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Common Weal Policy

DEVELOPMENT COUNCILS: A PROPOSAL FOR A NEW SYSTEM OF LOCAL DEMOCRACY IN SCOTLAND

COMMON WEAL



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BRIEF SUMMARY

Common Weal held a series of in-depth discussions with a wide range of individuals and organisations working in local democracy and community development based on an outline plan for a new tier of local democracy in Scotland. The outline plan was then revised and adapted on the basis of the comments received during those conversations. This is the final proposal.

Scotland should create a new tier of local democracy at the community level. The size and shape of each new democratic area should be defined by communities themselves through a participatory process. Each area should then be represented by a Development Council, elected by every member of the community aged 16 or above. People would stand for election as individuals based on a short statement about their ideas for developing the community and voters would choose the visions and individuals they liked most. Development Councillors would be volunteers, unpaid other than reasonable expenses. There would be no reorganisation of existing bureaucracies and existing local authorities would become Regional Council. Regional Councils would continue to manage and deliver public services on behalf of both themselves and the Development Councils.

A system of reserved powers would make clear what powers are reserved to the Regional level; Development Councils would be free to set policy in any area not reserved and would be free to do so on an 'as and when' basis. Development Councils would have substantial autonomous budgets. They would be free to set up a 'Town Manager's Office' from within these budgets to give them the capacity to deliver the work programmes they develop. These would be delivered through a mixed model which would include working with the Regional Councils, Town Manager's Offices, local voluntary organisations, social enterprises, development trusts and local businesses. In any year where an election does not take place the Development Councils will be required to hold a Community Assembly in which every member of the community is free to attend and discuss the work of the Development Council. The focus on all of this work would not be on management or administration but development and additionality. In time the case for mergers between existing local authorities to create genuinely regional authorities should be explored.

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1. BACKGROUND

Common Weal has been working on local democracy issues for a number of years. It has consistently made the case on the extent to which our system of local democracy is broken, for why a new system is essential, of how it can make a real difference to communities across Scotland and to show people what functioning local democracy in other countries looks like. In the five years during which we have been doing this work, attitudes have changed substantially. It is not long since the debate about local democracy in Scotland was dominated by voices arguing that we have too many local authorities. Now it is widely accepted that Scotland faces a substantial democratic deficit at the local level.

At the end of last year the Scottish Government announced it was going to hold a review of local governance. While this is not explicitly a inquiry seeking proposals for a new system of local democracy, it opens a wide-ranging debate about what Scotland wants from our system of local democracy. It is the best opportunity we will have for a generation to make the case for a democratic revolution for Scotland's communities.

Common Weal has therefore taken this opportunity as a prompt to move beyond highlighting the failures in localism in Scotland and making the generic case for local democracy. We believe now is the time to set out a concrete proposal for how to create a new system for Scotland.

This report is the end result of an extensive programme of conversation, discussion and analysis carried out by the Common Weal team. It puts forward solid, achievable proposals which Scotland can pursue now. It has explored barriers and complications and puts forward solutions. We hope that it can form the basis of a growing consensus in Scotland on what we should do to reinvigorate communities – and catch up with the rest of the developed world in having a proper, modern, functioning local democracy.

2. A TIMELINE OF LOCAL DEMOCRACY IN SCOTLAND

Some form of local governance has existed in Scotland since the 12th century.

- **12th to 18th centuries**
Royal Burghs gradually come into existence
- **1889**
Country Councils are created with greater powers, for example over justice, policing and roads
- **1894**
Parish Councils are set up
- **1929**
Parish Councils are abolished and small Burghs were incorporated into new County Councils. Some County Councils amalgamated into joint councils
- **1947**
Rationalisation of the system into 33 Counties, four Counties of Cities, 27 large burghs and 172 small burghs
- **1972**
In response to the Report of the Royal Commission on Local Government in Scotland in 1969, the old system was abolished and replaced by nine mainland Regional Councils, three Island Councils and 53 District Councils with the right to set up Community Councils as purely consultative bodies with no service delivery powers despite the recommendation of the Royal Commission that Community Councils might 'run certain services or facilities locally by arrangement with the District Council.
- **1994**
Abolition of existing system and creation of 32 unitary local authorities, with 1,200 Community Councils, but many with unopposed elections
- **2003**
Proportional representation introduced into local government with the adoption of a Single Transferable Vote system

3. THE STATE OF THE PROBLEM: BENCHMARKING SCOTLAND

Scotland is, by some stretch, the least locally democratic country in Europe (the UK has not been included because it has four different countries with totally different systems of local democracy). With the exception of Turkey and Finland, the only countries with a single tier of local democracy are either tiny (Luxembourg), former Soviet states (Estonia, Bulgaria) – or Scotland. The average European population size of the most local level of democracy is 17,241 citizens. The average population size of Scotland's most local level of democracy is 169,525. A Scottish local council is ten times bigger than the European average, nearly 100 times bigger than in France or Cyprus and three times bigger than the country with the next biggest average (Denmark).

