operating department. With regard to monitoring of expenditure, 88.9% of respondents report that they have implemented measures to improve their budget monitoring, 72% have strengthened administrative account analysis, 68.5% have set up dashboards to monitor expenses and detect gaps between forecasts and actual expenditure, 63.6% are using financial analysis ratios, while just 30.2% have established and comply with quality standards to generate savings on internal operations.

The steering tools most frequently used by local authorities are the development of contracts of objectives and means with satellites (52.5% of respondents) and setting up a local diagnostic and/or prospective plan (49%). As for the tools for calculating costs, monitoring expenses and steering the quality of public services, 43.8% of respondents report having set up analytical accounting to calculate the cost of each service provided to users. 32.4% have set up steering indicators for each activity (e.g. in terms of achievements or effects/impact), and 24.5% have set up quality standards for dealings with users. In terms of budget allocation per activity and public policy, 39.4% of respondents stated that they allocate budgets in light of the costs incurred by the activities

and actions implemented. 36% of respondents generate savings on the least-strategic public policies. 34% define strategic and operating objectives for the local authority, with priorities for development and operations. 26.7% create a strategic segmentation in line with financial data to identify the objects that generate costs and to make clear decisions on spending priorities. Of the least-frequent steering schemes, 12.9% of respondents publish an annual performance report, and lastly, 8.7% allocate budgets by taking account of cost indicators for each type of service.

For example, to show how the control rationale takes precedence over the steering paradigm, we can cite the example of the Seine-Saint-Denis *département*¹², which has a three-year forecast process for operating expenditure and investment. Between April and July every year, each directorate reports its budget needs to the financial directorate, which draws up scenarios that are then submitted to the elected officials and executive directors. Based on a central scenario, guidelines are drawn up. After these guidelines are circulated, the directorates have until September to make their proposals, which are then debated in the Directorate General before the elected officials make the final decision. This process gives the directorates working guidelines and enables sustainable budget requests to be made.

Other local authorities have also set up 'management guides'. Management guides provide information on resources that directorates use to find out the full cost of services. These guides are used by management control to talk with directorates about their achievements and their budgetary consumption. In Grenoble (population 159,000), this process began several years ago when financial management was transferred to each department. The operational directorates have financial correspondents that report to the financial directorate, as well as accountants that monitor the budget preparation and execution process. In Lyon (population 484,000), administrative and financial managers are present in operational departments to supervise the accounting staff that manage the full accounting chain all the way up to the pre-authorisation of expenses for the department's activities.

The Languedoc-Roussillon region (population 2.6 million) has been using dynamic dashboards for

¹² 'Seine-Saint-Denis: la gestion budgétaire en temps réel s'installe dans les services', *Actualité Expert Finance - La Gazette*, 28 January 2014.

several years now. Managers can view these dashboards in real time, notably to monitor the budget implementation rates of their directorates. The dynamic dashboard enables the year-to-date implementation rate to be compared with the average year-to-date implementation rates for the previous three years. Dashboards are advantageous because they simplify budget management by providing a single interface that summarises all the data; their goal is to trigger a reaction from the Directorate General and the operational directorates.

Thus, using increasingly precise and accessible steering indicators supports the optimisation of local government financial management. However, these tools still seem too rudimentary, far removed from a steering rationale, notably insofar as they do not evaluate the efficiency of local policies in light of local government priorities and ambitions.

2.3.3. The control paradigm is predominant, consistent with previous scientific literature

Overall, the findings of our study show that the tools and schemes used by local government to generate savings are mainly guided by a structural functionalist control rationale (Bessire 2002). The findings highlight the weakness of the steering rationale, characterised by actions that have a strategic and political dimension. Thus, given the type of schemes used, an analysis of the findings reveals a strong budgetary and quantitativist rationale (Demeestere 2005), as well as a focus on containing internal local government resources, without accounting for the needs of users and other stakeholders (Moullin 2006).

