

## **LOCAL GOVERNMENT REFORM: CHANGE FOR THE BETTER**

*Ian Lang*

### **MAKING THE CASE**

It is often said by critics of our plans for local government reform that the case for change has not been made. Professor Arthur Midwinter, a man whose views I respect, repeated the charge in **Scottish Affairs** no. 5 (autumn 1993). But the fact of the matter is that the case for single-tier, all-purpose local authorities in Scotland has never gone away.

The case for single-tier authorities was looked at by the Wheatley Commission. Reporting in 1969, it concluded that a system of all-purpose local authorities 'has many advantages', being the simplest of all to understand and to operate. The Stodart Committee, reporting in 1981, stated that single-tier local authorities would have considerable attractions, would find substantial support, and would avoid most of the difficulties inherent in the two-tier arrangement. Almost a decade later, but well before the Government unveiled plans for local government reform, the Scottish Labour Party said the establishment of single-tier authorities would deal with 'the continuing widespread confusion about which tier carried out which functions'.

It is clear from this that the legitimacy of the two-tier system preferred by the Wheatley Commission was called into question from the moment its creators recognised the merits of the single-tier option. The interests of the Stodart Committee in single-tier councils, despite the fact that it judged the examination of the possibility of a single-tier structure as beyond its remit, is

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### *Scottish Affairs*

a further illustration of the extent to which the two-tier structure never gained universal acceptance and was regarded by many as a staging-post on the way to all-purpose councils. Even the Scottish Labour Party, which has a vested interest in the current structure of local government, was bold enough to identify the considerable flaws in the present arrangement. And in the House of Commons in November 1993, I was credited by a Liberal Democrat MP with making a 'good' case for single-tier authorities 'with which many honourable members would probably agree'.

#### **THINGS THAT ARE WRONG WITH THE PRESENT STRUCTURE**

In its report, the Wheatley Commission described the 'things that are wrong with the present structure'. Sadly, all the problems identified by Wheatley in 1969 remain today.

##### ***Things that are wrong: complications***

The first problem described by Wheatley was the 'complications' inherent in the pre-1975 structure, and in particular the 'criss-crossing of responsibilities' which made it difficult for the citizen and even the local councillor to know what local government was all about. Wheatley observed, rightly, that such a situation did not make for the best kind of local service.

Although improved by the Wheatley reforms, the problem identified by him persists. Almost 20 years after the two-tier structure came into being, too many Scots are unfamiliar with which tier is responsible for what service. The Scottish Labour Party admitted that this was the case in 1990. Three years later, ICM carried out an opinion poll for *The Scotsman* in an effort to identify Scots' understanding of the current system of local government.

The results were appalling. They revealed that one in four Scots do not know that District Councils have responsibility for cleansing, perhaps the local service of most immediate importance to people. Worse still, they showed that one in three Scots do not know that District Councils have responsibility for housing, easily the largest District service. And even worse than that, they confirmed that two in five Scots do not know that Regional Councils have responsibility for education, the largest and arguably the most important local government service of all.

The problem is compounded by the continued criss-crossing of responsibilities, now between Districts and Regions, which the Wheatley

*Local government reform: change for the better*

Commission condemned. Both tiers of local government are at present involved in: building control; conservation areas; and countryside; development control; grants to voluntary bodies; industrial and economic development; leisure and recreation; libraries; listed buildings and ancient monuments; local planning; nature conservation; parks; tourism; and urban development. One small example sums the problem up. Regional Councils are responsible for lighting adjacent to roads. But Districts are responsible for footpath lighting. No wonder the consumer of local services is confused. And no wonder friction, waste and delay have for too many people become the hallmarks of the present two-tier system.

In these circumstances, it is impossible to have a properly accountable system of local government. And if councils are not properly accountable, they lack authority and credibility. For too long, these problems have afflicted local councils in Scotland.

***Things that are wrong: illogicalities***

The second problem described by the Wheatley Commission was the 'illogicalities' of the pre-1975 structure, which meant that the duties carried out by local councils were assigned in a 'rather arbitrary way'. This is another pre-1975 problem which remains unresolved, despite the efforts of Wheatley and Parliament. The present division of responsibilities between Regions and Districts is - there can be no other word for it - arbitrary.

