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The Role of Local Government in Social Policy and Program Development: Impacts of Municipal Reform

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The Role of Local Government in Social Policy and Program Development: Impacts of Municipal Reform

MPA Research Report

Submitted to

The Local Government Program
Department of Political Science
The University of Western Ontario

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Executive Summary

Legislative foundations have largely defined the subordinate position of municipal government. The extent of power and authority they have to make decisions and design policies and programs, and their existence as somewhat separate governing entities has been almost entirely dependent on provincial authority. However, in recent years, local government, particularly in Ontario, has undergone significant changes as a product of structural and functional reform. There is a general assertion that municipal autonomy has increased as a result. These new levels of autonomy and changing roles of local government officials, however, need to be reconciled with access to sufficient resources and a long history of entrenched subordination to upper levels of government. Factors such as the financial, structural and functional characteristics of local government have been explored to assess the impacts of reform on local government administrators. The qualitative research pursued here aims to provide empirical support for the claim that reform on its own is insufficient for effective program development and policy-making from the bottom-up. Obtaining personal accounts of local government perceptions of their own roles and capacities is important to assess this claim and to better understand the progress of urban social policy.

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1. Introduction

It is often argued that municipalities are absent from the policy-making process. In the past decade, Ontario municipalities have been given greater responsibility for social service delivery, but are thought to be equipped with little capacity to make decisions that directly affect their programs and constituents. There is a consistent view expressed by academics, local bureaucrats, and politicians that local government needs to be brought to the table when relevant social policies are developed.

The position of local government as legitimate policy partners can be reflected in their ability to enter into intergovernmental collaborative arrangements, to form partnerships with relevant policy actors, and to initiate programs and services that address the needs of their citizens. This paper focuses on the latter and attempts to identify factors that challenge and drive local government to initiate policy and programs that address social issues in their communities.

In the midst of structural, functional, and organizational change, local government still seem to operate with little autonomy to formulate targeted policies that are guided by an urban lens and reflect community interests (Bradford, 2005). Despite these municipal reforms that have occurred in the past decade, one cannot assume that perceptions of subordination and institutional capacities at the local level have improved. According to Sorenson (2006), formal and structural changes are not enough to change roles and practices.

Exploring this reality firsthand is important in order to properly assess the impact of municipal reform. This project will assess the impact of the various legal and functional reforms of the past decade on the role of local government in social service delivery and policy development in Ontario. Perceived roles in the midst of structural and functional reform are explored through semi-structured interviews with local level officials, administrators, and policy actors from select Ontario municipalities. The goal of the interviews is to assess the extent to which the local government role in social policy-making has changed during the last ten years, if at all, and to explore the factors driving this change. It is found that this is

highly dependent on local government's perceived capacity to address identified needs in their community as well as their incentives for doing so.

The paper begins by exploring local government's current role in the development and delivery of social services at the local level through a historical account of reform. This is followed by a review of the literature and analytical framework, which provide the basis for analyzing challenges that local government administrators may face in social service delivery and program design.

The paper concludes by reporting the findings of the primary research which provides anecdotal accounts of local government's role in the social policy process. Anecdotal data reveals how local government officials perceive their own roles with respect to changes in the public sector over the past decade. The data is assessed based on the extent to which structural, functional and legislative reforms have provided a greater sense of initiative in the development of innovative and proactive social programs. The data seeks to determine whether social programs are self-initiated or still largely reliant on provincial, political directives.

2. Background and Historical Context –Reform and Decentralization of Social Services in Ontario

Goals for municipal reform in Ontario have been geared toward less government, and government that is representative to the public interest, and attains the best value of services for tax payers (Garcea & LeSage Jr., 2008). Structural reforms are generally thought of as reconfigured boundaries through amalgamation. Functional reforms are generally thought of as changes to service responsibilities for the different levels of government, otherwise referred to as Local Services Realignment (LSR) (Sancton & Young, 2009). The outcomes of these reforms include significant changes to geographic boundaries, functions, finances, and jurisdictional powers of municipal government (Garcea & LeSage Jr, 2005). Municipal reform has largely taken place in cities that have a greater population and are strong economic drivers in the national economy. Thus, Ontario has experienced the greatest extent of reform, as it

contains the highest population of any Canadian province (Lazar & Seal, 2005). As Siegel states, “Ontario municipalities are moving towards more autonomy”.¹

The past decade has seen great change in cities that have had to balance themselves within reconfigured boundaries as a result of extensive amalgamation, and greater responsibilities over larger and more diverse regions. The number of Ontario municipalities was reduced by almost half from 850 to 445 after the Conservatives, led by Mike Harris, took power and introduced the Common Sense Revolution (Sancton & Young, 2009). Ontario municipalities have been the focus of reform and stand as the only municipalities that have financial and functional responsibilities over social services following the Common Sense Revolution (Siegel, 2009). Social assistance and social housing had previously been a provincial responsibility, yet they were handed down to municipalities, notwithstanding David Crombie’s “Who Does What” task force recommendations to keep these services entirely as provincial responsibilities (Broadbent, 2008; Garcea & LeSage Jr., 2008, Siegel, 2009).²

The outcome of the aforementioned reforms, for the most part, was realigned responsibilities for the different levels of government with very minor financial reforms implemented in all cases (Garcea & LeSage Jr., 2008). In the midst of the wave of restructuring, forced amalgamations, and Bill 26, Savings and Restructuring Act (S.O. 1996, c. 1),³ most of the savings promised through reform such as amalgamation, were eaten up by the costs associated with downloading of services (Garcea & LeSage Jr., 2008)⁴. This made the impacts of reform more structural and functional rather than legislative or financial.

Additionally, these municipal reforms in Ontario were accompanied by significant economic and demographic change, which has had far reaching implications for demands on social services. As in most

¹ Siegel (2009) quoted in Andrew Sancton and Robert Young, eds. Foundations of Governance Municipal Government in Canada’s Provinces (Toronto: University of Toronto Press, 2009) 22.

² Former Toronto mayor David Crombie chaired the Conservative government appointed ‘Who Does What’ task force to review and recommend the allocation of responsibilities between the province and municipalities (31).

³ Service Ontario e-Laws, “Savings and Restructuring Act, 1996 (S.O. 1996, c. 1).” 26, July 2010 <http://www.e-laws.gov.on.ca/html/tables/publicstatutesannotations/elaws_t pu st an T96s01.htm>.

⁴ Municipality of Chatham-Kent, 2000 (136).

major cities, Ontario's urban centres represent the highest inflow of immigrants every year (Broadbent, 2008; Lazar & Seal, 2005). Immigrants represent a high proportion of the demands on social services, as they require support through housing and financial assistance until they settle and find stable housing and employment. Also, during the economic downturn of the 1990s and the recent recession, social-service expenditures spiked while property tax revenue subsequently declined (Siegel, 2009). Consequently, Ontario municipalities were hit twice as hard.