With regard to control schemes, the Organisational Resources group includes the control schemes most frequently implemented by local authorities to contain their budgets, due to the accelerated development of pooling of internal and external resources, mergers and public service delegations. These standard solutions correspond to a top-down strategy based on meeting uniform needs and planning activity (Simon 1995). In a large majority of cases, the reasons given to justify these schemes are the simplicity of their implementation and the fact that they yield immediate results (Lorino 1999). As for the steering schemes,

whose objective is to generate savings by acting on public services while taking into account stakeholders' needs/level of satisfaction, our analysis shows that French local authorities are indeed aware of the issues related to the cost, quantity and quality of local public services. However, a majority of local government bodies has not implemented these kinds of schemes because steering solutions have the reputation of producing medium- and long-term effects (Simons, 1995). Thus, to generate savings, local authorities are not yet thinking about the nature and content of the public services being provided, i.e. the beneficiaries, costs incurred and socioeconomic impact.

Our findings build on the typology put forth by Overmans and Noordegraaf (2014), who identify four ways for local authorities to manage austerity, namely: decline (reducing activities), cutbacks (eliminating services), retrenchment (adjusting expenditure) and downsizing (restructuring operating processes to achieve better efficiency). In the framework of our analysis, the first two (decline and cutbacks) fit into a steering rationale because they target the offer of local services (Levine 1978, Cepiku and Bonomi Savignon 2012). However, in our case, implementing a steering paradigm does not necessarily mean reducing the scope of activities, but instead optimising the operational response based on the population's needs, as well as setting priorities and making decisions (these choices are variable based on the social value of each service). The last two types of responses (retrenchment and downsizing) fit into a control rationale, insofar as they directly target the local organisation and the resources it consumes. For example, these two responses involve a reduction in headcount (Freeman and Cameron 1993) by using new technologies and transferring certain tasks to the users themselves. These responses are focused on reorganising the value chain of the local authority in question. In keeping with our own findings, Overmans and Noordegraaf show that Dutch local authorities tend to respond to austerity through financial measures with short-term effects. However, they emphasise that these same approaches often have a negative long-term impact on the public services offer.

Overall, the findings of our study – focused on French local government practices to generate savings – are also consistent with the previous analyses revealing the predominance of control practices that are rational

(Anthony 1965), endogenous and normative (Batac *et al.* 2010), easily implemented (Lorino 1999) and imposed by a central authority (Maître 1984). This control via resources therefore favours not only an *a priori* control approach, through budget forecasts and the allocation of uniform means for services, but also an *a posteriori* control through dashboards to monitor expenditure, standards, indicators and financial ratios (Tondeur and De La Villarmois 1999). Paradoxically, this control becomes an absence of control (Tondeur and De La Villarmois 1999) when it ignores the study of socioeconomic effects (Gibert 1980). The allocation of means is supposed to determine future results *a priori* and virtually automatically (Lorino 1995). This rationale, focused on an *a priori* allocation of means through the budgeting procedure, is less concerned about results and efficiency, due to its preoccupation with compliance with standards (Bessire 2002) rather than directly meeting the needs expressed by ‘users’. Even in a constrained context, French local government is still marked by a strong hierarchical culture, in which operational departments are not supposed to invest in the design, management or steering of the actions that they undertake, nor in the analysis of these actions and their own organisational modes (Crozier 1991, Bartoli 1997, Lorino 1999).

Faced with the limits of the control rationale, which is inherently inadequate in driving local public-sector performance, local government nevertheless appears to be starting processes to improve efficiency. Large-sized communities are therefore adopting a more comprehensive rationale. As noted in Busson-Villa (1999), ‘a results-oriented rationale is an addition to, and not a substitute for, a principles-based one.’¹³ The system of controlling resources and standards is then completed with a system of steering activities and public actions. Incorporated into the decision-making process, the steering rationale thus contributes not only to cost savings in order to ensure a budget balance, but also optimises performance by achieving productivity gains¹⁴. This shift is visible in the approach known as New Public Management (Hood 1995, Gruening 2001), the mechanisms of which have been implemented in several English-speaking countries, notably the UK, Australia and New Zealand (Batac *et al.* 2009).

