

Policy Insights: Reforming Scotland's local government

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Policy Insights by Stuart McIntyre, James Mitchell and David Waite

The Scottish Government's [proposals released last week](#) set out plans for a fundamental restructuring of local government. This represents a potentially significant change to how Scotland is governed. Replacing 32 local authorities with a smaller number of regional authorities, alongside a new tier of community authorities, could reshape the delivery of public services, regional economic development and local democracy for decades to come.

There is a good case for reconsidering Scotland's existing arrangements. Our current local authority boundaries do not always reflect the geographical scale at which economic activity takes place or public services can be most effectively delivered. Equally, some decisions currently taken at local authority level might be better made closer to the communities they affect. Indeed, we are yet to effectively grapple with what larger than local and smaller than national looks like.

But recognising the potential benefits of reform is very different from demonstrating that a particular set of institutional arrangements – including allocations of functions, competences and powers – will deliver them.

Indeed, there is a danger that Scotland becomes preoccupied with deciding how many authorities it should have, and where their boundaries should lie,

before properly establishing what those authorities should do, how they should be funded and to whom they should be accountable.

Nor should Scotland assume that institutional models associated with successful city-regions elsewhere – like Manchester – can simply be transplanted. Their apparent success reflects distinctive economic, political and institutional circumstances.

In our view, the proposals raise five important questions that deserve careful consideration before Scotland commits to a new model of local government.

1. Is the timetable realistic for a task of this complexity?

The Scottish Government wants to reach a shared direction on reform before the end of this year. Given the scale of what is proposed, that timetable looks impossible to satisfy.

This is not simply a matter of merging councils or drawing new boundaries on a map. What has been set out – as a starting point for discussion – raises questions about funding, local taxation, powers and competences, democratic representation, the organisation of public services and the relationships between different levels of government.

These decisions are interconnected. The appropriate geographical scale for delivering a service depends partly on the responsibilities and resources assigned to the authority delivering it. The appropriate accountability arrangements, in turn, depend on the powers being exercised.

There are also substantial implementation challenges. Transferring staff, assets, liabilities, budgets and statutory responsibilities between organisations would be a major undertaking, even if the new institutional arrangements were relatively straightforward. Such an exercise will inevitably cause disruption and

affect the delivery of services to citizens even if in the longer term service provision is improved. Careful preparation to ensure that citizens are not forgotten in the process of reform will be essential. This has implications for the timescale.

None of this is an argument against reform. But there is an important distinction between agreeing that change is necessary in very broad terms and reaching a conclusion about what form that change should take.

The concern is not simply that the timetable is ambitious, but that reaching an early agreement on the institutional structure could constrain the subsequent consideration of alternative models. There is also a reasonable concern that it could lead to bad decisions being made.

2. Will these plans build on or undermine the strengths of existing regional partnerships?

One of the more compelling arguments for reform is the potential to strengthen regional economic development.

Economic activity frequently extends across local authority boundaries. Transport networks, housing markets, labour markets and business supply chains create relationships that require coordination beyond the boundaries of individual councils (for example, consider Glasgow City Council within the wider city-region).

But Scotland is not starting from scratch.

Over the past decade, City Region and Growth Deals have helped establish new ways of working across local authority boundaries. These partnerships have brought together councils, governments, enterprise and skills agencies,

universities, colleges and businesses around shared regional economic priorities. There have also been a number of initiatives and many discussions and reports on coordinating joint working. Building on existing experience where lessons have already been learned makes sense.

They are not without limitations. Nevertheless, they have established relationships, institutional capacity and shared priorities that have taken years to develop.

There is a risk that wholesale restructuring could inadvertently disrupt these arrangements, particularly if new regional boundaries do not align with existing partnerships.

The objective should be better regional economic governance, not simply the creation of regional government. Losing institutional memory and what has been developed to date is a clear point of caution.

3. How will these reforms improve accountability?

The Scottish Government proposes that councillors would continue to be elected at ward level but would sit on both community and regional authorities (this shows some resemblances to the Corporate Joint Committee structure in Wales).

This may appear administratively attractive, but it raises important questions about how democratic accountability would operate in practice.

There is a fundamental distinction between a councillor representing the interests of a particular locality and an elected representative exercising responsibility for decisions affecting an entire region. These responsibilities will not always align.