Therefore, according to Siegel (2009), the main challenge for Ontario municipalities remains the high cost and volatility of social-service expenditures.⁵ The downloading of social services and the rules and regulations accompanying them create conflicting pressure for municipalities seeking to service their constituents. Given the magnitude of these social service expenditures, Ontario municipalities are protesting the financial burden of social assistance and insist that it be reclaimed by the province. Here, one area of success for Ontario municipalities concerns the Ontario Works program, for which the costs are gradually being uploaded to the Province. Currently, "the cost-sharing arrangement between the Province and municipalities for Ontario Works as of January 2011 is 81.2% provincial/18.8% municipal."⁶ Further, the province has increased social assistance payments by 1%.⁷

Given the historical context of increased devolution of social services to the local level, it is important to explore Ontario local governments' capacity to carry out these new responsibilities and their incentives for pursuing certain policy initiatives. The research methodology (see section 5 below) seeks to explore this via semi-structured interviews with local government officials and administrators.

3.0. Literature Review

Local government's role in the development of social policy has been much explored. Their capacities to design, develop, and implement policies and programs have been largely explained in terms

⁵ The demands for social assistance increase in poor economic times with subsequent decline of property tax revenue (57).

⁶ Ontario Ministry of Community and Social Services, "What the 2010 Ontario Budget means for Ontario's social assistance programs." 18, July 2010. <http://www.accesson.ca/en/mcss/programs/social/budget_social.aspx>.

⁷ The province is assuming 100% of the cost of the one percent increase until 2011, at which point this cost for the additional 1% will be shared with municipalities.

of fiscal constraints and legislative constraints. Further, their treatment as junior levels of government which are often subject to plans and policies passed down from the province has resulted in tensions between the provincial and local levels of government.

3.1. Proximity of Local Government to Social Issues

There is greater acknowledgment that complex social issues and problems tend to converge in urban centres. The role of local government in addressing these issues and their involvement in the social policy-making process has been frequently described as an important aspect of effective social policy (Bradford, 2004, Bradford, 2005; Broadbent, 2008; Fowler & Siegel, 2002). The value of this so-called 'place-based' perspective is described in terms of local governments' ability to engage the community and draw on local perspectives about their lived experience so as to more directly inform the development of targeted programs as well as broader policy. It is argued that the ability to identify issues and address them immediately may prevent problems from becoming deep social ills that erode and divide the community (Bradford, 2005).

The potential costs may otherwise result in growing income-gaps, poverty, deteriorating neighbourhoods, and infrastructure problems that often become more difficult to contain in the long-term. As Sancton (2008) argues, "In the Canadian context, provincial governments are primarily responsible for addressing the root causes while it is the federal and municipal governments that are strangely yoked together with responsibility for urban disorder."⁸ These arguments suggest that local government officials and administrators can contribute to effective social policy because of their proximity to the issues that affect their constituents. It is also suggested that this can be achieved through the integration of local perspectives that identify key issues and address them immediately before they become exacerbated (Bradford, 2005).

⁸ Andrew Sancton, "Drawing Lines Defining the Roles of Municipal, Provincial and Federal Governments in Addressing Urban Social Issues in Canada." *Canada West Foundation*, June 2008, 5 July 2010 <http://www.cwf.ca/V2/files/Drawing_Lines.pdf>.

3.2. Fiscal Capacity and Autonomy at the Municipal Level

There has been a growing body of literature that analyzes various aspects of municipal reform. These aspects include the fiscal implications for municipalities and proposed increase in levels of autonomy and authority. According to Picard (1983), when analyzing the process of decentralization one must consider the extent to which local units of government are able to make autonomous decisions free from interference from above. The basis of Picard's study suggests that, "Decentralization of authority must deal with practical political barriers to the transfer of authority to the local level."⁹ It is argued that decentralization occurs because conflicting demands are believed to be better managed and responded to at the grass-roots level (Picard, 1983). Yet, local level organizations operate in an environment that is constantly in flux and subject to political influence (Herson & Bolland, 1998; Barlow & Wastl-Walter, 2004; Backoff et al., 1993). It is important, therefore, to explore the results of these tensions, to determine the extent to which decentralization has afforded municipalities the capacity and authority to manage social issues, and to what extent they have embraced these new powers and responsibilities.

According to Fowler and Siegel (2002), cities have undergone significant changes that are reflected through different governance structures, roles, and responsibilities. These practices have purportedly begun to shift organizational culture into more self-managed, self-regulated units of government. They are also said to have potentially expanded the capacity of local government to design and implement policy at the local level more independently amid fewer legislative constraints (Sancton & Young, 2009). These changes have had numerous implications for local governments' role in policy-making. The effects of such changes have been particularly noted in Ontario where municipalities have been given the responsibility for delivering certain social services. With the responsibility for financing a large portion of these services as well, it is argued that the fiscal capacity of cities has not necessarily kept pace with those extensive reforms.

⁹ Louis A. Picard, "“Recentralization” & “Steering Mechanisms”: Paradoxes of Local Government in Denmark," *Polity* 1983: 537.

According to Jacob, et al. (2008) municipalities are still fighting for an increase in basic powers that will allow them the freedom to form partnerships, enter into debt, and tap into alternative revenue sources to fund services and programs. Jacob, et al. (2008) put forward the claim that local government needs the flexibility to manage public programs in order to respond to levels of accountability that are demanded from the public and upper levels of government (Jacob, et al., 2008). Therefore, two types of autonomy are required; initiative and immunity. The authors define *initiative autonomy* as “the power of localities to legislate and regulate behaviour of its citizens”¹⁰ and *immunity autonomy* as “the ability of the municipality to function without reliance on higher orders of government.”¹¹

Jacobs, et al. (2008) argue that autonomy on its own does not necessarily increase a municipality’s administrative capacity. They suggest that autonomy, in the form of decision-making authority, as well as capacity, which requires expertise and access to revenues, are both necessary. These can be thought of as the conditions upon which local government actions depend. According to Jacob, et al. (2008), both conditions are necessary for local government to maximize on their new powers. This describes the two types of autonomy as interdependent factors and suggests that one cannot be achieved, or is not useful, without the other.

Since the late 1990s, Ontario’s municipalities spend almost a quarter of their total expenditures on delivering mandated social services such as welfare (Lorinc, 2006). Property tax, for example, accounts for about fifty percent of municipal revenues (Broadbent, 2008), which reflects their dependence on this regressive revenue source. These financial pressures often describe the underlying challenge for local government in vying for greater independence and managing new responsibilities, while ensuring adequate resources are available to support those pursuits. The literature describes this as one of the common challenges that exist where reform has taken place.