This transformation, laid out on a political and organisational level, finds its coherence in the shift from a rational based on control of resources to one based on steering of public action. It materialises in the implementation of new actions to steer local performance, with ‘local performance’ being understood as ‘a public organisation’s capacity to control its human, financial and organisational resources, in order to produce a public services offer adapted in quality and quantity terms to meet the needs of its stakeholders and generate sustainable effects for its community’ (Favoreu *et al.* 2014). However, this paradigm shift must result in organisational change. In other words, an organisation comprised of departments and directorates (i.e. discretionary cost centres), regarded as hierarchical and in which a control rationale is predominant, must become a transversal organisation, compatible with the LOLF (constitutional bylaw on budget acts, 2001), relying on activity-based management (ABM) and steering of public policies. In this new organisation, budgets will no longer be defined by department/directorate or discretionary cost centre, but instead by public policy and activity.

¹³ Quoted in Batac J., Carassus D., Maurel C. (2009), ‘Evolution de la norme du Control interne dans le contexte public local’, *Finance Control Stratégie*, vol. 12 no. 1, March 2009.

¹⁴ *Ibid.*

CONCLUSION

Control is predominant, but steering is emerging due to the limitations of a purely means-based approach

While the findings of this study show that control schemes take precedence in current local government practices, our research nevertheless reveals that local government intends to implement steering schemes in the future. Indeed, as noted in the theoretical portion of this paper, the limitations of the control rationale are visible in its lack of efficiency and dynamism due to the primacy of controls of procedures (Grunov 1986), along with its ability to neglect the area of performance (Santo and Verrier 1993). Other arguments (Gibert 1986, Bartoli 1997) endeavour to explain the compartmentalisation of departments as a characteristic that prevents all actors from participating in defining the organisation's objectives, or to describe the verticality caused by bureaucratic control that complicates change implementation. As they are focused on the means used, these schemes ignore the public service being provided. If they were to be implemented alone over a long period of time, they might cause deterioration in the appropriate local political offer, without containing the many effects, notably in political terms.

Local authorities are well aware of these numerous limitations to control schemes, which is probably why nearly half the respondents who have not yet implemented steering schemes report that they 'strongly agree' or 'somewhat agree' that steering schemes are likely to be implemented in the years ahead. The strongest needs involve the schemes related to organisational resources, human resources and management tools. These three groups offer prospects for changes in local practices. For example, regarding organisational resources, local authorities are somewhat in agreement to favour public-private partnerships for strategic and large-scale areas of responsibility, and to pool responsibility and public policies among local authorities. With regard to human resources expenditure, local authorities 'somewhat agree' or 'strongly agree' that they should increase the user-to-staff ratios in schools, leisure centres or municipal sports schools. Although these schemes have the major disadvantage of not producing cost savings rapidly, they nevertheless enable local authorities to take account of local policies and the service provided by analysing the value that these policies create for the

community. This way of thinking requires considerable time, an appropriate process and strong leadership (Maurel *et al.* 2011), so it seems important for local government to adopt this approach as soon as possible in order for the initial effects to be felt when financial difficulties grow even stronger and room for manoeuvre becomes necessary.

The search for savings, or more generally for financial performance, could also be driven by the search for social performance – this is a natural extension of the present research. Management control research, notably in the field of the socioeconomic management control model (Savall and Zardet 1992), shifts the focus from orthodox financial and economic steering to socioeconomic steering based mainly on social indicators involving notably the social behaviour of agents, as measured by indicators such as absenteeism and staff turnover. Papers such as Capelletti's (2006) thus show that deterioration in social performance related to absenteeism and job rotation leads to significant losses in value added. The dysfunctions that impact social performance also deteriorate economic and financial performance. Conversely, reducing dysfunctions can improve both kinds of performance simultaneously. Similarly, Savall and Zardet (1992) propose an intervention research method to contain the hidden costs that result from six categories of dysfunctions: working conditions, work organisation, time management, communication, coordination, and integrated training and strategic implementation. These dysfunctions are measured using five indicators: absenteeism, work-related accidents, job rotation, defects in the quality of goods or services, and gaps in direct productivity. Their model distinguishes between two categories of hidden costs: 1) 'historical costs', which include actual costs that are spread across the different cost items of existing information systems; and 2) 'opportunity costs', which are not included in the visible costs and which result indirectly from the dysfunctions.