The separation of housing and social work is perhaps the most notorious consequence of the present two-tier structure, in terms of its impact on efficient and effective service delivery. The fact that it was the Wheatley Commission's original intention to keep these services together is to its credit. The fact that Parliament felt it necessary to reassign responsibility for housing in order to counter fears that, otherwise, District Councils would have very little to do is a further indictment of the present system.

There are other examples of the huge problems which flow from not having one authority responsible for all local government services. Responsibility for education, libraries and leisure and recreation - all of which are closely linked - is split between Districts and Regions. The same is true of consumer protection, weights and measures and food hygiene, standards and labelling - responsibility for all of which is presently divided between the Districts and the Regions.

## *Scottish Affairs*

### ***Things that are wrong: expense***

The third problem described by the Wheatley Commission was the 'expense' of local government before 1975. It was the Commission's view that the complications and illogicalities inherent in the structure of local government then made the whole system more expensive to run than it ought to be. The same applies today. We have in place on the mainland of Scotland a superstructure of 53 Districts and 9 Regions.

The problem of the inadequate role of Districts - recognised by Parliament when it gave them responsibility for housing - and consequential unnecessary expense through maintaining two tiers of local government has been exacerbated in the past 20 years as the impact of Government policy on housing, competitive tendering and other areas has made itself fully felt. For example, a quarter of Scottish council houses have been sold to their tenants. In the absence of reform, we would be faced with a situation in which all Regions and Districts have the trappings of fully-fledged local government organisations, but with many Districts not having the responsibilities to go with that.

### ***Things that are wrong: ineffectiveness***

The fourth problem described by the Wheatley Commission was the 'ineffectiveness' of local government before 1975, caused by a range of defects ranging from too-small councils to a proliferation of joint boards. These are problems to be avoided, and the Government was keen to do so in constructing the new map of local government in Scotland.

Unfortunately, the system bequeathed to us by the Wheatley Commission is ineffective in its own way. The division of responsibility and the lack of accountability make it so. The role of the Districts is too inadequate for many of them to be effective; and some of the Regions are far too big to be effective. The fact that a number of big Regions divisionalise their major responsibilities, such as education, often in line with District Council boundaries, is an implicit recognition by them that the scale at which they operate is too great in a small country like Scotland. This point is further evidenced by the fact that social work departments are also usually organised on a divisional basis since it is widely recognised as being a service which benefits from being provided at a local level. The two-tier system is plainly not a fully effective way of delivering local services.

*Local government reform: change for the better*

***Things that are wrong: lack of independence***

The fifth problem described by the Wheatley Commission in 1969 was the 'lack of independence' enjoyed by local government. In this context, Wheatley complained about the large extent of central Government financial support for local authorities and the extent to which central Government controlled the activities of local authorities. These criticisms continue to be directed towards the Government today. That Wheatley should make them after 5 years of Labour government should make some of my political opponents in local government stop and think for a moment!

I believe that the lack of independence enjoyed by local authorities is the inevitable product of a two-tier system. How can councils be properly independent, how can they enjoy the authority that flows from being properly accountable, when two of them cover one area? Strathclyde Region is often described as a powerful local authority. But it has always been handicapped by the fact that it is far too diverse to make it possible for the Council to speak with authority for the whole Region, and handicapped also by the fact it shares responsibility for local services in Strathclyde with 19 District Councils. The same could be said of Grampian, Tayside and Lothian. There is no independence, power or authority to be derived from either sheer size or a two-tier structure.

***Things that are wrong: lack of interest***

The final problem described by Wheatley was the 'lack of interest' in local government in Scotland before 1975. The Commission cited the large number of uncontested council elections, and the poor turnout of the electorate in those contests which took place. The rationalisation of Scottish local government effected as a result of the Wheatley Commission has improved the situation markedly, but not enough. In particular, the turnout at local elections in Scotland - often less than 50% - is lamentably low. It is a drain on the authority of those councils which are elected. But the last reform of local government showed that a rationalised structure elicits greater interest among voters. The same will be true of this rationalisation, too.

**THINGS ARE WRONG - SO CHANGE IS IMPERATIVE**

The Wheatley Commission stated that the problems of complications, illogicalities, expense, ineffectiveness, lack of independence and lack of interest inherent in Scottish local government before 1975 made it 'imperative

### *Scottish Affairs*

that the structure should be completely rebuilt'. As those problems are still present, despite the reform of 1975, the Wheatley doctrine makes it imperative that the present structure should be completely rebuilt. But there are other reasons, too, for embarking upon this reform.