¹⁰ B. Jacob, B. Lipton, V. Hagens and B. Reimer, “Re-thinking Local Autonomy: Perceptions from Four Rural Municipalities,” *Canadian Public Administration* 2008: 427.

¹¹ Jacob, Lipton, Hagens, Reimer 410.

3.3. Susceptibility of Local Government to External Control

Institutional and political constraints are also identified as the main challenges for local government in strategic planning or program design. Backoff et al. (1993) identify factors that influence the behaviour of local government officials.¹² They cite the legal bases, government control processes, and resource allocation mechanisms as examples of legislative, structural, and financial barriers to strategic planning at the local level. The absence of municipalities' constitutional status is described as the underlying basis for such barriers, which leaves local government susceptible to external control over needed resources and for authority to make decisions or adopt certain actions. The aspect of control is generally described as lacking at the local level, which in turn, affects local governments' ability to "initiate or terminate actions, exchanges, or relationships".¹³

Barriers to exercise new levels of autonomy are found in local governments' inability to enter into partnerships, access different sources of revenue, or make decisions without provincial approval (Jacob, et al., 2008). These may be significant factors in deterring or at least discouraging local government from initiating further programs and services that would add to the financial burden they carry through the delivery of mandatory social services. The long-term savings of social support programs such as skills training and employment support services, for example, and their success in reducing the reliance on social assistance would have to outweigh the costs of implementing these added services. The literature suggests that these are important factors to consider when assessing the outcomes of reform as they relate to local administrative actions and decision-making.

¹² Backoff et. al. (1993) present a study which focuses on different levels of government, and the impacts of structure and the challenges associated with strategic management. The study explores the expected variations and implications for organizations and managers at these different levels of government.

¹³ Pfeffer and Salancik (1978) quoted in Robert Backoff, Barton Wechsler, & Robert E. Crew Jr., "The Challenge of Strategic Management in Local Government," *Public Administration Quarterly*. 1993: 128.

3.4. Perspectives of Local Government Officials and Administrators on Outcomes of Municipal Reform

Emerging literature suggests that local government administrators and officials, particularly in Ontario, have felt the impacts of devolved services (Siegel, 2009; Fowler & Siegel, 2002, Garcea & LeSage Jr., 2005). Namely, the mismatch between service responsibilities and adequate funding as well as the flexibility required for quality service delivery has been particularly experienced (Fowler & Siegel, 2002). Yet, there remain few studies that directly explore accounts of local government officials and administrators' perspectives of reform and their changing roles in the area of social service delivery and program development.

Picard's (1983) study, which compares the perceptions of local government officials with the stated goals of reforms in 1970s Denmark, represents a study with a similar analytical framework. This study explored the question of whether local public sector officials felt more autonomous as a result of reforms, which transferred much of the administration of Denmark's social-welfare programs to local authorities. While two-thirds of respondents felt that reforms were intended "to increase the responsibility of district and county administrations for the making of public policy"¹⁴, few felt that the decentralization process had occurred in this way. One respondent stated that, "Along with the responsibility we get a whole row of instructions that limit our power and authority."¹⁵ This study suggests that while there may be greater autonomy and accountability at the local level through decentralization, the capacity for decision-making can still be limited.

The literature review suggests that factors such as proximity of local government to social issues, fiscal capacity and autonomy at the municipal level, and the susceptibility of local government to external control provide a framework to further explore how local government officials and administrators perceive their roles in the context of municipal reform, and assess whether or not reform has led to local government developing self-initiated, innovative social programs that address local needs.

¹⁴ Picard 546.

¹⁵ Picard 548.

4.0. Analytical Framework

The following sections further discuss the main factors identified in the literature concerning municipal proximity to local issues, fiscal capacity, and dependence on the provincial level. The first section assesses the current role of local government in the policy process. The second section discusses the challenges of reconciling fiscal capacity and autonomy, and the third section highlights the notion of external dependency, as it continues to be reflected in the provincial-municipal relationship.

4.1. Proximity of Local Government to Social Issues: The Current Role of Local Government in the Social Policy Process

The quality of social policy depends, at least partially, on opportunities to tap into local knowledge that can be effectively drawn from local citizens, politicians, and administrators. There is also the true expression of local democracy through elected local officials (Fouchet and Guenoun, 2007). However, “Local governments have frequently viewed themselves as the recipients of policies passed down from above, rather than as policy-makers”.¹⁶ While the role of municipal government may be viewed as merely fulfilling a service-delivery function, it is difficult to separate policy from implementation.

According to Pal (1992), the content of any public policy contains three elements: problem definition, instruments, and goals. The definition of the problem is described as the “heart of the policy” and the basis upon which the other elements of the policy depend (Pal, 1992). However, it is generally believed that the current status of municipalities and their treatment as ‘junior levels of government’ neglects their role in identifying and defining social issues (Garcea & LeSage Jr., 2005).

According to Fowler and Siegel (2002), “local government generally has small capacity for policy analysis and advice.”¹⁷ Though the value of their input has been widely acknowledged, local government’s involvement in agenda setting for important social policies remains limited, as much of the debate for social policy happens at the provincial and federal, macro-level (Bradford, 2005). Communities

¹⁶ Edmund Fowler and David Siegel, eds. Urban Policy Issues Canadian Perspectives, Second Edition (Toronto: Oxford University Press, 2002) 8.

¹⁷ Fowler and Siegel 14.

need broader universal social policy, but also targeted interventions that get at the root cause of mounting social issues, such as poverty (Bradford, 2009).

Municipalities continue to have little say in what specific program requirements should be and whether certain regulations will be beneficial in the short and long-term. Currently, program criteria for certain social programs, such as the Employment Insurance program and Ontario Works, are established without benefiting from local expertise. Yet, many programs are implemented at this level where direct interaction with program and service recipients occurs. This potentially results in missed opportunities to save time and resources and negatively impacts municipal staff (Garcea & LeSage Jr., 2008). An example of this was the Conservative government's desire to deter fraudulent claimants (Garcea & LeSage Jr., 2008). The system emphasized overall efficiency, yet when it came to social assistance, local officials were expected to engage in long interviews with claimants, requiring them to take mandatory literacy tests and possible drug testing (Garcea & LeSage Jr., 2008). Administration of these programs as a result became complex, time consuming and costly.

The politics-administration dichotomy encourages government to work within the reality that these two entities cannot be separated. Bringing the two together in constructive, mutually respectful ways can maximize and enhance the policy process in a way that is both transparent and productive (Dwivedi, Man, & Sheldrick, 2009). It is suggested that this has to happen consistently with the appropriate mechanisms in place for true collaboration to occur.

