

ECONOMIC PERSPECTIVE 2

REFORMING LOCAL GOVERNMENT IN SCOTLAND

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Introduction

The Government has recently published proposals for reorganising local government in Scotland. Launched under the title "The Structure of Local Government in Scotland - Shaping the New Councils"¹ the document outlines current government thinking and suggests a number of options that might form the basis of a changed structure for local government. It invites responses from any interested parties and in effect should be seen as a cross between the traditional 'Green' Paper [consultative] and a 'White' Paper [legislative proposals].

The scope for comment is limited, as is the degree of consultation, and the time available for consultation, since the Secretary of State for Scotland makes it quite clear in his foreword that he has a determination to ensure that the new system of local government is based predominantly on single-tier or unitary local authorities. "I believe that the way forward lies in accountable, democratic, efficient and cost-effective single-tier authorities." (ibid page iv).

This article outlines and discusses the background to the current debate about the structure of local government in Scotland. It does so by looking at the Government's initial proposals and commenting on those and then outlining the main themes of the recently published consultation paper and commenting on that. It concludes by suggesting alternative courses of action that might contribute to more effective and lasting legislative and institutional change.

Background to the current debate

"Something is seriously wrong with local government in Scotland. It is not that local authorities have broken down, or that services have stopped functioning. The trouble is not so obvious as that. It is rather that the local government system as a whole is not working properly - it is not doing the job that it ought to be doing."

Those few sentences provide perhaps the most striking and powerful words that have ever opened any official report on public policy in Scotland. They are from the report of the Royal Commission on Local Government in Scotland² and were the culmination of a 3-year study into the system of local government that had operated in Scotland for the 40 years prior to publication of the Report. They represented the - broadly unanimous - conclusions of a cross-party group and no party group of experienced and distinguished

people who had given a great deal of time, with a considerable amount of research support [from Strathclyde University], to reviewing and reshaping the system of Scottish local government. Their study had itself followed on from a decade or so of general discussion about the form of local government in Scotland and had been preceded by the publication, in the early 1960s, of Scottish Office thinking on how a new local government system might look. In some senses, one could argue that the system of local government broadly proposed in the Wheatley Report and subsequently legislated for in the Local Government (Scotland) Act 1973³ was perhaps the product of too much consideration. The years of protracted discussion perhaps saw the introduction of a local government system which was designed to address problems which had obsessed the 1950s and '60s - urban overspill and developing new towns - in a manner which they did not do in the 1970s and '80s. However, the more important point is to stress the effort, thought and detailed consideration that was put into the reform of local government that was implemented through the 1973 Act.

The enthusiasm that the current Government has for local government reform, and indeed its commitment to a broadly unitary form of local government in Scotland, has actually developed over a somewhat shorter period than that 1966-1969 Royal Commission actually met and sat.

Over the period since 1979, Conservative ministers in Scotland have strenuously resisted talk of local government reform, despite considerable party pressure to ".....scrap the Regions and/or the Districts.....". Indeed, this internal party pressure which emerged regularly at the annual meetings of the Scottish Conservatives was ignored or rebuffed by the former Secretary of State, Malcolm Rifkind. With his appointment as Secretary of State, a little under two years ago, Ian Lang would only concede that ".....he might look at it again.....but very cautiously....."⁴. During the first few months in office, his stance was to talk down the proposals for reform.

However, all of that changed with the Government initiative to abolish the Community Charge and to link that abolition to a proposal for reform of local government in England.

The proposal in England to establish a Commission on local government which would review those parts of England which lie outside the major cities removed from the

Environment Department any requirement to itself take any initiative on local government reform. In effect, the impetus for change in England has now passed into the hands of those authorities (both Counties and Districts) which lie within the areas that the Local Government Commission is reviewing on a rolling basis. Pressure is taken off the Government and the interested local authorities are left to scramble in an undignified fashion justifying their own retention and arguing against the continuing existence of their rivals. In Avon, the area surrounding Bristol and Bath, one small district council has proposed 17 alternative reorganisation schemes - all sharing the one characteristic of making it a unitary authority.

In Scotland, no such option for gradual and rolling review was available to the Government. The sheer scale of Strathclyde Region as one unit of local government in Scotland has meant that any proposal for change has to put forward options for addressing the current structure rather than allowing a gradual process or review to emerge. In effect, the Secretary of State for Scotland was told that local government was going to be changed and that he should get on with it, in whatever fashion he considered to be appropriate for Scotland. It is sometimes said that the Secretary of State is both Scotland's man in the Cabinet and the Cabinet's man in Scotland - in this case he was clearly and indisputably the latter.

