

# THE DEMOCRATIC REFORM OF SCOTLAND?

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The establishment of an elected Scottish Parliament will inevitably have implications for the local authorities, and it is right that these issues should be critically explored. It is likely that the new Parliament will examine the role, structures and financing of local government as well as its contribution to the democratic life of the nation. Labour has promised an independent review commission and the Parliament no doubt will adopt its own mechanisms.

As in most of the debate about the 1995/96 local government reorganisation there is a tendency to focus on local government's functions and structures (Midwinter 1995; McFadden 1996). Viewed from this perspective, local government may be helped or weakened by the new parliament. The conclusion reached very much depends on the view taken of the current local government set-up and its web of relations with the Scottish Office.

Paterson (1996) argues that the issues should be debated in the broader context of the future of the welfare state, within which local government is of course a key player. From this perspective it is not the parliament which poses a threat to local government. Rather it is any trends to weaken, privatise or dismantle elements of the welfare state, and in particular those aspects which local government is involved in, such as housing and education. One could also observe that even within a declining welfare state, the local government role could grow if there was any serious attempt to decentralise welfare state functions. In the early 1970s a strong case was made for a local government role in health provision. In 1991 the Scottish Trades Union Congress asked whether 'some or all of the activities of Health

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Boards' should become local government responsibilities. Care in the Community gives local government a key role in this area, and, now that the NHS has largely been decentralised through market mechanisms, it may be easier to envisage a stronger future role for local authorities.

Other aspects of the welfare state, for example the employment services and the benefits system, are essentially local services and local authorities should have an important role in their delivery. Perhaps the Manpower Services Commission was one of the least effective centralised bureaucracies of the welfare state. If Scotland's councils are ever to fulfil their potential in any concerted effort to reduce unemployment then they may need to be given these roles and to have some degree of flexibility. At the moment Scotland's councils can only watch with envy the role being played by their counterparts in Sweden as that country tries to halve its unemployment rate by the end of the century.

The welfare state debate is itself part of a larger concern about the ineffectiveness of 'big government'. The main political parties seem in different ways to have taken this message on board. And it seems to be an international concern, strongly articulated in the USA, and given some support by the processes for 'convergence' within the European Union.

Stoker (1996) suggests that the debate needs to take account of the values which underpin government, the state of democracy, and the complexity of modern government. The new Parliament then is part of a wider project to improve and modernise the governance of Scotland, and in particular its democratic aspects.

## **A DEMOCRATIC SCOTLAND?**

Perhaps the most persistent modern argument for a Parliament has been the perceived need to address the 'democratic deficit'. The removal of the large and bureaucratic regional councils strengthens this argument in two ways. In 1975 J. P. Mackintosh observed that the 'Wheatley two-tier pattern was devised as an alternative to an Assembly, not as a supplement to it'. That alternative has now been tried and abandoned. This is not to say that we may never again see two-tier local government in parts of Scotland (McFadden 1996), but rather that if it were to reappear it would not take the form of the excessively large regions.

While the regional councils existed the opponents of a new Parliament were able to claim that if it were established Scotland would become 'over-governed'. Whatever force that argument had has now gone. Indeed on any consideration of elected institutions, Scotland must now be viewed as seriously 'under-governed'.

The current system of 32 unitary councils is the latest development in a twentieth century trend to diminish the number of elected councils and councillors. A concern for efficient and cost effective service delivery leads McFadden (1996) to propose a move to a 15 council model for Scotland, or to have some strategic services delivered for the areas of the three new water authorities. Viewed from the democratic perspective, any further reduction in the number of elected institutions would be a backward step. Rather it should be a task of the new Parliament in partnership with the local councils to take steps to improve the working of local democracy, something which urban Scotland in particular badly needs. Stoker (1996) cites the Commission for Local Democracy: 'The prime requirement for good government is that it be democratic, not that it be efficient.'

## **CENTRAL-LOCAL RELATIONS**

There is a complex network of links between local authorities and the Scottish Office, and of course councils have links with other government departments and with the European Union. Different parts of the Scottish Office interface with local authorities, and may do so in different ways. Sinclair (1996) argues that the internal organisation of the Scottish Office is unlikely to produce a consistent, 'corporate' approach.

Overall, though, the system is very centralised with the Scottish Office controlling strategic policy in most of the matters which are of concern to local authorities. Education is by far the largest local authority service and it accounts for more than 40% of the new councils' expenditure. Education in Scotland is a centralised, national service which local authorities administer with some elements of discretion. And more generally, the Scottish Office is ensured de facto control through its very tight grip on local government spending and income.