#### *Nothing stays the same*

Scotland has changed since the Wheatley Commission reported in 1969. Local government has changed. Then, as Professor Midwinter has stated, 'the dominance of municipal provision was unquestioned'. Now, expectations are different. Right across the political spectrum, the perspective on the role of government, local and central, is very different from what it was 25 years ago. This point is now widely recognised.

It is recognised in local government in Scotland. For example, Lothian Regional Council has been looking at ways of introducing private finance for infrastructure projects. And Clackmannan District Council has reported that:

It is much better to accept that we have moved towards a pluralistic as opposed to monopolistic provision with the key parameters being enabling and working in partnership.

It is recognised by local authority leaders. This is clear from remarks about housing made by Councillor Charles Gray, President of the Convention of Scottish Local Authorities. He said that:

My view is that housing as a service should gradually be withdrawn from local government providing there is a strong Scottish Homes and providing there is a much stronger link between Scottish Homes and social work authorities which, hopefully, would become public health and welfare authorities.

It is recognised in the academic community in Scotland. Professor Alan Alexander has stated that:

Services ... are not delivered in a uniform way. Some are delivered to individuals, some are delivered to society in general. However, developments in the service delivery process give some support to the argument that in most parts of the country a move to single-tier local government is justified. The near-monopoly of service delivery which was held by local government has been broken by changes in housing

*Local government reform: change for the better*

legislation; in education; by the introduction of contracting in social work; and by the introduction of compulsory competitive tendering for a range of local government services.

It is even recognised in the Labour Party. They see much additional service development in the future taking place through partnership or contractual arrangements with other agencies:

Local authorities should be able to develop their enabling role, frequently acting as the commissioning agency rather than the direct provider of services.

And Labour's Shadow Chancellor, Gordon Brown, has confirmed what the Government has been saying for some time:

To achieve the best and not just the basic public services, we must modernise and transform our social and economic fabric by creating new partnerships between public and private sectors.

In other words, things have not stood still since the Wheatley Commission reported in 1969, or since the present structure of local government was established in 1975. The role of local government has changed, and it will continue to change in the years ahead, as various policy initiatives make their impact felt. Now the emphasis is on the strategic role of local authorities rather than on the role of providing services directly at their own hand. The extent of the change should not be over-stated; and it is not. But the fact is there is emerging and will continue to emerge a new style of local government in Scotland, and a new approach to it. It is essential that there is in place the right structure of local government to take account of, and anticipate, change. A structure like the present one, created at a time when 'the dominance of municipal provision was unquestioned' is clearly not right for the 21st century.

**SINGLE TIER: A CHANGE FOR THE BETTER**

I have no doubt that the time is now right for local government reform, and that the change to a single-tier structure will be a change for the better. The benefits of single-tier councils will be manifold.

### *Scottish Affairs*

The first benefit will be that local people will know exactly who is responsible for local services in a way that is impossible in a multi-tier structure. The absence of confusion over responsibility will put people in a better position to encourage councils to be responsive; and it will clear the lines of accountability. The Liberal Democrats made this point in their 1992 Manifesto. Put simply, people will know where to point the finger when things go wrong and where to hand out the plaudits when they go right. It is a very simple concept, but a highly important one to apply if local government is to be truly effective.

And the fact that councils will be responsible for all local services will ensure that those services are more effectively delivered. Uniting services such as housing and social work or education and leisure and recreation under one roof will have a definite impact on the quality of service delivery. The positive benefits of 'an integrated approach to service provision', as the Scottish Labour Party put it, will be achieved; and the present friction between tiers of government, which is all too familiar, will disappear altogether. That arbitrary division of responsibility for services, which so concerned the Wheatley Commission, will be a thing of the past.

The rationalisation of local government will, I have no doubt, yield savings in the medium term - savings which cannot be ignored. The Touche Ross report clearly showed the ability of a single-tier structure to yield savings at no cost to the quality of services. And while that report cannot be considered the last word on the matter, others have confirmed the general savings trend identified by Touche Ross. For example, the Convention of Scottish Local Authorities has confirmed, in its critique of the Touche Ross report, that a single-tier structure comprising no more than 24 authorities would produce savings for the taxpayer in the long run. The less-than-enlightened self-interest displayed by the Convention in recent months would suggest that its estimates are probably very conservative. In any case, on the figures, the Convention and the Government are less far apart than it might at first seem.