The average land area of a European local authority is 38 square kilometres. The average land area of a Scottish local authority is 2,502 square kilometres, more than 65 times the average. Even if we compare to countries with very large land areas in comparison to the population, that is still three times as big as Norway, two and a half times as big as Finland and nearly twice the size of Iceland. Scotland's lack of local democracy is not only stark and not only out of line with the rest of Europe – it is miles out of line with the rest of Europe.

Country	Tiers	Average population size	Average land size (km ²)
Albania	1	7,740	77
Austria	2	3,759	36
Belgium	3	19,528	52
Bosnia & Herz.	2	25,630	373
Bulgaria	1	26,705	420
Croatia	2	7,384	102
Cyprus	1	1,675	18

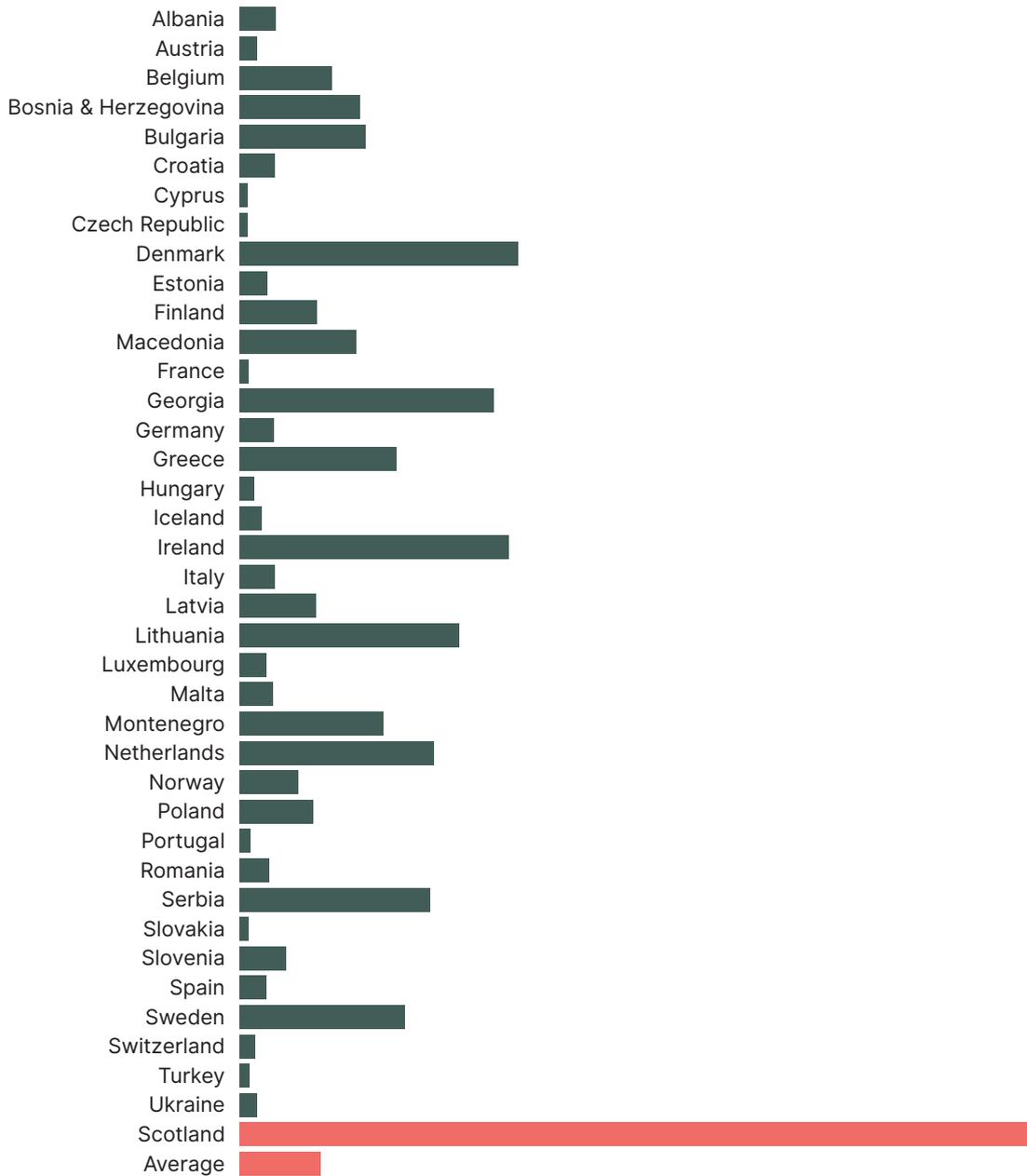
Czech Republic	2	1,700	13
Denmark	2	59,267	454
Estonia	1	5,819	201
Finland	1	16,427	1,006
Macedonia	1	24,706	306
France	3	1,837	15
Georgia	1	54,052	35
Germany	3	7,224	31
Greece	2	33,281	406
Hungary	2	3,077	29
Iceland	1	4,615	1,352
Ireland	2	57,141	827
Italy	3	7,474	37
Latvia	1	16,255	543
Lithuania	1	46,617	1,088
Luxembourg	1	5,679	24
Malta	1	6,996	5
Montenegro	1	30,598	658
Netherlands	2	41,297	99
Norway	2	12,354	896
Poland	3	15,575	126
Portugal	2	2,253	20
Romania	2	6,169	75
Serbia	2	40,461	445
Slovakia	2	1,858	17
Slovenia	1	9,796	96