However, policy-making tends to be fragmented. It is also often subject to partisanship despite its intended political neutrality. According to Pellisero (2003), other governments and their programs largely - if not completely - determine the political and policy options for local action. "In many instances, a city cannot operate in an independent fashion..."¹⁸ Bradford (2005) attributes Canada's policy operative in part to upper level government perceptions and treatment of local government as unequal policy partners. This, he suggests, hinders a collaborative and more balanced approach to policy making and threatens the empowerment of local authorities.

¹⁸ Fowler and Siegel 9.

All of this suggests the importance of including local government from the start of the policy process, as municipal government is better attuned to the issues and challenges faced. Localities vary in their challenges and how they address them; therefore, each can bring different perspectives to the table. It is argued that local government can play an integral role in the policy process, particularly when the policy has to do with the well-being of communities (Lazar & Seal, 2005).

4.2. Fiscal Capacity and Autonomy at the Municipal Level: A Paradoxical Situation for Local Government

One of the greatest challenges often cited is a lack of authority at the local level. It is argued that local governments' ability to address issues that largely converge in major urban areas is limited as a result. However, greater independence and greater authority does not necessarily address the finance problem. This potentially creates a paradoxical situation for local government. If left to their own fiscal devices, namely the property tax and user fees for own-source revenue, municipalities will likely continue to face challenges in program design, implementation, and ultimately meeting the needs of their constituents. With limited access to adequate resources, dependence on provincial funding will likely persist, which also means less say for local government in how these resources are allocated.

As Broadbent (2008) puts it, higher levels of government often grant municipalities benefits without rights. For example, former Prime Minister, Paul Martin proposed a plan to provide federal gas tax revenue for infrastructure projects on the condition that proposals for acquiring shares of the funding was in accordance with the government's objectives and priorities. However, these objectives did not reflect what cities had identified as more pressing issues. Transitional housing for immigrants was identified as a pressing need that was displaced by other competing government priorities (Broadbent, 2008). Broadbent (2008) claims that having certain rights is about deciding which system works best in light of the economic climate and needs of local constituents, thereby creating policies that address current problems and maximize on new opportunities. With existing chains of command however, such changes are little to no use for Canada's major cities to progress (Broadbent, 2008).

The factors effecting autonomy, namely fiscal constraints borne out of devolved services and unmatched resources, may potentially account for a somewhat paradoxical situation for cities. It is suggested that some cities may in fact resent greater levels of autonomy and the disentanglement of the province because of the significant reduction in provincial funding assistance that has followed (Fowler & Siegel, 2002). This also suggests that proposed autonomy may not be liberating for most cities but rather, debilitating, as their present sources of revenue cannot keep up with imposed demands for service delivery such as housing and social assistance.

Perhaps these tensions explain why, despite over a decade of reforms, local government has not embraced these changes (Sancton & Young, 2009; Tindal & Tindal, 2007). While many municipalities suggest that their levels of autonomy are expanding, they still play a relatively passive role in the development of policy (Bradford, 2003). It is claimed that revised legislation such as the Municipal Act which came into effect in 2003 has instigated little discussion around how the Act can be used in positive ways to allow greater freedom and flexibility in municipal policy-making or in the provision of services (Siegel and Tindal, 2006). While Ontario municipalities move toward more autonomy and broader legislative authority, municipalities themselves appear to not have embraced this shift (Sancton & Young, 2009).

4.3. Susceptibility of Local Government to External Control: The Provincial-Municipal Relationship

Recent reform initiatives in major cities and urban centres in Ontario have increased demands on municipal government and have impacted the provincial-municipal relationship. Reform and realignment of services following the Common Sense Revolution resulted in substantial reductions in provincial transfers to Ontario municipalities. These reductions had an adverse impact on municipal funding capacity despite the province assuming the majority of funding for school boards which was meant to free up property taxes for municipalities to allocate elsewhere (Garcea & LeSage Jr., 2008). According to the

recent Provincial-Municipal Fiscal and Service Delivery Review (2008) “municipalities continue to fund, manage and deliver many provincially supported programs.”¹⁹

The provincial-municipal relationship was subsequently affected by the challenges of municipalities having to cope with added responsibilities which were not sufficiently supplemented by provincial uploading of school board funding. Municipalities were intended to be more self-sufficient. They were meant to rely less on conditional transfers in exchange for greater freedom to raise their own revenues through alternative means other than the property tax. According to figures presented by Garcea & LeSage Jr. (2008), these changes were reflected through greater proportions of own-source revenues and user charges, with Ontario municipalities collecting over four-fifths from own-source revenue from over two-thirds between 1996 and 2002. Paul Martin also acknowledged the importance of diversifying municipal revenue sources and the potential effects of ‘taxation-stagnation’, but own-source revenues did not sufficiently curb dependence on property taxes (Lorinc, 2006). Therefore, the promise of revenue-neutral changes failed.

Control is often achieved through the ability to tax. As Broadbent (2008) states, having the power to tax grants the right to govern. The issue of taxation is a significant factor in the ability to exercise power, plan, and make decisions for the future. It is rather limiting that cities must rely solely on property taxes drawn from only a fraction of citizens who own property versus income and sales tax, which can offer deeper sources of revenue that grow with the economy. Without the ability to access other sources of revenue, the actions and decision-making power of cities appear inherently limited. Reliance on the province and dependence on conditional grants likely continues as a result.

According to Pellisero (2003), other governments and their programs largely - if not completely - determine the political and policy options for local action. “In many instances, a city cannot operate in an independent fashion...”²⁰ The feasibility and practicality of a course of action is heavily constrained with

¹⁹ Ministry of Municipal Affairs and Housing “Provincial-Municipal Fiscal and Service Delivery Review” 2008, 28 June 2010 <<http://www.mah.gov.on.ca/AssetFactory.aspx?did=6050>.

²⁰ John P. Pellisero, ed. *Cities, Politics and Policy: A Comparative Analysis*. (Washington, DC: CQ Press, 2003) 9.

choices often directed and limited by a set of values (Herson & Bolland, 1998). According to the 2005 Public Service Employee Survey within the Government of Canada, public servants in top and middle ranks often resent constraints from political processes. These constraints were attributed to constantly changing priorities, lack of stability, too many approval stages and unreasonable deadlines (Dwivedi, Mau, & Sheldrick, 2009).

There is an inherent tension in legislative definitions and common perceptions of municipalities as ‘creatures of the province’. According to White (1997),

Local governments see themselves as important governing bodies deriving their legitimacy from their close links to the public. Provincial governments sometimes see local governments as simply decentralized service-delivery agencies.²¹

These differences in perceived roles present stumbling blocks for effective program design and delivery at the local level (White, 1997). Rigid rules and provincial objectives are passed down to the local level with the expectation that local government serve a strictly service-delivery function. Consequently, the dependence on upper levels of government for legitimacy and resources leaves very little freedom to innovate and respond immediately to issues identified on the ground.