There are further complications if regional authorities assume responsibilities currently exercised by national public bodies.

The appropriate accountability arrangements for a regional transport authority may differ from those required for an authority responsible for education, social care or strategic economic development.

The degree of financial autonomy also matters. An authority that raises a substantial proportion of its own revenue operates within a different accountability framework from one that primarily administers funding allocated by central government.

There is also the question of accountability between different levels of government. If a regional authority is responsible for delivering a service, but the Scottish Government retains substantial control over its funding and priorities, where does responsibility for poor outcomes ultimately lie? Despite a tendency for muddling through governance, reform should seek, as far as possible, to clarify these relationships – and underscore the need for greater trust in multi-level governance working - rather than simply introduce new areas of responsibility.

The starting point should be to establish which decisions should be taken at which level, what autonomy each authority should possess (and why), and how elected representatives and the public can scrutinise those decisions. The Scottish Government have looked, it seems, to structure before considerations over function.

4. Can a new regional structure accommodate Scotland's diverse economic and public service geographies?

A complex practical question, following considerations of functions, is how Scotland should be divided into regions. The Scottish Government has suggested between six and ten regional authorities, but how should their boundaries be established?

Scotland's economic and social geography is remarkably diverse. On the one hand the Edinburgh city-region shows urban growth dynamics largely unmatched across the rest of the UK (outwith London and the south-east); somewhat connected, on the other hand, rural Scotland presents natural resources and environments, coupled with sectoral possibilities, that are also unique. Policy needs to respond differently here.

But this is not simply a question of identifying the most appropriate economic geography based on what workers and firms require. The new arrangements must also work for the effective delivery of public services.

The geographical scale appropriate for coordinating transport, housing and economic development may be quite different from that required for delivering education, social care, health services or other essential local services. Again, there are varied rural and urban expressions of this.

This creates an unavoidable tension between the administrative simplicity of establishing a small number of multipurpose regional authorities and the potential benefits of organising individual services around the geographical areas in which they operate most effectively.

The starting point should be an analysis of the functions that government needs to perform, the geographical scale at which they can most effectively be

delivered, and who is best placed to deliver them, rather than an assumption that those functions can all be accommodated within a predetermined number of regions ([international evidence points to a complex set of considerations here, as does past experience in Scotland](#)).

5. Is the proposed process sufficiently considered?

The final issue concerns how decisions about the new system will be reached.

The Scottish Government has committed to engagement and discussion, with the intention of reaching a shared direction before the end of the year. But changes of this significance have implications that extend well beyond the immediate priorities of the current Scottish Government or the interests of existing local authorities.

They will determine how public services are organised, how communities are represented and how economic development is coordinated for decades to come. Stalled or paused local government re-organisation processes in England and New Zealand recently, perhaps point to the challenges of implementing reform without scope for clear deliberation.

In short, the process of reform matters as much as its eventual outcome.

Decisions about regional boundaries, the distribution of powers and the location of public sector functions will inevitably create competing interests. Different local authorities, communities and institutions may have legitimate but conflicting views about the appropriate arrangements.

There will also be political considerations. The boundaries of new authorities could affect the balance of representation between different areas, the distribution of political influence and the relationship between central and local government.

These competing interests are an unavoidable and thorny feature of institutional reform. But they reinforce the case for a thoroughly considered process that can assess alternative models against transparent criteria, establish a clear evidential basis for decisions and provide confidence that the eventual arrangements reflect Scotland's long-term needs.

There is a risk that decisions about the future organisation of local government become the product of negotiations between existing political and institutional interests, rather than a systematic and clear-headed assessment of how Scotland should be governed.

Getting the foundations right

There is much to be said for looking to reform the organisation of Scotland's local and regional governance. In our own discussions on regional devolution, it has been described to us as the “elephant in the room”.

Stronger regional capacity could improve the coordination of economic development, infrastructure and investment. More localised decision-making could give communities greater influence over the services and places that matter to them. But neither outcome follows automatically from replacing 32 councils with a new set of regional and community authorities.

The fundamental questions concern which functions should be exercised at different geographical levels, what powers and resources should accompany those responsibilities, and how decisions should be made and scrutinised. This demands a process that allows sufficient time for careful consideration of the evidence.

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Policy Insights

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