Spain	2	5,764	61
Sweden	2	35,217	1,553
Switzerland	2	3,349	16
Turkey	1	2,164	1

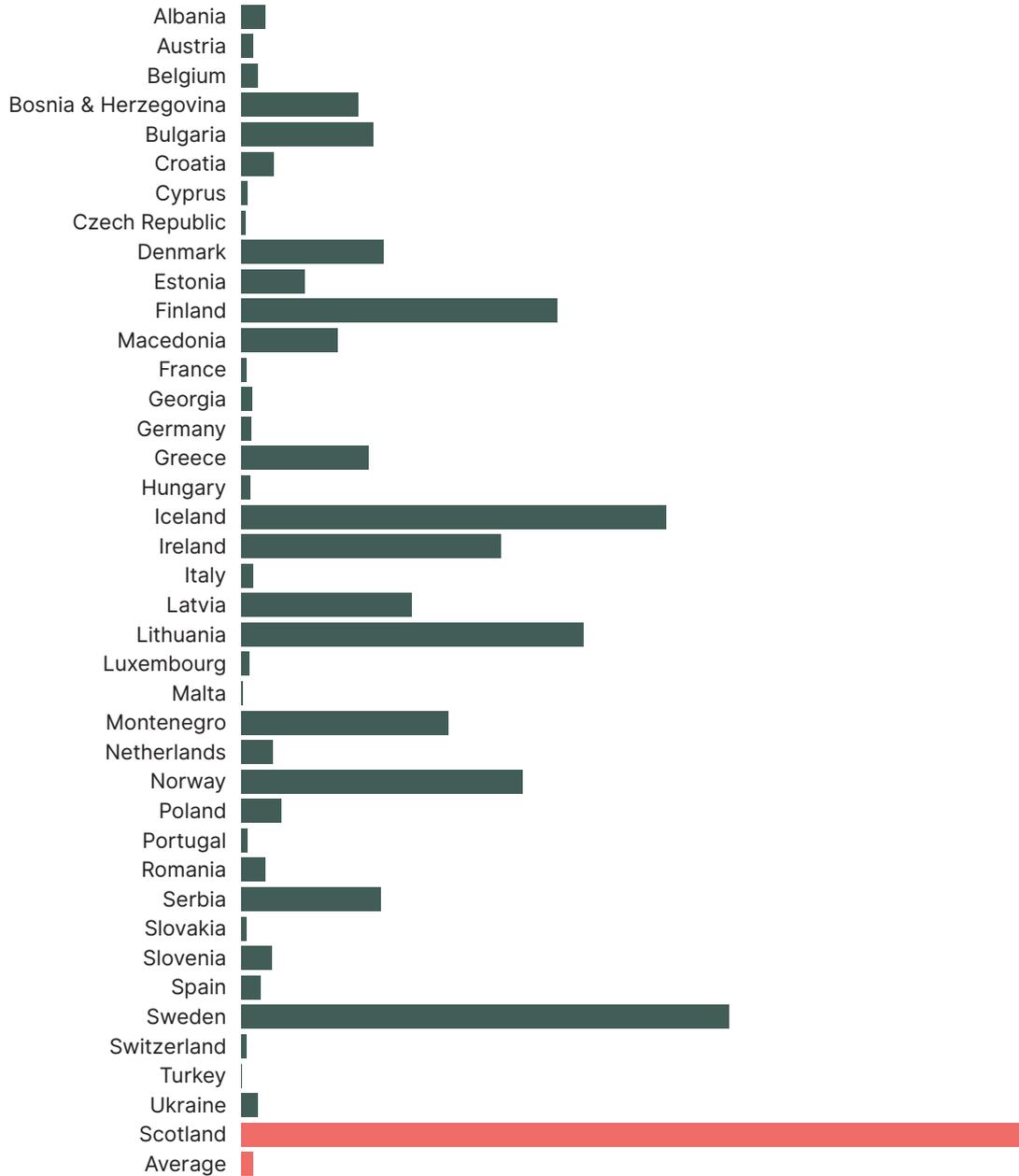
Ukraine	3	3,725	52
Scotland	1	169,525	2,502
Average		17,241	38

Source: *Local and Regional Government in Europe: Structures and Competencies*, Council of European Municipalities and Regions (2016)

Average population of unit of local democracy



Average land area of unit of local democracy



4. INITIAL PRINCIPLES

At the outset of this work and based on previous policy work developed by Common Weal on the issue of democracy, we set out a series of underlying principles which we believed should underpin a new system of local democracy in Scotland. This list of principles was the basis of

the conversations through which this proposal was developed. The initial set of principles was:

- **Genuinely local.** Any new system of local democracy must be genuinely local – must be based on and based in the communities where people live. Voters should recognise the units of local democracy as reflecting the reality of the lives they live in the communities in which they belong.