Normative arguments state that for decentralization to be effective, it needs to be accompanied by a legitimate process of decision-making at a level where authority exists. Local partners need to be included and integrated into policy and planning processes. As several reports suggest, these current gaps need to be filled (Picard, 1983; Bradford, 2005). The literature suggests that these gaps not only minimize independence and the innovative capacity of cities but also their opportunities to engage citizens. As Courchene (2004) states, “citizens will not become too excited about democracy and accountability at the city level as long as cities are largely administrative units.”²²

Values embedded within policies often reflect provincial objectives. But the past decade has seen efforts to acknowledge the municipality as a valuable level of government by giving them increased

²¹ Graham White, ed. The government and politics of Ontario (Toronto: University of Toronto Press, 1997) 128.

²² Thomas J. Courchene, Citistates and the State of Cities: Political-Economy and Fiscal-Federalism Dimension (Montreal: Institute for Research on Public Policy, 2005) 16.

autonomy (Lazar & Seal, 2005). It is also about leveraging the opportunity for information and knowledge about the issues most pressing at the local level and how they would be best addressed. As it stands, however, conditional transfers often have to be spent in ways that are not necessarily identified as a priority by the city.

5. Research Methodology

The research methodology is based upon the aforementioned factors drawn from the literature review and further discussed in the analytical framework. Specifically, the primary research questions have been created and structured to gather firsthand accounts of these factors from local government officials and administrators. The purpose of the questions is to explore how these individuals perceive their roles in the context of municipal reform and to investigate whether reform has led to local government developing self-initiated, innovative social programs that address local needs.

The interviewees were selected based on their roles and involvement in social service delivery, policy analysis, and research. They have various policy backgrounds, such as housing and homelessness, immigration settlement, social assistance, and children's services, and are drawn from single and upper-tier municipalities in Ontario. Their experience in the public sector ranges from three to thirty-five years; a large majority have been working in the local public sector for over ten years.

The objective of the interviews was briefly communicated to the respondents. Those interviewed were informed that the purpose was to draw on personal accounts of local governments' role in the social policy process in the context of recent municipal reform. Interviewees were asked a series of questions pertaining to their role in social policy, program design, and service delivery in the context of reform during the past decade. Anonymity of interviewees was guaranteed. A total of thirteen interviews were conducted between July 7th, 2010 and July 21st, 2010.

The municipalities vary in size, economic, and social characteristics but all contain at least one major urban core. Some of the municipalities are among the largest urban governments in the country. The single-tier municipalities selected are all among the thirteen most populated municipalities in Ontario. It was important to include municipalities that had a population of over 100,000, as social issues

tend to converge in urban areas that have higher populations. Assessing levels of initiative in social policy in rural municipalities seems less urgent, as their populations are more homogeneous and less likely to demonstrate as high a need for social services and support programs as compared to those of major urban cities.

6.0. Local Government Actors in Social Policy; Perceived Roles and Impacts of Reform – Reported Findings and Analysis

6.1. What is the Current Provincial-Municipal Relationship?

Each interview began with a general question about whether interviewees felt that local government *should* play a significant role in the development of social policy. Responses to this particular question were important, as it assessed whether the respondent felt that social service program design and delivery is, and should be, a local responsibility or whether social services should strictly be a provincial responsibility. The majority of respondents felt that municipalities had a pivotal role to play in these respects.

While the passing of legislation was described as a provincial responsibility, most interviewees stated that funding of social services should be a provincial responsibility as well. Local governments' role in the development and delivery of social services was also affirmed by all of the respondents and there was general consensus about the importance of having local government involved in the early stages of policy-making. It was expressed, however, that the current system is structured in such a way that numerous barriers exist for the development of programs and policies that address issues on the ground. While respondents affirmed that the political role of the province is key in determining broader objectives and setting priorities that are consistent across the province, the exclusion of municipalities from this process was expressed as problematic.

As a result of recent reform in Ontario municipalities, there does seem to have been greater attempts at intergovernmental collaboration and consultation with the local level. The majority of respondents stated that there has been some sharing of power between levels of government. But it also seems that little has changed in terms of local capacity to make key decisions, allocate resources, and

directly meet the needs of their constituents. While there has been a noted improvement overall, these key capacities proposed through reform have been cited as marginal, at best.

6.2. Has Municipal Reform Led to More Autonomy?

Interviewees were asked about how they perceive changes brought on by reform with respect to their roles and how they manage social service responsibilities. This question sought to assess the extent to which local government express initiative for innovative social services and programs. Ideally, responses would also provide a sense of whether a supposed increase in local autonomy has been reflected in the past decade. When asked how local capacity has changed in the context of structural and functional reform, there was variation in responses. One respondent stated that, “While there has been some change, a lot of power and funding still comes through the province”.

There has been noted flexibility and ease of legislative control over municipalities. While broader policy objectives are passed down, there is some freedom for municipalities to carry out these objectives as they see fit. There are occasional spurts of unconditional funding transferred to municipalities, but these happen infrequently and inconsistently. When it does occur, however, there is little interference from the province in how funds are allocated. For example, one respondent discussed “Door Funding” that was passed down by the province with the freedom to do with it as the municipality chose. This could be used for rent supplements, for example, to residents that needed subsidies for housing. According to the respondent, “the lack of rules around that money really helped”. Another point was made stating that,

While a lot of components of service-delivery are rule-oriented, it is getting better. There has been a culture shift and we are seeing that success is worth the work and effort. In some areas it’s becoming natural and will gain momentum, however, changing the culture takes more time than changing policy.

While social policy objectives are mandated from above, it was commonly stated that local government has leeway in the way that these mandates are interpreted and applied so as to best service their clients. Many responses suggested that collaboration and consultation on key social issues is the norm now, while some said that government is still very selective about the type of policies municipalities get involved with. According to one respondent, “the degree of consultation that happens with the local level is dependent on how contentious the issue and politically sensitive it is”. Another respondent added,

Nevertheless, strict government policy is still enforced on the lower level with a “selected menu” of what has been given in terms of autonomy and decision-making powers. Bigger issues such as immigration and employment services are still very structured in their silos and thinking.

It was stated that while “Decentralization has occurred local government still needs some equity at the table”. It was generally felt that services that require more significant capital such as housing saw priorities still very much guided by politicians from higher levels of government. According to one respondent,

Housing and homelessness and early learning programs should be left to local government to avoid the silos created by ministries that are difficult to overcome and ultimately compromise the quality of services that becomes fragmented and inefficient.