Thus, substantial research appears to be needed in the future on this theme of the steering of local policies, given not just current practices, but also local needs in response to a constrained context. One initial extension to our current research could be based on the six other variables included in our model, which we have already investigated. In-depth statistical analysis will also build on this initial descriptive study. A second extension will analyse the impact that these schemes

have on the actual trend in the administrative accounts of local authorities that have undertaken this approach. By distinguishing between control schemes and steering ones, we will therefore be able to see whether these cost-saving schemes yield significant differences in local financial performance.

APPENDIX 1 – LIST OF ITEMS FOR VARIABLE 1 – OBJECT

Group 1: Overheads	Paradigms
1. Reduce spending on consumables (supplies, fuel, etc.)	Control
2. Replace equipment and work uniforms only when worn out	Control
3. Reduce spending on utilities (heating, electricity, telecommunications, etc.)	Control
4. Favour use of the public procurement procedure	Control
5. Reduce frequency of facilities maintenance	Control
6. Automate maintenance techniques (e.g. for facilities, parks and other green areas, etc.)	Control
7. Streamline rules for use of service vehicles (e.g. reduce fleet size, restrict fuel consumption, etc.)	Control
8. Reduce spending on communications (both internal and external) and public relations (travel, missions, etc.)	Control
9. Cut grants	Control
10. Favour reduced spending for local government satellites (associations, nursery school assistants, etc.)	Control
11. Renegotiate public procurement contracts	Steering
12. Create a purchasing department	Steering
13. Create and implement a purchasing policy	Steering
14. Reduce or restructure debt in order to reduce interest expenses	Steering

Group 2: Human resources expenditure	Paradigms
1. Reduce hiring for non-permanent positions (replacement, temporary or seasonal staff)	Control
2. Hire contractual staff for permanent positions	Control
3. Do not replace retiring staff members	Control
4. Freeze hiring temporarily	Control
5. Reduce staff permanently	Control
6. Cancel discretionary for-fee training	Control
7. Revise down staff compensation (bonuses for expertise or performance, etc.)	Control
8. Make a portion of compensation conditional on group and/or individual performance	Steering

Group 2: Human resources expenditure (continued)	Paradigms
9. Reduce headcount by reorganising departments	Steering
10. Make working hours and organisation more flexible to boost productivity and reduce absenteeism	Steering
11. Improve quality of life in the workplace to boost productivity and reduce absenteeism	Steering
12. Use the local authority's social audit to optimise HR expenditure	Steering
13. Increase user-to-staff ratios in schools, leisure centres, municipal sports schools, etc.	Steering
14. Set up a multiyear payroll budget	Steering
15. Manage and plan HR skills and expertise in the long term (through hiring, staff mobility, etc.)	Steering

Group 3: Organisational resources	Paradigms
1. Favour public service delegations or concessions	Control
2. Group together support functions (HR, finances, purchasing, legal, logistics, IT, etc.) with other local authorities	Control
3. Group together support functions (HR, finances, purchasing, legal, logistics, IT, etc.) with satellites and partners (e.g. syndicates of municipalities, etc.)	Control
4. Pool investments by different local authorities	Control
5. Pool the use of existing facilities (e.g. leisure centres, gymnasiums, swimming pools, etc.) with other local authorities	Control
6. Merge satellites and syndicates to generate economies of scale (cemeteries, geothermal power plants, etc.)	Control
7. Transfer responsibilities (and related expenditure) to another local authority	Control
8. Pool the use of existing equipment belonging to the local authority (service vehicles, printers, fax machines, video projectors, etc.)	Control
9. Group together support functions (HR, finances, purchasing, legal, logistics, IT, etc.) within the local authority	Control
10. Take back direct local control of functions that were previously outsourced but are less costly when managed directly (facilities maintenance, hardware and vehicle maintenance, unemployment insurance, staff insurance, etc.)	Control
11. Simplify administrative procedures for the general public and partners (e.g. provide the possibility for individual users or organisations to carry out administrative procedures remotely)	Control