- **Powerful.** Any new unit of local democracy must be powerful, must be able to effect change. It is not enough that it has greater powers to be consulted or make suggestions; it must also have financial resources which it is able to deploy.
- **Fully democratic.** Every adult of voting age in the community being represented must have an equal right to choose how they are governed.
- **Universal.** A new system of local democracy must cover all of Scotland. No community should be excluded.
- **Representative.** While there have been substantial steps forward in developing practices in participatory democracy and it is to be hoped that these are used with increasing regularity in all aspects of Scotland's democratic system, unless communities have representatives who are able to develop and enact proposals and policies they will not be able to enact change which is consistent and coherent.
- **Autonomous.** A new unit of democracy must be able to act autonomously in areas over which it has responsibility and power and not require external permission or agreement. It must be a right held by communities, not a 'gift' given to them.
- **Minimise disruption.** Reorganising bureaucracies is very often expensive and time-consuming and recent experience with the mergers or redesigns of public bodies has not been positive. In the first instance a new system of local democracy should seek to minimise bureaucratic disruption to maximise the support of existing administrators, to minimise the cost of its establishment and to enable the process to be completed as quickly as possible

5. METHODOLOGY

An outline proposal designed to meet the above criteria was produced. This was not intended to be a specific proposal on which we were consulting but a starting-point for conversations. The aim of the conversations was to draw out a sense of what kind of proposal for a new system of local democracy would have the best chance of gaining the maximum amount of support. The proposal was as follows:

- There would be a new tier of local democracy at the community level.
- The existing tier of local local government should be considered a regional tier. While this should not be reorganised in the immediate term there is a longer-term case for mergers which would make these genuinely regional authorities.
- The right to define the size and shape of a unit of local democracy should lie with the communities themselves through a participatory process.
- There should be a system of reserved powers. The powers which can only be exercised at the regional level should be defined.
- The employment of staff and the management of services should remain the responsibility of the regional authority.
- However, the local tier of democracy would have the right to draw down and set policy in any area not reserved to the regional authority. A local authority need not take over responsibility for any powers it does not wish to influence but should be free to draw down additional powers as and when it wishes.
- A mechanism would be put in place to deal with disputes between the two layers of democracy (the regional and local tiers) where decisions by one tier would directly affect the ability of the other to carry out its own work. This would particularly include circumstances where policy

decisions made by the local tier resulted in financial implications for the regional tier, but also where decisions by the regional tier would impact on policy programmes being pursued by the local tier.

- Some budget would be made available to the local tier to support a small officer staff to work with the regional tier.

Four groups of potential issue were initially identified. The aim was to test the overall proposal against these issues (to see if they could be solved or mitigated) and to stimulate people to identify any other issues. These formed part of the conversations.

- **Governance and culture.** With split responsibilities there would be a range of governance issues – for example confusion about who has responsibility or disputes over where one tier of democracy believes another tier to be overstepping its powers. There would also be a risk that officer staff in the regional authorities would internalise a hierarchy between the two tiers of the democracy over which they had responsibility with the local tier being viewed as less important.
- **Budget and resource.** If there is to be disaggregation of budgets between two tiers of local democracy there are bound to be disputes and disagreements – and both sides are likely to feel that the resources available are insufficient. It is also inevitable that the local tier of democracy will eventually seek changes in policy which the regional tier of democracy would believe to have adverse impacts on its finances.
- **Systems and logistics.** There would be a risk that the existing internal administrative systems and logistical structures in existing local authorities (particularly HR or IT systems) would not be ready to service two separate tiers of democracy.
- **Differential capacity.** The ability of different communities to make this new system work might well be inconsistent, with some much better able to make effective use of it than

others – for example by having greater confidence to draw down new powers.

These proposals and the issues identified were then discussed with a range of individuals and organisations. The aim of these conversations was not to create a coalition or to gain support for a specific proposal but rather to inform and shape a specific proposal. There were two broad categories of participants. The individuals were selected on the basis of their expertise and knowledge and to cover a broad range of the main issue areas. They were all either senior officer staff or senior elected members in existing local authorities, including senior management, IT and HR expertise and a small selection of councillors from different geographical areas. In all, ten detailed interviews were undertaken. The organisations were selected on the basis of their practical experience of existing local government, of community development practices and in the general area of democracy. We had extended conversations with eight organisations, some stretching to more than one meeting.