In June 1991 the Mr Lang published a consultation paper "The Structure of Local Government in Scotland - the Case for Change, Principles of the New System". That document indicated his view - "I believe that there should be a move towards a single-tier of unitary authorities throughout the mainland of Scotland..... This consultation paper explores the arguments for change and for such authorities. It seeks to establish the principles on which the new system should be based and invites views on a range of specific issues."

A Case for Change?

In that 1991 publication the Government asserts that there are ".....several powerful arguments in favour of change....." (*ibid* page 7). The arguments suggested are outlined below along with comment and analysis on each of them.

1. **The present system is not well understood and there is confusion about the responsibilities of the existing tiers of local government.**

Various national and local consumer surveys have shown a significant proportion of the general public are not aware of the responsibilities of and boundaries to the different local authorities. This varies from service to service with some - such as education - being fairly well established and others - such as food inspection - only being vaguely understood by a minority of the population. However, it has to be added that those same surveys indicate an often greater proportion of the population unclear as to the respective boundaries between Health Service organisations, central government agencies and

local government. It might be argued that this supports a case for better civic education, and greater expenditure on publicity and information.

It is also clear that local government is addressing the frustrations that occur for a member of the public when he or she is seeking assistance. The increased co-operation that is occurring in many parts of the country between the different tiers of local government is beginning to tackle the undoubted problem of the misrouted 'phone call and the letter to the wrong department.

2. **The present system sees a clouding of accountabilities**

It is not clear what the Government meant by this observation. The change in financial regimes, the power to cap Community Charge levels which is available to the Secretary of State and the growing plethora of individual service providers based on independent organisations, quasi-governmental agencies and other bodies may all contribute to this issue of confused accountability if there is one.

3. **There are old allegiances which remain to former counties and towns and some regional authorities are too large and remote**

Nostalgia would hardly seem to be an appropriate basis on which to plan a pattern of local government for the 21st century. Indeed, nostalgia itself is hard to define and classify and if it is to be a major consideration surely its extent should be established by a proper opinion survey in the relevant areas of the country.

Size and remoteness are surely relative. Given the distribution of population in Scotland we would be hard put to construct a form of local government that did not see some people living at a considerable distance from the headquarters location of their local council. Fife may be quite substantial in terms of population but it clearly represents an identifiable and recognisable entity to many people to many people who live there.⁶

4. **The two-tier system inevitably produces duplication and waste**

There is limited evidence available on this matter, what there is ambiguous, and in those central services identified by the Government as being the possible subject of some duplication between the tiers, they amount to a little under 2% of overall local government expenditure - in total. The administrative costs of local government actually appear to compare favourably with many large organisations in the trading sector and to be somewhat more favourable than the comparable costs incurred by Central Government. It was only in 1981 that the government received a report which thoroughly reviewed the claimed

duplication of functions between tiers, and legislative change followed from that.⁷

5. Delay and friction is caused by two tiers of local government

Whilst this is a proposition that might have some substance and some empirical observation to support it, it does at present remain a matter of assertion by the Scottish Office since firm evidence is produced to support this claim. Indeed, there is little if any evidence available to demonstrate the management and organisational costs of maintaining relationships between different organisations, whether the two tiers of local government or the multiplicity of distinct agencies created to work alongside local government in recent years.

6. Recent changes in local government have seen a far greater emphasis on the "enabling" role of local government rather than on direct service provision

There is some force to this argument, though unfortunately the whole tenor of the discussion initiated by the Government does not go far enough in discussing the implications of these changes for the role which we see for local government in current society. The issue surely is not simply about local government doing less but about doing what it has previously done and different things in very different ways and having to organise in order to accommodate those different ways of working. In some cases the responsibility for achieving certain things rests still with local government but their power and authority to do them has been seriously limited and placed within the control or influence of other organisations.

7. Local government now has to work with a wide range of other public bodies

Indisputably so, and many of those public bodies have been created through Government action in recent years as the paper by Keith Hayton in this edition of the commentary describes. The experience of collaborative working between local authorities and all of those major public bodies involved in the provision of infrastructural and other services within our society suggests that local government plays a critical and central role in that network of public organisations. That is not necessarily an argument for change by itself.