Having said this, there is also more collaboration and consultation that takes place. For example, higher levels of government are requesting more local-based information around local labour market issues and identifying potential partners. One respondent claimed that, “Local government’s influence on policies is coming through. However, broader based policies such as employment support should be left to municipalities, as they can more effectively identify the needs in this area”. One respondent also summarized the point that, “While the legislation is set by the province, interpretation allows for some creativity while also allowing local government to make changes”. Another respondent added that, “Planning can be done simultaneously with advocacy in which case strategic plans and position papers can be presented to higher levels of government to demonstrate local ideas about addressing issues”.

Organizations such as Federation of Canadian Municipalities, Association of Municipalities of Ontario as well as Ontario Municipal Social Services Association are often used as a conduit for communicating information from the local level to upper levels of government. They were described as important institutions that build collaboration and encourage municipalities to lobby upper levels of government on certain issues as a collective. While each municipality and region deals with its own set of challenges, opportunities to work together are seen as important in order to elevate the position and interests of municipal government.

Organizational Change

Aside from the traditional argument that local government is closest to the people, what was also conveyed is the view that local government is closest to each other. Ministries are often criticized for operating in silos. There is a general perception that the higher the level of government, the more silos exist and that ministry silos essentially slow things down. Interviewees were asked about trends within their organizations; the way they operate and their interaction with the community. One respondent stated,

Restructuring has occurred within departments. There are now integrated management teams that have merged income and employment support pieces into one team and one manager. Services are integrated right to the frontline. We have been chastised in the past for thinking outside of the box but we can now be more innovative in the way we choose to operate.

New operating styles reflect results-based approaches to service-delivery. Internally there seems to be much more freedom to operate in an integrated way. These reflect New Public Management practices consistent with the notion of doing more with less, streamlining, and integrating services.

Another respondent stated that,

Sometimes policy reinforces silos. For coordinated planning to happen, the local level is the best place to do that. They are able to tap into the non-profit sector, leverage the right partners, and engage in more integrated approaches for citizens. We are increasingly moving toward more human services integration. We step outside to engage citizens and we go out to the community a lot more. Resources are dedicated to that now whereas before, if it was not included in the provincial funding code, we didn't do it.

As frequently stated, local government is best able to convene community leaders, non-profit organizations, members from the public and private sector as well as citizens to build partnerships and collectively address local issues. But policy capacities remain limited and there is only so much flexibility afforded to municipalities to dictate policy when they are expected to operate within parameters set by provincial levels of government. Areas such as employment support where municipalities can really offer their expertise and apply their direct knowledge about the job market, are left to the higher level of government to establish.

6.3. Where Does the Push to Develop Programs Come From?

It is important to understand the factors that drive local government to develop programs that respond to ongoing and emerging needs. These responses were sought to shed light on how priorities are set and the bases upon which decisions are made. It is difficult, however, to pinpoint the main sources of

pressure that drive local governments to respond to demands and where those demands actually come from. One respondent explained that these demands come from a number of individuals, groups, and institutions, which creates a ripple effect around a particular problem. A combination of these sources often results in a particular issue making it to the table. This reflects a shift from a predominately political push to create certain programs at the local level to those driven by a local voice and community advocacy.

In general, respondents attributed most of the push for certain programs and initiatives to politicians, but also, increasingly, to needs drawn from constituents and community agencies. The latter often request assistance in addressing identified needs.

In the face of the recession, income support was increasingly identified as a need by policy analysts which was put through to the director, then to council and then to the media. This is how issues often gain attention and translate into programming and services.

One respondent also stated that, “Much of the push comes from community but also from higher levels of government. Support at the provincial level, however, allows things to happen”.

The majority of those interviewed consistently reported that programs have taken on a largely neighbourhood focus. They often respond to a need identified in the community, and then put forward by the community. The solutions themselves are often neighbourhood focused as well. The development of support programs launched at the local level, such as “neighbourhood capacity work” and “mobile learning centres” for adults, are examples of social support programs initiated and/or facilitated by local government, in addition to the mandatory services they provide.

Targeted programs are intended to address the needs of at-risk individuals and groups in efforts to avoid bigger, more costly problems in the long-term. It is generally stated that local government tries to facilitate neighbourhood initiatives, as local citizens themselves are becoming very active in addressing issues in their communities. With a greater sense of autonomy, local public sector workers found they had greater freedom to go out into the community and engage the public in priority setting and program design. But respondents also emphasized that there is much more work to be done, particularly with the development of key, broader policies that presently have very little input from the public during the

policy development stage. The development of such policies often occurs at the higher level. According to one respondent, with regards to informing policy,

The best information you get is from the people who are living it. The impact of the Poverty Reduction Strategy, for example, has been minimal because there was no on-the-ground consultation. As a result, the lives of those most vulnerable have not changed in any significant way.

Broader policy issues such as immigration and employment support programs do not take into account the implications for infrastructure or service delivery at the local level. Cities can contribute to these discussions in meaningful ways. According to one respondent,

Social policy change has been around for a long time. With any change, there is a lot of work that goes into it and important questions to ask such as is the public ready for it? What sort of research has been done? The engagement piece is important, as we bring issues to the discussion such as, for example, implications of immigration on infrastructure.

Local government can also identify key partners to maximize initiatives, provide data, and insight into the changing demographic conditions of a particular region. The Region of Peel, for example, must manage demands on services amidst rapid growth. One respondent stated that “This has implications for infrastructure and housing needs, yet infrastructure is lagging because funding formulas do not reflect the extent of their growth”.

Untargeted, broader social policy has pushed municipalities to develop their own neighbourhood led projects and coalitions to address issues that upper levels of government overlook, or fail to directly address. With greater levels of accountability at the local level, they are expected to fill the gaps in service left by provincial and federal government. Despite a reduction in provincial transfers, local government is expected to respond to the needs that persist in their communities.

Fiscal considerations: The value of social support programs

Given the extent of functional reform that saw downloading of costly social services, there is now greater fiscal incentive to address social problems before they are exacerbated. One respondent stated that,

Our goal is to get people off of social assistance and implement long-term, preventative solutions for both the client and the service delivery agent. But funding is required for these programs which are often used up by mandatory services such as social assistance, so what tends to happen is vulnerable persons fall back on social assistance and it's a constant cycle.

Cities have been forced to make difficult tradeoffs in an effort to manage the gaps created by federal and provincial program cuts (Broadbent, 2005). “Social Assistance, for example, relies on tax payers’ money. The program cannot turn anyone away and yet local government has absolutely no impact on the Canadian Employment Insurance (EI) program criteria” This hurts other programs such as enhanced employment services for vulnerable persons that try to address the root causes of social-related problems in an effort to reduce future dependence on social assistance in the long-run. Another respondent stated that, “We [the community] come together about needs, engage in capacity building and knowledge sharing so as to maximize service opportunities with less money.