Individuals were not expected to give an institutional view and organisations, while invited to outline the official position of their organisations, were invited to go beyond existing organisational policies to consider a wider and longer-term range of issues. For this reason all the conversations were carried out on an anonymous and unattributable basis and the responses we received have been grouped and analysed on the basis of issue rather than respondent. We are very grateful for the time and effort expended by all those involved.

Common Weal's thinking adapted gradually throughout this process and issues or ideas raised by one consultee will have been raised during the succeeding conversations. For this and other reasons, the conversations held with different organisations may well have been different in nature and content.

6. ANALYSIS: ISSUES RAISED AND BARRIERS IDENTIFIED

Throughout these conversations a number of issues or barriers were raised, some reinforcing or adding to the issues already identified above and others which were not on that list. In each case these were considered, discussed and analysed either to adapt the proposal or to find solutions to the issues which could be added to the proposal. In some cases we recognised the issue involved but concluded that it was not necessary to address them directly, for example where they are consistent problems with all systems of democracy or where the impact of the issue was assessed as too small to be of substantial concern. Naturally these issues will have been expressed differently by different participants. The list that follows is an attempt to group the points raised under thematic headings. In each case the issue has been summarised, Common Weal's analysis has been explained and the resulting changes or additions to the overall proposal have been outlined.

Disillusionment with the old Burgh and District Council system

Issue: One of the most consistent issues raised was concern about how much difference another layer of local democracy would be likely to make in reality. This was expressed in a number of different ways but one of the most consistent was to do with disillusionment with the old system of Burgh (and District) Councils. Those with a memory of that system did not all view it positively and there was fear that replicating or reintroducing that system (or something very like it) might simply bring back all the problems they remember from before. While that concern had many elements there were three that were dominant. First, the old District Councils were in themselves remembered as being too big and not locally responsive enough. In many cases they had responsibility for more than one town (and often a number of villages in rural areas) and the problem of perceived favouritism was raised a number of times. The other two concerns (lack of power and the risk of managerialism) were raised in other contexts and so are considered separately below.

Analysis: While Common Weal did not expect that everyone would remember the system prior to the current unitary authority model with a rose-tinted view, the negative memories of the Burgh Council system were stronger than anticipated. This was made slightly more complicated because those who have the strongest negative view of the previous system also tended to be those who have the strongest negative view of the current system. The key conclusion arrived at was that any new tier must be designed to be consistent with what people identify as their own community and that they should not be grouped with other communities purely for reasons of expediency. Steps must also be taken at the design phase to point the work of a new tier of local democracy towards purposeful, transformational activity. This is considered further below. However, it is also important that we do not set unrealistic expectations – there is no system of democracy which is universally loved or which does not have its own problems. The fact that any elected body can become obsessed with irrelevant detail or be influenced and shaped by vested interests and petty rivalries cannot be an argument against democracy. Waiting for an impossible 'perfect system' means resigning ourselves to an existing system which it was universally accepted need to be changed and made more local.

Changes: This project began from the principled assumption that Scotland needs a new tier of local democracy, being the most locally undemocratic country in Europe. For this reason, concerns that a new tier of government has the risk of being flawed cannot be a reason not to create it. But it has emphasised the need to ensure that elected bodies are seen as representing an identifiable geographic area which is felt by its residents to reflect accurately the community of which they believe themselves to be a part. The importance of ensuring not only consent but active support for the size and shape of a new tier of democracy has therefore been emphasised further. Ways to point the work of this new tier towards purposeful outcomes are discussed below.

The risk of managerialism

Issue: There was a consistent concern raised that, if badly designed, a new tier of local

democracy might become bogged down in administrative and managerial issues at the expense of a more purposeful, outcome-focussed work programme. The fear that if a new kind of council is set up which has 'only got powers over parking permits' then the work of the council would be a constant argument over 'who was getting parking permits'. The powers issue is considered separately below, but the perception that more democracy might simply be 'small-minded' must be addressed. This was exacerbated by a contradiction that was raised a number of times; that the more power a new tier of democracy has, the more time would be spent managing these powers, meaning that the more powerful a council got, the less it would have time to do. Take the case of waste collection: a local area which had a single, specific issue with waste collection (for example, overflowing bins in a popular tourist area) might be 'trapped' into having to manage a complex waste collection and disposal system if it wanted to fix one specific problem – and that if a new tier of democracy was forced to take over full responsibility for every policy it wanted to influence then it would start to bloat bureaucratically and absorb more and more resource.

Analysis: At the end of this series of conversations, this issue seems to be the heart of getting a new system right. There was an almost universal view that the aim should be to change things, not simply to manage them. If people are to believe that this is a real step forward and not simply a juggling of existing bureaucracies then every effort must be made to make it easy for communities to develop themselves without having to take on an ever-increasing bureaucratic burden.