8. An increased emphasis on value for money, strong financial management and public accountability

Local authorities in Scotland have made dramatic strides in improving management capacity in recent years. Often this has been encouraged by legislative change but it is occurring as is the shared emphasis on more effective

working and value for money throughout many local councils. The Government summed up their case for change by suggesting that the existing two-tier system of local government was now presenting "real obstacles to local government in meeting the challenge of change.....and (acting) as a brake on desirable and necessary initiatives....." (op cit page 9).

The Public Response

Government publication of its proposals for change stimulated a considerable flurry of activity from interested bodies. More than 400 submissions were made to the Government about its proposals. Some of them, and indeed some from unexpected quarters, were highly critical. The Confederation of British Industry, the Royal Bank of Scotland, and other business interests were critical of the Government proposals and implied they thin and unpersuasive, particularly in relation to the costs of the proposals. Many observations from both local government bodies and from elsewhere argued that if a Commission to review the organisation of local government was appropriate in England, then such a Commission should be created in Scotland as well.

The consultation document also stimulated a flurry of interest within the Conservative Party with various observations being made by Conservative activists and office holders. There have been proposals for directly elected provosts, for the creation of a Scottish Senate, and centralisation of some services to Scottish Office control. Indeed, in some respects, the Conservative Party appeared to be developing a more open and public debate than the Conservative government.

It does seem clear that the Government proposals certainly stimulated a measure of debate, at least amongst those with a direct interest in the form and operation of local government.

As is now customary practice, a summary of the responses received on the consultation paper was published in early 1992. The Government interpreted those responses to suggest that about two-thirds of those replying had generally supported a proposal for single-tier local government - though other interpretations of the comments received suggested that for many this was in the context of broader constitutional change, specifically the creation of a Scottish Parliament.

Further discussions and work within the Scottish Office led to the conclusion that it was necessary to prepare some more detailed proposals and some assessment of those in relation to the likely institutional and financial consequences.

A brief was issued to consultants to carry out a financial and qualitative appraisal and this commission was taken by Touche Ross who had some 10 weeks to carry out their study of the implications of local government reorganisation and to provide an appraisal of the consequences.⁸ This financial study has already been the subject of some criticism and is likely to attract far more during the period of consultation on the Government's current proposals for

change.

The Current Proposals

In his foreword to the document "Shaping the New Councils" the Secretary of State indicates he is now "firmly of the view that the time is now right for change and this paper explores, in some detail, the issues which now have to be considered." (pp iii). He also indicates what are the key principles which he sees as underlying the form of institutional change which is proposed for Scotland.

It is argued that the objective of change is to provide the most efficient structure whereby the services for which local government is responsible can be provided to the public. It requires lines of responsibility to be clear and comprehensible. Local councils must be accountable and democratic. They must be efficient and cost-effective. Local authorities are to be encouraged to abide by the basic principles of the Citizens Charter - accountability, responsiveness, quality and choice. Cost efficiency is also important. "I will expect the new authorities to ensure that services are provided more efficiently in future. I regard it as essential that the new systems should be able to deliver services to the taxpayer at less cost." (page iv)

In this current consultation paper, the Government reviews, service by service, the implications for local government of creating a structure of local government based on four illustrative patterns which are shown in the document by map.

It is emphasised that the maps shown are intended to illustrate rather than prescribe. It is, however, already clear that they are to a considerable extent shaping and colouring the terms of discussion about local government organisation. The illustrative maps show four single-tier options with 15, 24, 35 and 51 new councils. The first map shows boundaries that broadly correspond to the existing Health Boards with three Island groups and eight Regions remaining as now. Strathclyde Region is separated into four distinct authorities.

The 24 unit structure retains the three Island groups, Fife, Dumfries and Galloway and Borders Regions and otherwise creates a variety of different local authorities ranging in size from 84,000 in Moray to the largest in Glasgow District.

The options for 35 and 51 councils retain the boundaries of some Districts as they are now, but otherwise combine the existing Districts and even split some existing Districts, mainly to take account of the growth of the New Towns at Irvine, Livingston and Glenrothes.

The latter part of the document, which details the implications of all these changes for particular local authority services is perhaps the weakest section. It has the flavour of a collection of inter-office memos written by functional specialists with no regard for the broader picture of change implied in the front section of the document. It also has the potential to cause considerable longer-term embarrassment to the Government since it suggests, for example, that even the 15 council option will require police, fire, some roads functions and some other minor functions

to be carried out by joint arrangements between some of the newly created councils.

