



## Localising Power: A little less conversation, A little more action

Gordon Brown's report for the Labour Party, "A New Britain", is merely the latest of its kind to call for greater devolution within Scotland and highlighting the benefits of directly-elected mayors.

Localism is an idea that Reform Scotland has long supported. However, we are concerned that nothing will change. 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 councils by the Scottish Government. Indeed, if anything more power has been reserved to Holyrood - for example, the current proposal to create a National Care Service would remove the role local authorities have in social care.

It is past time for a major rethink, and for the genuine empowerment of Scotland's councils: empowerment which can help councils address the varying situations they are facing as a result of Covid, the cost of living crisis and the struggling economy. Localism needs to be a priority for 2023

## Background

In early December Gordon Brown published 'A New Britain: Renewing our Democracy & Rebuilding our Economy'. The report, for the Labour Party, looked at a range of issues for the UK as a whole, such as the replacement of the House of Lords. There were also sections on each of the constituent countries of the UK. Within the Scottish section the issue of local democracy was highlighted, including the following recommendation:

*"19. Enhanced local control: there is a strong case for pushing power as close as possible to people in Scotland, and consideration should be given to establishing new forms of local and regional leadership, such as directly elected Mayors."*<sup>1</sup>

The report is the latest in a long line calling for greater decentralisation in Scotland. There have even been cross-party reports from the Scottish Parliament calling for devolution to councils going back to the first term of the parliament.

---

<sup>1</sup> [Commission-on-the-UKs-Future.pdf \(labour.org.uk\)](https://www.labour.org.uk/commission-on-the-UKs-future)

In 2002, the Local Government Committee said the system of local government finance needed renewal and a shift in the balance of local/central revenue raising:<sup>2</sup>

*“The Committee does not believe that the existing local government finance system is sufficiently robust - and believes that part of the problem lies in the balance between the central and local funding of councils’ General Fund revenue budgets.*

*“The Committee **recommends** that councils should retain the responsibility for a wide range of services - including major services such as Education and Social Work Services - but that the central/local funding balance should change from the existing 80:20 split to 50:50, or as close to 50:50 as is possible, as soon as is practicable.*

*“The Committee **recommends** the Scottish Executive to introduce legislation to return the non-domestic rate to local control at the earliest opportunity.”*

But nothing changed.

In 2014, the Local Government Committee again looked into council powers. This brought another recommendation for greater local fiscal autonomy and, critically, it recognised that empowerment didn’t create postcode lotteries, rather it was a matter of local accountability and decision making:<sup>3</sup>

*“We consider there should be a range of taxes or charges from which they should be free to choose to levy to meet local circumstances and needs. The cross-party commission should consider whether there should be a range of taxes or charges from which local authorities should be free to choose to levy to meet local circumstances and needs.*

*“We recognise this power will lead to variations across the country which we see as a desirable adjunct of the exercise of democracy. It would then be for locally elected politicians to be held to account by their electorate.”*

But again, nothing changed.

Indeed, arguably more powers have been centralised during devolution through policies such as caps on council tax, the creation of Police Scotland and current proposals to remove local authorities’ role within social care.

## **Time for reform**

Reform Scotland believes a debate is needed on what specific measures can regenerate local government and that can arrive at a new vision for a decentralised Scotland. Scotland needs a 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.

---

<sup>2</sup> [Local Government Committee Report \(parliament.uk\)](#)

<sup>3</sup> [8th Report, 2014 \(Session 4\): Flexibility and Autonomy in Local Government - Parliamentary Business : Scottish Parliament](#)

## 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 the STV voting system for council elections, most authorities 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 leader becoming more prominent - for example, former Edinburgh Council leader Adam McVey gained prominence due to his public debate about tourism tax with the Scottish Government. However, even then a council leader is often 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.<sup>4</sup>

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 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.

---

<sup>4</sup> 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 \(www.gov.scot\)](#)

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

Although MSPs represent different parts of Scotland and have an important role to play in holding the Scottish Government to account, it is councils 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 mayors and the First Minister have regular public meetings, there is an opportunity to listen more, improve policy, learn from good practice and increase accountability.

*'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.