



Local Government Reform

All too often the constitutional debate in Scotland fixates on the relationship between Westminster and Holyrood. However, this overlooks the importance of local government. Even at the recent council elections, most of the main parties chose to focus their messaging not on local issues, but on the constitution. This does a great disservice to an important part of Scottish democracy.

It is nearly three decades since local government reorganisation and, despite the creation of the Scottish parliament and subsequent devolution of additional powers to it, there has been no review of the capabilities or structures of local government. Indeed, if anything, more power has been reserved to Holyrood.

In its centralising behaviour, the current Scottish Government is only continuing a trend that has existed for many years. The former MSP Andy Wightman noted in the Policy Memorandum to the European Charter of Local Self Government Bill:

“over the past century the status, powers and freedoms of local government have been slowly eroded and marginalised. Governments of all persuasions have tended to concentrate more executive and fiscal power to the centre.”

It is past time for a major rethink, and for the genuine empowerment of Scotland's councils. With new councillors elected and the next local elections a number of years away, now is the time to start the process of much needed reform.

Scotland needs a new and better balance of powers between Holyrood and local government. This requires a shift away from central command and control. We believe that the following policy recommendations would help deliver such a change.

Quarterly public forum between First Minister and local leaders

Increasing tribalism along constitutional and party lines means few politicians deviate from party positions and there has arguably been a consequent decline in the quality of debate and ideas in Scotland. But policies are felt differently around the country, and it is important that this diversity is clearly heard and understood.

This is why we believe that a quarterly public meeting should be held between the First Minister and Scotland's council leaders. This would be an opportunity for the voices and experiences of Scotland's local areas to be heard nationally.

The habit of delivering one-size-fits-all policies from Holyrood requires far greater challenge and scrutiny from those who are expected to deliver such programmes. What is right for Edinburgh won't necessarily be right for Dumfries, and these different circumstances need greater discussion.

Although MSPs represent different parts of Scotland and have an important role to play in holding the Scottish Government to account, it is council leaders who are often the ones actually delivering and implementing policy, which is why they need a forum where such issues can be addressed directly, and in public. Too often the electorate hears Holyrood blame local government or vice versa for a problem. By providing a forum where the leaders of our councils and the First Minister have regular public meetings, there is an opportunity to listen more, improve policy, learn from good practice and increase accountability.

This forum is not envisaged as a party political structure, but one where Scotland's towns and cities are given their voice. An SNP council leader from an urban city local authority will be facing differing priorities and circumstances from an SNP council leader from a more rural area, as will be the case across other parties. Individuals who simply stick to party messaging rather than stand up for their local areas in such a public arena will likely find that they fall out of favour with their local electorate.

These quarterly meetings should be held in different locations, across the country and outside of the Central Belt.

While Reform Scotland would ultimately like to see directly-elected mayors replace council leaders and take part in these discussions, the forum can easily start now with the newly-appointed council leaders.

Directly-elected mayors

One of the problems with local government is that often the electorate doesn't know who is in charge. Since the advent of STV for council elections, most are now run by coalitions and there isn't always a great deal of voter recognition of council leaders. Occasionally an issue may result in a council leader becoming more prominent - for example, Edinburgh Council leader Adam McVey gained greater prominence due to the tourism tax debate with the Scottish Government.

However, even then a council leader can be viewed as a lower-level politician than a backbench MSP, despite occupying a prestigious role running a city. Backbench MSPs have higher salaries than the council leaders who run Scotland's councils, including Edinburgh and Glasgow.¹

¹ An MSP's basic salary is £64,470 as at 1 April 2020: [MSP and Officeholder salaries as at 1 April 2020.pdf \(parliament.scot\)](#) The salary of the leaders of Glasgow and Edinburgh as at April 2020 was £53,567: [Councillors' roles, conduct and pay - Local government - gov.scot \(www.gov.scot\)](#)

The advantage of having a directly-elected leader is that it provides a clear figurehead and so can provide dynamism and strengthen accountability and debate. As seen in mayoral elections in England in areas such as London, the West Midlands and Greater Manchester, as well as giving those areas a greater voice mayors can also stimulate the electorate's interest in and awareness of local government.

Mayors can provide strong and effective leadership. In terms of cities they can be a powerful force in driving economic development and progress, while in suburban or more rural areas they can ensure their community is not overlooked.

The mayor should be directly elected by the public across the whole council area, giving them a strong, personal democratic mandate. We would suggest that the mayor is elected at the same time as the council. The mayor would perform the executive role and would be able to appoint councillors to portfolio areas.

As well as the usual council management role, the key differences between the new mayor and the existing council leaders would be:

- The mayor would be directly elected across the whole council area, with direct accountability to the local population rather than just to party colleagues and voters in a single ward.
- The mayor would play a bigger role in terms of representing the area at Holyrood, Westminster and internationally. They would be the people's representative, rather than a party's representative to the people.

There is also an opportunity to use the role of the mayor to reinject some localism into policing and healthcare. For example, the mayor could be an influential local representative on health boards.

The main job of the council would be to hold the mayor to account and to provide scrutiny. Agreement would be needed to pass the budget with the mayor and council working together. This balance should improve accountability and transparency.

'Mayor' vs 'Provost': Historically, Scotland has tended to have "provosts" as opposed to "mayors". However, as most councils currently already have provosts - largely ceremonial posts - this is not what we envisage for this executive position, and so we have referred to the role as mayor. The structure would still require the ceremonial/presiding officer-style role, which could continue to be performed by a provost.

Full devolution of local taxes

Scotland's "local" taxes are local in name only and properly devolving them to councils would help Scotland along the road to economic recovery as well as equipping local areas to deal in their own ways with the consequences of Covid.

Even before the pandemic, councils across Scotland faced hugely different challenges, so it is therefore unsurprising that the impact of the virus was also felt differently across the country. Local authorities need the tools to respond to the different issues they face, including demographic challenges and economic development.

While central government can act quickly, reaching large numbers of people directly, local authorities can fine-tune their recovery plans to suit their distinctive strengths and weaknesses. Under the current settlement, councils have both hands tied behind their back. Scotland is far too centralised and this needs to change.

Non-domestic rates should be devolved to local authorities in full. This would allow them to vary how and to whom the tax applies based on their own circumstances. It would also ensure that non-domestic rates are the genuinely local tax they are supposed to be. An increase in local financial autonomy and accountability is more likely to give councils an incentive to design business taxation policies and broader local economic development strategies to support the growth of local businesses, encourage start-ups and attract businesses to invest, since this will benefit the council directly by increasing its income from business taxes. Passing control of business rates to local authorities would also mean giving them control over business rates relief schemes. As a result, it would be up to each individual local authority how the tax operated within their area.

We are aware that if business rates were simply devolved some councils could be worse off, due to the re-distribution of income that occurs centrally. However, it is possible to re-adjust the block grant to ensure that in Year 1 no council loses out, creating an equivalent of the fiscal framework that could be used for local authorities.

Just like business rates, council tax is largely a local tax in name only. Although the freeze has been lifted, increases were then capped for a period of time by the Scottish Government. Again, this tied the hands of local government as well as obscuring accountability and transparency.

The Scottish Government has often talked of the need to replace council tax. However, we are concerned about proposals that will simply replace one centrally controlled tax with an alternative centrally controlled tax. Reform Scotland believes that local authorities should have complete control over their local tax - including the rates, bands and indeed form of the tax. This would allow individual councils, should they choose, to retain, reform or replace council tax with another form of local taxation. Crucially, this would be a decision about a local tax made by a local authority for its local area, taking into account local circumstances and priorities. A true local tax.