Thus, in effect, a document that purports to make the case for single-tier local government does no such thing. Indeed, it could be read as making the case for a two tier system, but accepting that part of it will not be directly elected.

The Proposals Assessed

The Government suggests that for any new system of local government in Scotland ".....it is essential that the fundamental principles on which it is based should command general support....." (page vi). Unfortunately, it is often only at the level of generality that it is possible to see widespread agreement and general support. It is, after all, not particularly contentious to argue that local authorities should be "firmly rooted in the democratic tradition" and that they "need not be of uniform size" but the implications of these generalities for the actual shaping of a structure and system can pose often irreconcilable difficulties for those who seek to initiate change.

In the following section the main themes that appear to underlie the Government's proposals for change are outlined with a commentary on each of those indicated.

1. The new system should be rooted in the democratic tradition

The Secretary of State now appears to have withdrawn from an initial suggestion that some of the bodies created as part of the reform of local government would have nominated or appointed members serving on them. By implication this suggests that local authorities will continue to be comprised of democratically elected members and this should be welcomed as sustaining a long tradition of local democracy. On the other hand, indirect election to second tier bodies is severely detrimental to effective accountability, both in respect of the citizen knowing who does what, and the council being held accountable for its own decisions.

2. The new system should not be based exclusively on either of the existing tiers

This may be a difficult proposition to sustain when each of the maps shows recognisable and existing boundaries to currently established councils, whether Regions or Districts. Indeed, in the 51-unit structure, 41 are existing local authorities. This in itself will be a powerful cause for concern amongst those who are employed in existing Regional Councils for although the new councils will be freshly elected, the assumptions of inertia that often underlie institutional change will be hard to shift. The supporting illustrative maps indicate at first glance either '...scrap the Regions..' or '...scrap the Districts..'

3. The new councils should reflect local loyalties

and allegiances and be truly representative of them.

Self-evidently this means that local authorities cannot be of a uniform size as the government agrees. The four cities, which have broadly recognisable historic boundaries are all of a different size and as such are organised in different ways to provide local government services. The distribution of population in Scotland in itself makes the creation of boundaries which have some "local" allegiance very hard to achieve. There is some evidence to suggest that such local identification as there is varies over time and from place to place. Whilst in Fife somebody might identify themselves as coming from Dunfermline, in Scotland they might identify themselves as coming from Fife, and in Strasbourg they might identify themselves as coming from Scotland. To create a form and structure that attempts to cherish this local identity and yet sustain a size of authority that is able to deliver any form of local services is exceptionally difficult. Sometimes the efforts to do so are self-conscious to a degree; the newspaper published by the Grampian Initiative contains personal interviews with people described as '...famous Grampians...', most recently Alex Ferguson and Willie Miller.⁹ The map which shows an illustration of the greatest number of small authorities links Nairn with Skye (and names the council "Inverness"). It also coins the name of East Borders for an area of land that stretches from Cockburnspath down to beyond Newcastleton in an authority which has no recognisable administrative centre, or lines of lateral communication, and travel-to-work patterns which would defy rigorous analysis. Indeed the working name of 'East Borders' must be viewed quizzically when the natural centre for part of the area is Carlisle.

- 4. The new councils should be strong, cost-effectively resourced and capable of discharging their statutory functions effectively and efficiently.**

In the observations of the Scottish Office any of the structures created would require joint working amongst some of the councils for some of the functions. It is simply assumed, for example, that the current Strathclyde Police and Fire services continue in their current form and therefore the four successor authorities within that area will be required to form a joint board. For the major services of Education, Social Work, Planning, Public Transport, Economic and Industrial Development, and Emergency Planning, there is an assumption that under the structure which sees either 35 or 51 councils a considerable proportion of them in each case will be incapable of fully discharging the functions for which they are responsible. That implies the creation of some form of joint organisation, with the inherent difficulties there of effective co-ordination, clear and accountable management, and effective decision-making.

- 5. It is suggested that each council should be clearly accountable to their electorate. "Each elector is entitled to clear unambiguous**

information and explanations about what local government is doing on his or her behalf and how it is doing it."