The Wheatley Commission in 1969 called for a more mature and less controlling stance on the part of the Scottish Office. But centralisation has advanced considerably since then. Indeed so centralised a country is modern

Scotland that it is difficult to see areas where the establishment of a Parliament could lead to significant further centralisation.

In its evidence to the Hunt Committee the Scottish National Party (1995) argued that

The current relationship between central and local government in Scotland is not characterised by partnership, but rather by conflict. This situation is not constructive, and certainly does not benefit those whom government (both central and local) is meant to serve.

In part of course this difficulty is based in the failure of the Conservative Party to win control of any of the new councils. In part, too, the political difficulty conceals the often very good operational relationships between the senior public servants in the central and local states. But in part the difficulties also stem from the essentially 'low trust' relationship which the Scottish Office frames for local authorities.

There are aspects of this relationship in almost every part of local government life. The centralising and homogenising reforms of the 'new managerialism' require that councils merely conform to and comply with centrally prescribed procedures and standards. A mature approach would, by contrast, encourage and enable councils to manage their own affairs by devising local solutions to local needs.

The new regional 'partnerships' for overseeing the disbursement of the main European regional funds provide an interesting illustration of Scottish Office attitudes. Local authorities are needed by these partnerships for the strategic overview which they may bring, but more importantly for the 'matching funding' which is required and which they can provide. Scottish Office rules require the councils to be represented in the partnerships by officials and not by elected politicians. This is in sharp contrast to Sweden, where the regional partnerships may be chaired by local politicians, the assumptions being that local services should be part of local government and that accountability to the community is essential.

The competing architects of a Scottish Parliament, the devolutionists and the Scottish National Party, both offer designs to tackle these problems. Both are concerned to improve the quality of Scotland's democracy at national and local levels, and both offer local councils a clearer and stronger role in the

system. The question for a devolved parliament is whether it would have all of the mechanisms which it would need to bring about these changes.

## **LOCAL GOVERNMENT FUNCTIONS AND FINANCES**

McFadden (1996) paints a picture of local councils weakened by the loss of functions. She cites the cases of water services and the children's Reporter, and sees this weakening as an effect of Conservative government. Arguably the process of weakening councils by the removal of functions is much older. Simon (1950) argued that Labour had abandoned the Webbs' proposals for strong local government by the late 1940s. He points to the considerable loss of local government functions which the expansion of the welfare state entailed.

McFadden does not discuss the potential strategic benefits of unitary status. She overlooks the gains for local authorities in areas such as Care in the Community, economic development (Fairley 1996) and the 1995 Children's Act. In different ways McFadden (1996) and Midwinter (1995) argue that the local government system is weak, and that the systemic weaknesses could lead to a need for some degree of return to regional government or perhaps to the usurping of local government's role by a Scottish parliament.

These arguments ignore the success of small local government units in other countries, for example Sweden, and the extent to which Scotland's own small authorities, namely the Western Isles, Orkney and Shetland councils, may have been seen as a 'ready made blueprint' (Kennedy 1989) for local government reform. In the case of Midwinter, the argument ignores the very real impact on the Scottish Office of 'downsizing'. It seems quite unlikely that a Scottish Parliament would start re-hiring civil servants to carry out local government's roles, and in the design schemes so far there is a presumption against 'quangos' and agencies. More importantly, in different ways McFadden and Midwinter prioritise their concerns for efficient service delivery over the need to modernise democratic government at local and national levels.

Paradoxically both McFadden and Midwinter may understate the systemic weakness of local government by concentrating on council roles. In much of urban Scotland voter participation is so low that it calls into question the democratic legitimacy of the councils. The Scottish Parliament must prioritise this issue, learning from practice in other parts of the world.

The very tight grip of the Scottish Office on local government income and expenditure is the single most important constraint on local government. This grip simply needs to be loosened. And councils need local taxes which are more equitable, less regressive and more effective than the current Council Tax. A Scottish parliament needs to be able to reform local government finance to provide the basis for stronger, more autonomous councils and better local democracy.

The homogenising and centralising managerial reforms of the Thatcher and Major governments have brought more bureaucracy and inflexibility to local government. Most of these have come through Britain-wide or UK-wide legislation such as the 1988 and 1992 Local Government Acts. Compulsory Competitive Tendering (CCT) has been particularly unhelpful. The value for money requirements (VFM) of the 1994 Act provide the potential to move towards a system which is more focused on service quality than is possible within CCT. A Scottish Parliament could ensure that VFM was decentralised and local by seeking to limit the role of the Accounts Commission in the new system.

## **CONCLUSION**

The debate is a complex one. Within it there is a danger that the needs of democratic renewal are overlooked. However, if these are moved centre stage, then the agenda is one of considerable potential for local authorities and for the improvement of central-local relations within Scotland.

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