Municipalities now have greater incentive to alleviate pressure off of welfare services. This is the likely rationale behind the provision of support programs that take a more proactive, preventative approach to social problems, rather than relying on costly, reactive solutions such as social assistance. This takes advantage of local governments’ proximity to social issues while managing strategically within financial constraints at the local level.

Citizen groups, neighbourhood coalitions, and community advocacy have been the primary drivers for the initiation of programs at the local level. The public as well as collective informal networks have largely guided the direction and development of policies (Kwok & Tam, 2009). Community groups have been the source of a strong public voice and they often succeed in bringing issues to the table. As Fowler and Siegel (2002) suggest, a greater municipal role in policy-making draws an emphasis on public participation, citizen engagement and representative government. But the treatment of municipalities as junior levels of government hinders their ability to respond to the demands of their constituents. It also affects their ability to design and implement programs that reflect the input and recommendations drawn from the public through citizen engagement initiatives.

6.4. What barriers and challenges remain?

Fiscal constraints and lack of autonomy

Challenges expressed in the responses reflect the factors affecting local-based, innovative policy work at the local level. While there is an apparent degree of flexibility afforded to municipal government

to interpret policy, the respondents shared a general view that local government continues to be constrained in very significant ways. These anecdotal accounts speak specifically to the lack of fiscal capacity and autonomy identified in the literature. As one respondent put it,

We don't have the authority or the funding to make policy changes but rather, policy is trickled down with some room in how we interpret these policies. For us growth is huge. Infrastructure is not keeping up and our social infrastructure is five years behind.

There also seems to be a disconnect between policy and what is happening on the ground. With respect to immigration policy, it is claimed that municipalities have been fighting for years to have input into policies. One respondent pointed out that,

There is no capacity to influence [immigration], as the federal government determines who gets in. The municipality has absolutely no impact on how resources are influenced or distributed. There is little capacity at the local level for research and policy development. During renegotiations of the Canada-Ontario immigration agreement for instance, there was no discussion about the municipal level.

While immigration continues to be a key component in the changing urban landscape, there is still no channel for direct municipal input that can provide information about settlement patterns and the need for specific infrastructure to support rapid population growth.

Access to information and relevant statistics

There was also the problem of access to information expressed by several of the respondents. They expressed the lack of communication mechanisms that exist to share information, data, and trends that are extremely relevant to the outcomes of policies. They attribute this to the limited channels, avenues, and structures (social infrastructure) to encourage collaboration. A few respondents spoke specifically to this point, with one respondent stating that,

Data is gathered but not disaggregated to the province and federal government. Census data, numbers of landed immigrants, and temporary workers are not disaggregated to the municipal level. This lack of crucial information hinders effective program planning and development.

One respondent questioned how the progress of broader policy initiatives will be measured, stating that Ontario's Poverty Reduction Strategy, for example, aims for a 25% reduction in poverty by 2025, but how is that measured?" A further point was made with regards to data and access to information, stating that,

Data used to justify policy changes is not current. Local government has more current data but higher levels of government won't take it. Therefore demographic trends are not taken into account when policy is developed. Funding formulas don't reflect our growth. That's why we need to be at the table to provide the right information.

Susceptibility to External Control

The revised Municipal Act enforced in 2003 afforded municipalities greater freedom to make decisions with little interference from the province. Part of the goal for less government and provincial disentanglement was to lead to greater municipal independence. While local administrators note these changes, the biggest challenges were not attributed to legislative inflexibility so much as to financial limitations. One respondent stated,

There is a constant tension in terms of the dependence of public transfers from the province, without which municipalities are unable to plan and predict beyond the current fiscal year. This also undercuts the ability to attract staff because permanent positions cannot be offered.

The best and brightest as a result are often deterred from temporary contract positions. Although greater independence for municipalities may be granted through legislative change, little can be done in terms of making key decisions or implementing strategies, as fiscal capacity, and thus power, remains limited. Setting goals and following through with the necessary steps to achieve them remains a challenge, as a result. According to one respondent,

There are delays in transfers and shifts in government also change the [political] direction and priorities. Funding is volatile which makes it difficult to plan such as what happened with the Early Years program. It was initiated by the previous government and was not pursued by the next. The Homeless to Housing Stability Strategy is more piecemeal and happens one year at a time.

Despite these challenges of political flux and provincial oversight, as one respondent claims, "We step ahead and plan before policies and services are mandated but this is a long and painful process".

The province is recognized for its power because funding comes through them. The disentanglement of the province without the foresight to equip cities with the necessary powers and access to resources is problematic and has long-term implications. This has encouraged local government to try and push services – or at least the funding for services – back up to the upper levels of government. They have relatively succeeded in doing this, with respect to funding for social assistance. However, the

uploading of costs is expected to be long and drawn out and of course subject to the provincial budget. A respondent referring to the initial 80/20 split for social assistance, stating that,

The province is slowly taking on a greater percentage of the cost over future years. But it will take years to upload costs associated with social assistance. There is an inherent tension that occurs in this case, however. Delivery needs to be at the local level but municipalities feel they shouldn't have to pay for it. Yet, without the financial responsibility, it will be difficult to have any say about the policy and how it is delivered.

Key factors such as decision-making authority, provincial oversight, and limited fiscal capacity were expressed as barriers limiting local governments' ability to effectively respond to issues and demands of local citizens.

Balancing power and equity between municipalities

There is an undeniable power dynamic that exists between the province and the municipality. Therefore, interviewees were asked if, in general, they saw the province as having too much control over setting policies. While respondents recognized the benefits of the province setting policy that is consistent and uniform for all Ontario municipalities, they also stated that, for policy to be truly reflective of the needs of citizens, local government should play an integral role in policy development.

Multiple municipal governments cope with a range of different needs. There is a need to strike a balance between consistent policies for Ontario municipalities while also allowing municipalities the flexibility to address unique issues they identify on the ground.

As expressed by a vast majority of respondents, one respondent stated that "the absolute truth is that municipalities are creatures of the province. They have the authority to force amalgamations, change boundaries and download service functions". Another stated that,

Whether they have too much power depends on your perspective and depends also on the ministry. Some ministries have more consultation with municipalities. The Ministry of Health, for example, is more centralized and corporate than the Ministry of Community and Social Services.

While it was generally expressed that municipalities wish they had more power, an important start would be more open channels of communication and greater involvement of local government with policy issues that impact cities.

6.5. Summary

Accountability, responsive and representative government, and efficiency have been the objectives of reform. According to local administrators, municipal reform requires strategic structural and functional change, sophisticated training, and cultural shifts. Yet as local government administrators, as well as various authors and academics suggest, the current structure and status of local government does not effectively facilitate these shifts. Policy instruments used to address local challenges do not adapt to changing governance structures or adequately support the new functions for which local government is responsible. Factors such as structural rigidities, inadequate fiscal capacities, and provincial oversight have been identified as the main challenges to initiating and pursuing innovative, proactive social programs at the local level.