Accountability implies more than simply clear information about the services provided by local government. One significant interpretation of accountability is that elected members should be held answerable for their actions, the services they are responsible for and the facilities they provide. The creation of joint working arrangements clearly foreshadowed in the consultation document, will seriously detract from this accountability. If the electors of the new Eastwood council return a majority Conservative council - as they may well do - responsible for a wide range of services, then it is not entirely clear how they would hold those members accountable for an Education service delivered in collaboration with Labour Inverclyde, Paisley, and Renfrew.

It has proved notoriously difficult to define what is meant by "value for money". There is no demonstrated correlation between size and efficiency in local government, or, for that matter, size and effectiveness; the recent report into alleged child abuse in Orkney made critical observations about the capabilities of both large and small councils.¹⁰ It is argued, however, that diseconomies of scale occur in very small authorities.¹¹ There are currently 24 councils with a population greater than 100,000 and 41 with a population of fewer than 100,000. The proposal which suggests the greatest number of councils, 51, will actually see a reduction in the number of very small councils to 37 with a population of less than 100,000, but only 3 - Glasgow, Edinburgh, and Aberdeen - with a population of more than 200,000. It is hard to judge or even suggest what the consequences of this might be, however, without further research and more detailed consideration it might be unwise to remove from Scottish local government those large local authorities which have made a considerable impact on the nature of the communities they serve. Most critically, the Touche Ross study indicates increased costs arising from a large number of small councils - the solution politically most attractive to the Conservative Party.

- 7. The new councils should be able to recruit sufficient staff of appropriate calibre and train and manage them effectively.**

One of the most powerful factors that led to the re-organisation of the mid-1970s was the manifest inability of some of the smaller councils to attract - leave alone retain - qualified and experienced staff. There is equally a case for arguing that the current form of local government in Scotland with the domination of Strathclyde Region has in itself served to skew and distort career patterns for staff who are committed to working in local government. The creation of a reasonable number of large authorities would perhaps aid career development for many such people. The creation of a large number of very small authorities would have highly debatable

consequences. It is clear that in some cases there will be a requirement for joint working arrangements and therefore by implication local government staff will continue to be employed by many different organisations. Employees of a joint Education Committee will be employees of that committee and not of the constituent councils which comprise it. The longer-term implications for staff recruitment, retention, and training and development are nowhere explored in any of the documents produced by the Government to support its proposals for change. Given the importance of effective staffing to the delivery of good public services this would appear to be a considerable omission.

Conclusion

Various Scottish councils have commissioned detailed studies of public views on local government. This has been both by survey and through discussion with representative focus groups which have been asked to discuss a whole range of issues relating to the future of local government. The exercises have thrown up some very interesting conclusions, which may give some pointers to a possible way ahead for local government and for government. This study - and others - seems to suggest that few people think much about local government until they have a particular concern about particular services or activities. The idea of creating single-tier and unitary authorities has a simple and spontaneous appeal. It seems sensible in both organisational and democratic terms. It addresses what is often seen as one of the weakest organisational characteristics of local government in this country, the confusion over function and the capacity to act as a corporate body to address community concerns. However, when it comes to considering the form of local government this might suggest, people are unsure. They think in conventional terms about boundaries and organisations they already know and are reasonably - albeit vaguely - familiar with. What they do appear to feel very strongly about, however, is that they should be consulted about the form that local government might take and the manner in which it might be organised. The current form of consultation which the Scottish Office is engaging in might well be seen as inadequate for that purpose.

It was suggested in the introduction to this paper that the drive for reform in Scottish local government was initiated by change in England. Perhaps a further lesson that the Scottish Secretary might take is that the consultation process in England - via an independent local government Commission - might be a more appropriate way for Scotland as well.

It is sometimes, after all, possible to learn something from the English.

NOTES

1. The Scottish Office, 1992.
2. Royal Commission on Local Government in Scotland, Command, 4150, HMSO 1969.

[hereafter Wheatley Report].

3. HMSO, 1973.
4. Local Government Chronicle, 1 March 1991.
5. The Scottish Office, 1991.
6. Consumer Survey, Fife Region, 1992.
7. Scottish Office Committee of Enquiry into Local Government, Command, 8115, HMSO, 1991.
8. Structure of Local Government in Scotland; Advice on Financial and Appraisal of Options for Change. Touche Ross, The Scottish office, 1992.
9. The Point. Grampian Regional Council, 1992.
10. Report of the Inquiry into the Removal of Children from Orkney in 1991. Lord Clyde, HMSO, 1992.
11. The Review of Local Government in Scotland: A Critical Perspective. A Midwinter, Local Government Studies 18, 1992.