Group 3: Organisational resources (continued)	Paradigms
12. Simplify administrative procedures within the local authority (circulation of letters pending signature, hiring procedure, delegations of signing authority, etc.). This simplification generates savings on office supplies and payroll	Control
13. Outsource local public services that are too costly for the local authority to manage directly (IT maintenance, security/surveillance of premises under service contracts, etc.)	Control
14. Favour public-private partnerships for strategic and large-scale areas of responsibility	Steering
15. Pool responsibilities/public policies among local authorities	Steering

Group 4: Information resources	Paradigms
1. Favour dematerialisation within the local authority	Control
2. Develop e-administration and digitalisation	Steering

Group 5: Property resources	Paradigms
1. Defer certain investments to a later date	Control
2. Cancel certain already-planned investments	Control
3. Streamline occupancy of local government buildings	Control
4. Sell a portion of the local authority's property	Control
5. Freeze non-productive investments	Steering
6. Define a property management strategy in line with the local authority's development plan and available resources	Steering
7. Invest to reduce upkeep, maintenance and operating expenditure	Steering

Group 6: Actions and activities	Paradigms
1. Reduce the volume of public services on offer	Steering
2. Reduce the level of activity and/or number of users of public services (e.g. reduce opening hours for swimming pools, gymnasiums, skating rinks, etc.)	Steering
3. Develop a strategic plan for the local authority to set ambitions and priorities for spending	Steering
4. Outsource non-strategic public services	Steering
5. Refocus the local authority's activities on its legal responsibilities and scale back spending on discretionary activities	Steering

APPENDIX 1B – LIST OF ITEMS FOR VARIABLE 2 – TOOLS IMPLEMENTED

Tools implemented	Paradigms
1. Improve quality of budget forecasts	Control
2. Reduce overall operating expense budgets	Control
3. Require across-the-board budget cuts by appropriations managers and department heads	Control
4. Improve budget monitoring of appropriations	Control
5. Set up dashboards to identify gaps between forecast and actual expenditure	Control
6. Strengthen administrative account analysis	Control
7. Make better use of financial analysis ratios	Control
8. Set up and comply with quality standards for local government internal operations	Control
9. Implement analytical accounting to calculate the cost of each service provided to users	Steering
10. Make savings on the least-strategic public policies	Steering
11. Allocate budgets by taking account of cost indicators for each type of service	Steering
12. Set up steering indicators for each activity (achievements, effects, impacts)	Steering
13. Allocate resources to departments that have achieved measurable objectives (indicators, costs, etc.)	Steering
14. Allocate budgets in light of costs incurred by the activities and actions implemented	Steering
15. Develop contracts of objectives and means with satellites	Steering
16. Set up contracts of objectives and means or service projects with local government executives	Steering
17. Define strategic and operating objectives for the local authority, with priorities for development and operations	Steering
18. Set up and comply with quality standards for dealings with users	Steering
19. Create a strategic segmentation related to financial data to identify the objects that generate costs and to make clear decisions on spending priorities	Steering
20. Set up a local diagnostic and/or prospective plan	Steering
21. Publish an annual performance report	Steering

APPENDIX 2 – PERCENTAGE OF POSITIVE AND NEGATIVE RESPONSES PER ITEM

V1.1 – Overheads – control schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
1. Reduce spending on consumables (supplies, fuel, etc.)	Control	92,70%	7,30%
2. Replace equipment and work uniforms only when worn out	Control	36,80%	63,20%
3. Reduce spending on utilities (heating, electricity, telecommunications, etc.)	Control	91,80%	8,20%
4. Favour use of the public procurement procedure	Control	94,50%	5,50%
5. Reduce frequency of facilities maintenance	Control	43,10%	56,90%
6. Automate maintenance techniques (e.g. for facilities, parks and other green areas, etc.)	Control	32,70%	67,30%
7. Streamline rules for use of service vehicles (e.g. reduce fleet size, restrict fuel consumption, etc.)	Control	67,00%	33,00%
8. Reduce spending on communications (both internal and external) and public relations (travel, missions, etc.)	Control	61,30%	38,70%
9. Cut grants	Control	53,70%	46,30%
10. Favour reduced spending for local government satellites (associations, nursery school assistants, etc.)	Control	64,10%	35,90%
Average % of responses on 'control'-focused items		63,77%	36,23%