Changes: This resulted in the biggest single change in these proposals. At the outset of this series of conversations the expectation was that a new tier of local democracy would take over full responsibility for whichever policy areas it wished to influence. It has become clear that there are a wide range of powers where a town, village or other community might wish to alter a specific policy or practice but without taking over full responsibility for that policy area. To take the waste collection example above, it might wish to use some of its budget to pay someone to empty bins in a specific public area

but without having to take on full responsibility of dealing with domestic waste collection and disposal. The proposals have therefore been altered to emphasise the right to change policy and practice without taking on management or administration.

The need for rapid development

Issue: An attendant concern which goes along with the fear of managerialism is the fear that a new system will be created but will not have a short-term impact on the communities they represent and so will quickly lose local support. Many participants emphasised that it was really important that a new tier of democracy would be set up in such a way that it had the best chance of 'making a difference'; not just 'there to complain about mistakes of the past' but rather to shape the future such that these mistakes were not repeated.

Analysis: The consistency and indeed the insistence with which this point was made meant that it was important to take it seriously. Those who felt that voluntary bodies like social enterprises or development trusts were making more impact locally than the local authority were concerned that this could be harmed by creating a new non-voluntary system. Our analysis of this is that it is a very dangerous road to go down to suggest that democracy is the problem rather than the solution. One person's idea of a really successful local project may not be someone else's and without any democratic say there is a substantial risk that the interests of those with time or particularly strong views dominate local development without others being able to have a say. However, that is not to dismiss the need to do everything possible to make a new tier of local government outcome-focussed.

Changes: This led to another major change in the proposals. We have increased the extent to which this tier of local democracy would be project-focussed (rather than management-focussed as above). We have sought to signal this by proposing that the new councils specifically be named as 'Development Councils' and that they be given a specific development remit. The suggestion has been added that candidates seeking election to the Development Councils

should be either required or expected to stand on the basis of proposals for what they think should be changed in their community, giving voters the ability to elect a council based not only on who they trust to make decisions for the town but also to vote on the basis of a variety of visions for the future of the town. It has also been adapted to make clear that there is no assumption that the work to carry out development projects locally would be delivered by existing local authority staff, with the ability to work closely with local social enterprises, community groups and organisations and development trusts to deliver work receiving greater emphasis.

Powers must be real – and the legacy of Community Councils

Issue: A number of participants in the study proposed possible reforms to the existing system to make it more participatory and to improve community consultation. However, it was universally accepted that if there is to be a proper redesign of local democracy then the lowest tier of local government must have real and useable powers. A number of participants raised the worry about low turnout or low demand generally, but immediately identified that serious powers and budgets would be the only way to stimulate interest and demand. If the existing local government settlement is seen as powerful but nothing like local enough, the Community Council system was generally seen as local but nothing like powerful enough.

Analysis: Primarily this reinforced principles which were already contained in the initial proposal. This also helped to inform the question of whether Community Councils should be the building blocks of a new tier of local democracy. A couple of participants took the view that, since they were there, why reinvent a local system rather than just reinvigorate the existing Community Council structure. The two problems with this appear to be coverage and perception. While some areas have strong, active Community Councils, these are probably in the minority and in much of Scotland there is little evidence that there are existing functioning structures on which to build. There is also good reason to doubt that rebuilding Community Councils can overcome the public perception that they are toothless in

the short term, reducing the likely participation in elections by voters.

Changes: This primarily reinforced our existing position that there must be an assumption that the most local tier would have extensive powers – though altered as above to emphasise that they could be used on an ‘as and when’ basis. Given the wide local variations in perceptions of Community Councils we continue to be sceptical that ‘repairing’ these is likely to produce the best outcome, particularly in the short- to medium-term.

Capacity and inequality

Issue: There was a small group of issues which came up in different forms in many of the conversations, all related to views on the differential ability of different communities to make a new system work. The first question is simply one of capacity – given how long Scotland has had little effective community-level democracy there were concerns about how long it might take communities to develop the democratic capacity to make a good job of governing themselves. A second dimension of this is the fear that this differential capacity could have a direct impact on inequality, with communities which are more affluent (and therefore with more people used to professional engagement with bureaucracies) better able to leverage advantage from the new system than more deprived communities. In this scenario a new tier of local democracy could actually increase inequality.

Analysis: Care must be taken over this issue. There is a very great risk of slipping into a patronising assumption that communities which have not been economically successful are therefore not capable of being successful in developing themselves. There is a mountain of evidence to contradict this contained in the many, many excellent projects which have been developed in, by and for communities which face poverty or other challenges. Public sector managers can have the view that ‘these people don’t know how to do my job’ where in fact they are perfectly capable of setting the policy context which guides how they do their job. But the issue of developing capacity is one that

should be taken seriously, particularly during the transition period into a new system of local democracy. What we find unconvincing is the argument that this is likely to increase inequality. First, inequality mainly derives from policy levers held at the national level. Second, there is a strong argument that in fact people with higher levels of education are more disproportionately able to influence 'soft' power than 'hard' power. Soft power is about 'working' an existing bureaucracy, hard power having direct powers over bureaucratic decisions. In fact more middle class communities are much better at arguing for their own interests within the current system because it involves influencing complicated bureaucracies in often indirect ways. Providing all communities with hard power – the ability to make their own decisions – is more likely to reduce inequality than increase it.