My belief in the potential for the new structure to yield savings was confirmed by Professor Ian Percy, Chairman of the Local Authority Accounts Commission. He has stated that:

In our view, the unitary authority structure favoured by the Government's White Paper on local government reform provides a better way of delivering that service. We believe reform will be effective in the long term, and in the short term, once the legislation is through, all of us must get down to making it work.

*Local government reform: change for the better*

Because they will be responsible for all local government services, the new authorities will be more effective and therefore more powerful. At present, for example, the big regions such as Strathclyde and Lothian have the semblance of power, but the reality is very different. Where two councils are responsible for one local government area, neither can claim complete authority over it. That lack of authority inevitably weakens both councils, and can have a bad effect on the area they are seeking to represent. As the whole local government voice for its area, each new council will have credibility and authority denied to the Regions and Districts by the two-tier system. This will achieve the enhancement of the autonomy and accountability of local government sought by the Wheatley Commission.

Argyll and Bute is a good example of this. At present, everyone recognises the absurdity of having the same local authority, Strathclyde Region, responsible for both the intensely urban City of Glasgow and the very rural Argyll and Bute. As a result, the Council's authority in respect of that part of the Region is weak. Equally, Argyll and Bute District Council, responsible though it is for a distinctive part of Scotland, is hampered by the vast number of local government powers taken out of its control and held in Glasgow. The new Argyll and Bute all-purpose council will enjoy far more authority than either of its predecessors, because it will serve a recognised area and have responsibility for all local government services.

As a result of this reform, those problems inherent in Scottish local government - identified by the Wheatley Commission, but not properly dealt with by it - will be gone. Gone will be the complications, illogicalities, expense, ineffectiveness, lack of independence and lack of interest in councils.

In place of the fundamentally flawed structure we have at present will be a single-tier structure of powerful councils, because each new council will have far more powers than either of its predecessors. The new structure will have effective councils, because they will be free to deliver all local services in the way they choose. Local democracy will be boosted, because the new councils will be able to represent the whole of their area and speak as the sole voice of it. This, and the increase of accountability which will result from a single-tier structure, will encourage local involvement in local councils.

Power, effectiveness, local democracy and local involvement were the basic objectives for local government as defined by the Wheatley Commission. At last, as a result of this reform, they will be achieved.

*Scottish Affairs*

**NOTHING MORE DIFFICULT TO ARRANGE**

The political debate over local government reform is moving on. This was recognised by the Liberal Democrat MP, Menzies Campbell, when he said 'by common consent, there is a mood for change.' Even the opponents of reform in the Scottish press now concede that the case for a single-tier structure is 'tenable'.

Of course, the Government has been subject to accusations of gerrymandering, and the calls for an 'independent' Commission to look at the local government issue continue.

A Commission would not be the panacea its proponents believe it to be. The Commission in England, while the right approach there, is far from universally popular among councils south of the border. Its methods have been described by the Association of District Councils as 'insufficiently consistent and objective' and its recommendations have been said to 'singularly fail to meet the needs of local people'. And it should be remembered that the Wheatley Commission's proposals for a two-tier structure of 44 authorities was transformed by the Government of the day into a structure of 59 authorities and then by Parliament into a structure of 65 authorities. Parliament is no respecter of independent Commissions.

It is Parliament which will, rightly, make the final decisions about local government reform, and months of Parliamentary consideration of the reform Bill lie ahead. The precise final outcome is anyone's guess, but I have no doubt it will be a structure of local government which is right for Scotland. This reform is a necessary change. And it is a change for the better.

When I embarked upon this reform, I was reminded of Machiavelli's observation:

There is nothing more difficult to arrange, more dangerous to carry through or more doubtful of success than to initiate changes in government structure. The innovator makes enemies of all those who prospered under the old order and only lukewarm support from those who would prosper under the new - this is because men are generally incredulous, never really trusting new things until they have them tested by experience.

*Local government reform: change for the better*

He was right in most respects, but not all. This change in local government structure in Scotland is a major challenge for all concerned. But it is not 'doubtful of success'. It will succeed, because this is a change for the better.

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