V1.1b – Overheads – steering schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
11. Renegotiate public procurement contracts	Steering	50,00%	50,00%
12. Create a purchasing department	Steering	48,10%	51,90%
13. Create and implement a purchasing policy	Steering	62,60%	37,40%
14. Reduce or restructure debt in order to reduce interest expenses	Steering	71,30%	28,70%
Average % of responses on 'steering'-focused items		58,00%	42,00%

V1.2 – Human resources – control schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
1. Reduce hiring for non-permanent positions (replacement, temporary or seasonal staff)	Control.	82,90%	17,10%
2. Hire contractual staff for permanent positions	Control	26,00%	74,00%
3. Do not replace retiring staff members	Control	73,60%	26,40%
4. Freeze hiring temporarily	Control	80,20%	19,80%
5. Reduce staff permanently	Control	57,00%	43,00%
6. Cancel discretionary for-fee training	Control	36,40%	63,60%
7. Revise down staff compensation (bonuses for expertise or performance, etc.)	Control	3,70%	96,30%
Average % of responses on 'control'-focused items		51,40%	48,60%

V1.2 b – Human resources – steering schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
8. Make a portion of compensation conditional on group and/or individual performance	Steering	29,60%	70,40%
9. Reduce headcount by reorganising departments	Steering	62,60%	37,40%
10. Make working hours and organisation more flexible to boost productivity and reduce absenteeism	Steering	35,50%	64,50%
11. Improve quality of life in the workplace to boost productivity and reduce absenteeism	Steering	56,20%	43,80%
12. Use the local authority's social audit to optimise HR expenditure	Steering	25,50%	74,50%
13. Increase user-to-staff ratios in schools, leisure centres, municipal sports schools, etc.	Steering	13,70%	86,30%
14. Set up a multiyear payroll budget	Steering	36,80%	63,20%
15. Manage and plan HR skills and expertise in the long term (through hiring, staff mobility, etc.)	Steering	49,50%	50,50%
Average % of responses on 'steering'-focused items		39,00%	61,00%

V 1.3 – Organisational resources – control schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
1. Favour public service delegations or concessions	Control	33,00%	67,00%
2. Group together support functions (HR, finances, purchasing, legal, logistics, IT, etc.) with other local authorities	Control	34,30%	65,70%
3. Group together support functions (HR, finances, purchasing, legal, logistics, IT, etc.) with satellites and partners (e.g. syndicates of municipalities, etc.)	Control	35,90%	64,10%
4. Pool investments by different local authorities	Control	31,80%	68,20%
5. Pool the use of existing facilities (e.g. leisure centres, gymnasia, swimming pools, etc.) with other local authorities	Control	40,60%	59,40%
6. Merge satellites and syndicates to generate economies of scale (cemeteries, geothermal power plants, etc.)	Control	15,70%	84,30%
7. Transfer responsibilities (and related expenditure) to another local authority	Control	29,50%	70,50%
8. Pool the use of existing equipment belonging to the local authority (service vehicles, printers, fax machines, overhead projectors, etc.)	Control	83,50%	16,50%
9. Group together support functions (HR, finances, purchasing, legal, logistics, IT, etc.) within the local authority	Control	50,90%	49,10%
10. Take back direct local control of functions that were previously outsourced but are less costly when managed directly (facilities maintenance, hardware and vehicle maintenance, unemployment insurance, staff insurance, etc.)	Control	32,10%	67,90%
11. Simplify administrative procedures for the general public and partners (e.g. provide the possibility for individual users or organisations to carry out administrative procedures remotely)	Control	63,80%	36,20%
12. Simplify administrative procedures within the local authority (circulation of letters pending signature, hiring procedure, delegations of signing authority, etc.)	Control	53,70%	46,30%
13. Outsource local public services that are too costly for the local authority to manage directly (IT maintenance, security/surveillance of premises under service contracts, etc.)	Control	48,60%	51,40%
Average % of responses on 'control'-focused items		42,57%	57,43%