Changes: This issue resulted in quite a few changes. The first is capacity. There were two elements we had been minded to include in a final proposal which are particularly relevant to this. One is some kind of national body tasked explicitly with supporting capacity-development in new Development Councils – and to support the process of creating them in the first place. In particular this would focus on differential capacity, particularly on issues like financial management. The other element whose inclusions has been strengthened is the 'town manager'. This would involve some embedded professional capacity – each community would have at least one professional employed on a full-time basis to support and enact decisions made. This provides specific capacity where it is lacking. On the inequality issue, we reject the 'democracy leads to inequality' argument. However, it did create a greater focus on inequality issues. So as well as strengthening capacity-building proposals as above, we increasingly came to the conclusion that budget spend will be important – being able to spend money in the community has particular impact in communities with lower resources. We therefore emphasised the importance of dedicated budgets at the most local level. We also raise the issue of some kind of 'equalisation measure' in allocating those budgets to take account of social need.

Capture, corruption and 'Nimbyism'

Issue: There is a perennial fear of new democracies and bureaucracies being 'captured' by local vested interests. This is the fear of 'busybodies' who have the will and capacity to distort the activities of a new local council. That might simply mean bogging it down with self-serving agendas – but there are also fears that it might result in low-level corruption. In the same area of concerns lies worries about 'Nimbyism' – that it will become harder to do things which are important but not always popular locally.

Analysis: The 'busybody' and 'capture' issues are a factor of all democracies, and all democracies contain a risk of corruption and Nimbyism. These risks cannot be an argument against democracy. However, particularly because this is a new system of democracy and requires buy-in (see below) it is important to do anything possible to steer new democracies in the right direction and to put in place checks and balances on capture and corruption. Consideration of how to balance powers between different layers of democracy is needed to ensure the right balance between responsiveness to local feelings and the need to ensure that things are done properly when they need to be done.

Changes: Some changes which should address these concerns have already been made – the focus on development rather than management, the introduction of 'Town Managers' who will have legal responsibilities to prevent corruption and placing an emphasis on proposals rather than personalities during elections should all have a positive impact. However one additional change has been made – which is to increase the specific role of participatory democracy in the system. It is therefore suggested that there must be a full Citizen's Assembly at least once a year. That should enable all citizens to meet, to discuss the issues facing the area and the performance of the Development Council and to influence and shape its decisions. This will increase transparency and give a strong forum for citizens to voice any concerns. Some mechanism for compelling a 'citizens jury' to be held on contentious issues should be considered.

Conflict between tiers of local democracy

Issue: One of the main issues set out as a possible problem at the outset of the work was the risk of poor working relations between the existing and a new tier of local government. In particular the risk of 'differential prestige' was raised (the fear that officials would see the higher tier of democracy as 'more important') and the risk of clashes over responsibilities and policy decisions. While this was recognised by participants there was a perhaps surprising degree of relaxedness about the issue, particularly among those at senior levels in local authorities. The feeling was that, while there would be some new issues, broadly the current system already deals with an almost endless list of competing demands and this would be little different.

Analysis: Initially we had expected this to be raised as a bigger issue where in fact most saw it as just another factor to deal with in running bureaucracies. The biggest area identified as a source of possible dispute was finance; inevitably it would be disputes over budgetary issues which may be hardest to solve – though again this is mostly seen as a part of day-to-day life in local government. But there were some suggested solutions, mainly around making roles and responsibilities clear (including through legislation) and putting in place some safeguards.

Changes: The first addition is that we now propose a code of practice (possibly in legislation) which makes clear how relations between the two tiers of local government are expected to work. It was always assumed that there would need to be primary legislation but the need to emphasise areas of demarcation has been taken on board. The shift away from assuming that the local tier will take over (on a permanent basis) a wide range of powers which it would then administer has reduced some of the risks. There are two additions on the issue of finance. One is that budget tensions will be reduced if the current tier of local government were to be given greater tax powers with which to address their own budget issues. The other is that greater use of participatory budgeting can lead to more consensual budgeting outcomes.

Can existing systems cope with two tiers of democracy?

Issue: Another of the initial issues raised with participants was about systems and their adaptability to a new tier of local democracy. We raised worries about whether systems and infrastructure like IT and HR procedures would require substantial adaptation, a level of disruption our initial principles sought to avoid. This was why we particularly selected senior officers with expertise in these areas. However, there was a surprising lack of concern about this with few real concerns raised.