7.0. Implications of Research

The following section introduces and discusses further considerations that have emerged out of the primary and secondary research. The following points also reiterate the challenges outlined in the research, as they pertain to municipalities and their ability to exercise greater autonomy and a more prominent role in the social policy-making process.

7.1. Impacts of Motivation

Most anecdotal responses echoed the points discussed in the literature and reflected that perceptions of roles in social policy and program development are hindered by deeply entrenched subordination to the province. While an in-depth look at the impacts of motivation on work performance is beyond the scope of this paper, it is important to consider the impacts on the desire to be innovative and creative in policy approaches. A related study looked at the three innate needs of self-motivation to proactively engage in the work environment and optimize work performance: competence, autonomy and relatedness (Ryan & Deci, 1991). Comparisons between people whose motivation is authentic (self-authored or endorsed) and those who are merely externally controlled for an action typically reveal that the former, relative to the latter, have more interest, excitement, and confidence, which in turn manifests

as enhanced performance, persistence, and creativity.²³ This study suggests that motivation is borne out of trust and support for autonomy.

Organisational design is expected to swap control for trust in working relationships and organisational forms are to be seen as processes that build and secure the employers' trust in employees' competence (Fouchet & Guenoun, 2007). This suggests that rigid structures must give way to learning organizations, as policies that are merely passed down without mechanisms for consultation and collaboration perpetuate distrust in local level competence to create and develop effective policies and programs (Fouchet & Guenoun, 2007). These findings have important implications for local government's capacity to perform well, to design effective, targeted social programs and implement services effectively.

7.2. The Paradox of Breaking Barriers to 'Place-based' Policy and Equalizing Social Services

Both primary and secondary research suggests that significant barriers continue to limit local government capacity for proactive program development and innovative social service delivery. Each interview conducted provides examples of how such barriers impact program development and service delivery relative to the unique needs of their specific communities. Since each municipality varies in its demographic composition and economic viability, the needs that exist among its constituents subsequently differ. This creates an inherent conflict between allowing municipalities to carry out their own unique set of objectives, while ensuring that this does not result in "have and have-not" municipalities.

The basic principles of reform and efforts to allow for more autonomy in cities can create tensions between the emphases on self-government on the one hand, and greater regional planning on the other (Picard, 1983). This is criticized as an inherent contradiction between local autonomy and the reform's design of "equalizing social-service delivery between districts and regions"²⁴ Nevertheless,

²³ R.M. Ryan & E.L. Deci (2000). "Self-Determination Theory and Facilitation of Intrinsic Motivation: Social Development, and Well-Being." *American Psychologist*. 68-78.

²⁴ Picard 545.

respondents identified the importance of ‘place-based’ policy and suggested ways in which local needs and perspectives can be expressed.

7.3. Accounts and Explanations of Local Governments’ Limited Role in the Social Policy Process

Respondents consistently pointed to the legislative status of municipal government as a reality that they must contend with. According to Sancton, (2008) “in Ontario, policy decisions are taken at the provincial level and that is the source for most of the funding”²⁵. Their status as creatures of the province forces them to plan and operate within constraints imposed by the province. Very few suggest that this status will ever change. But local involvement at the development stage of policy-making was identified as a key component for effective social policies that specifically target issues impacting cities.

The responses gathered from the interviews offer anecdotal explanations as to why municipal reform at the local level has not necessarily translated into a more active role for local government in the policy process. Despite financial and structural reforms, more emphasis needs to be placed on the empowerment of municipalities by further acknowledging the important role they play in the policy process at the early stages of policy development.

According to Lazar & Zeal (2005) while constitutional reform is unlikely, provincial legislation, declarations and city charters have proven to be effective means of increasing the place, importance, and power of local government in Canada. These are powerful tools in acknowledging the place of municipalities as an important level of government (Lazar & Zeal, 2005). Organizations that represent the interests of municipalities and advocate on their behalf also help strengthen their position by providing opportunities to create position papers and submit reports to upper levels of government that heightens awareness about issues that impact cities.

The Eastern Ontario Warden’s Caucus (EOWC), for example, represents thirteen counties. By collectively identifying issues about their operating capacities or challenges specific to their communities, EOWC is able to express their concerns to upper levels of government through position papers, reports

²⁵ Andrew Sancton, “Drawing Lines Defining the Roles of Municipal, Provincial and Federal Governments in Addressing Urban Social Issues in Canada.” *Canada West Foundation*, June 2008, 5 July 2010 <http://www.cwf.ca/V2/files/Drawing_Lines.pdf>.

and analyses in hopes of eliciting a response through funding transfers or being granted greater capacity to implement change (Tindal & Tindal, 2007).

However, according to Lazar & Zeal (2005), the focus for cities is likely to be on enhancing their fiscal autonomy, thereby increasing their levels of influence. Until there is a marked improvement in fiscal capacities of local government in Ontario, local initiative to pursue policy objectives, develop innovative programs, and play a more prominent role in the social policy-making process, may be limited.

8. Conclusion

There is a general supposition that municipal reform - accompanied by the downloading of social services in Ontario- leads to greater levels of autonomy, greater flexibility to make decisions and the ability for local government to take a lead role in the development of social programs and policy. The primary research component of this paper explored these assumptions based on the three factors highlighted in the literature review and analytical framework, through anecdotal accounts of local government officials and administrators. The three factors are: 1) The proximity of local government to social issues and constituents, which underlines their value to the social policy process; 2) Fiscal capacity and autonomy as a primary constraint of local government program development and service delivery; and 3) susceptibility of local government to external control, which is closely tied to the factors related to fiscal capacity and autonomy. The outcome of the research indicates that local level autonomy, decision-making power, and capacity do not follow neatly from the stated goals of reform.

Despite claims of greater local autonomy brought on by reform, many of the same challenges for local government seem to exist. Local government's capacity to initiate and pursue social policy initiatives was explored in the context of functional reform in Ontario municipalities over the past decade. Their contribution to the development of broader social policy and their ability to direct the allocation of resources that respond to the needs identified at the local level were also assessed based on current government structures in Ontario. It is apparent, however, that local government administrators still feel the pervasiveness of both financial and provincial constraints. The research finds that past and current constraints, such as political, financial, and structural factors, continue to hinder local government's

ability to function independently, to plan, and to implement policy despite recent reforms that claim to afford greater authority and power at the local level. Furthermore, as Tindal and Tindal (2007) state, steps need to be taken to undo a deeply entrenched inferiority complex that has developed among local government officials over the years. This can in part be achieved by broadening the fiscal capacities of municipalities and treating the local level as equal policy partners.

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