V1.3 b – Organisational resources – steering schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
14. Favour public-private partnerships for strategic and large-scale areas of responsibility	Steering	21,90%	78,10%
15. Pool responsibilities/public policies among local authorities	Steering	34,00%	66,00%
Average % of responses on 'steering'-focused items		27,95%	72,05%

V1.4 – Information resources – control and steering schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
1. Favour dematerialisation within the local authority	Control	94,50%	5,50%
2. Develop e-administration and digitalisation	Steering	73,40%	26,60%
Average % of responses		84,00%	16,00%

V1.5 – Property resources – control schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
1. Defer certain investments to a later date	Control	81,30%	18,70%
2. Cancel certain already-planned investments	Control	47,70%	52,30%
3. Streamline occupancy of local government buildings	Control	71,70%	28,30%
4. Sell a portion of the local authority's property	Control	66,00%	34,00%
Average % of responses on 'control'-focused items		66,67%	33,33%

V1.5b. – Property resources – steering schemesg	Paradigm	% positive ('yes') responses	% negative ('no') responses
5. Freeze non-productive investments	Steering	33,30%	66,70%
6. Define a property management strategy in line with the local authority's development plan and available resources	Steering	50,90%	49,10%
7. Invest to reduce upkeep, maintenance and operating expenditure	Steering	65,70%	34,30%
Average % of responses on 'steering'-focused items		49,97%	50,03%

V1.6 – Actions and activities – steering schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
1. Reduce the volume of public services on offer	Steering	16,20%	83,80%
2. Reduce the level of activity and/or number of users of public services (e.g. reduce opening hours for swimming pools, gymnasiums, skating rinks, etc.)	Steering	15,00%	85,00%
3. Develop a strategic plan for the local authority to set ambitions and priorities for spending	Steering	42,90%	57,10%
4. Outsource non-strategic public services	Steering	13,70%	86,30%
5. Refocus the local authority's activities on its legal responsibilities and scale back spending on discretionary activities	Steering	30,80%	69,20%
Average % of responses on 'steering'-focused items		23,72%	76,28%

V2 – Tools implemented – control schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
1. Improve quality of budget forecasts	Control	87,90%	12,10%
2. Reduce overall operating expense budgets	Control	82,20%	17,80%
3. Require across-the-board budget cuts by appropriations managers and department heads	Control	47,10%	52,90%
4. Improve budget monitoring of appropriations	Control	88,90%	11,10%
5. Set up dashboards to identify gaps between forecast and actual expenditure	Control	68,50%	31,50%
6. Strengthen administrative account analysis	Control	72,00%	28,00%
7. Make better use of financial analysis ratios	Control	63,60%	36,40%
8. Set up and comply with quality standards for local government internal operations	Control	30,20%	69,80%
Average % of responses on 'control'-focused items	-	67,55%	32,45%

V2b. – Tools implemented – steering schemes	Paradigm	% positive ('yes') responses	% negative ('no') responses
9. Implement analytical accounting to calculate the cost of each service provided to users	Steering	43,80%	56,20%
10. Make savings on the least-strategic public policies	Steering	36,00%	64,00%
11. Allocate budgets by taking account of cost indicators for each type of service	Steering	8,70%	91,30%
12. Set up steering indicators for each activity (achievements, effects, impacts)	Steering	32,40%	67,60%
13. Allocate resources to departments that have achieved measurable objectives (indicators, costs, etc.)	Steering	6,70%	93,30%
14. Allocate budgets in light of costs incurred by the activities and actions implemented	Steering	39,40%	60,60%
15. Develop contracts of objectives and means with satellites	Steering	52,50%	47,50%
16. Set up contracts of objectives and means or service projects with local government executives	Steering	22,30%	77,70%
17. Define strategic and operating objectives for the local authority, with priorities for development and operations	Steering	34,00%	66,00%
18. Set up and comply with quality standards for dealings with users	Steering	24,50%	75,50%
19. Create a strategic segmentation related to financial data to identify the objects that generate costs and to make clear decisions on spending priorities	Steering	26,70%	73,30%
20. Set up a local diagnostic and/or prospective plan	Steering	49,00%	51,00%
21. Publish an annual performance report	Steering	12,90%	87,10%
Average % of responses on 'steering'-focused items		29,90%	70,10%

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