Analysis: No-one identified any major barrier to a new system of this sort arising because of current systems and procedures, and none believed there was any difficult, costly or time-consuming adaptation required. One issue raised was that the greater the volume of major assets transferred to the lower tier, the bigger the on-going issue might be.

Change: We were anticipating including some analysis of the costs and requirements to make adaptations to existing systems – but there hasn't been much need identified. There were some suggestions made – for example, that if the new tier of democracy consisted of councils which were technically a committee of the existing tier then they would integrate into systems easily. But this could be achieved by giving them a legislative standing as well.

Coordination and overlap

Issue: There weren't enormous concerns raised over the fear of 'duplication' – but there were some issues raised around coordination. These exist already given the differential boundaries of, for example, Health Boards and existing local authorities, but could be exacerbated if a new tier created more boundary issues.

Analysis: This wasn't a major concern in relation to the proposed new tier – so long as they were coterminous with existing tiers (i.e. no new local tier crossed over two existing local authority boundaries). For the existing local authorities, this strengthened the case for looking at some medium-term reorganisation to make them more

regional and more integrated with other functions like the Health Boards.

Changes: It had been assumed that the new tier would be contained within the existing boundaries of the current tier, but this will be made more explicit. The case for a medium-term plan to move to more powerful and integrated regional councils has also been strengthened.

Power and responsiveness of bureaucracy

Issue: A repeated concern has been about the current power balance between elected councillors and officials, with a widespread view that unelected officials are simply too powerful in relation to the democratic leadership of local authorities. A number of participants felt that too much of the existing system is run virtually autonomously by managers and the ability to influence policy democratically is much lower than it should be. The fear is that, if this is true for the existing tier, it might be even more true of a lower tier.

Analysis: This view is so widely held that it really should be considered a problem. However, the aim of this project is not to 'fix' existing local authorities but to put in place a new, more local tier. While this problem is acknowledged, making clear roles and responsibilities in legislation will go a long way to help. Deeper problems (such as officer staff seeking to block local initiatives on the basis of legal advice that the local initiatives do not have the resources to challenge) must be addressed over the longer term.

Changes: This is a bigger issue than is covered by this proposals. The need to protect local democratic decisions from unreasonable interference by officer staff in legislation has been emphasised, but without any expectation that this will be straightforward.

Community buy-in and diversity

Issue: It was widely viewed that, in the end, the success or failure of a new tier of local democracy would come down to the extent to which communities buy-into and own the

initiative. It will need to enthuse people if it is to embed itself successfully into both Scotland's democratic system and into individual communities. This could not be taken for granted. A number of participants also argued that achieving diversity on new elected bodies would be important, particularly gender but also race.

Analysis: The need for buy-in was never in doubt, but the extent to which the point was repeated caused a greater focus. Thought must be given to making sure that there is a high profile around a new tier of democracy and that everything that can be done to make people aware of what is happening – and make them believe that the changes are meaningful and worth it. This will involve good communication between new councils and their communities. The issue of diversity and the pros and cons of various possible responses has been widely discussed in many contexts. The issue of 'quotas' or modes of voting which return equal numbers of men and women should be considered. The issue of sortition – random selection – was raised. This is a form of democratic involvement which has much merit and which Common Weal has proposed in other areas. However, since the focus is on giving power to all citizens locally it is difficult to see how to integrate it into this proposal.

Changes: There are a number of additions to the proposal resulting from this. The need to direct a new tier of democracy towards a development focus to make it as dynamic and transformational has already been discussed. It is worth stressing that the evidence from around the world is absolutely consistent; the more power and budget a tier of government has, the greater the participation of the public. This is absolutely key. To aid awareness and buy-in we have strengthened the suggestions that all processes should be synchronised across the country so that it can be a national news story. It was already assumed that elections to all of the new councils would take place on the same day to maximise exposure and awareness. As it is proposed that there should be a mandatory annual Community Assembly in each community, it makes sense to seek to coordinate these for the same day as well – a national community assembly day. This approach might also be

extended to other aspects of elections, such as a requirement for all electoral areas to hold a hustings exactly one week before the vote, again creating a national ‘town hall’ day which would raise profile and participation. No firm recommendations on quotas or means of ensuring diversity are added, but the need to consider how best to address this has been emphasised.

Don't harm what's already there

Issue: At the moment the weakness of the most local level of democracy in Scotland has resulted in many people taking initiatives into their own hands, creating local voluntary organisations, development trusts, social enterprises or other kinds of initiative. Many of these are genuinely excellent and making a difference. There was worry that, rather than enhance this local work, in effect it could be harmed by creating additional bureaucracies.

Analysis: There is reason for much sympathy for this concern – there really are many excellent initiatives across Scotland which are making a real difference. But there is reason for caution too – there are many communities which do not have these kinds of initiative or the power or resources to start them. And while the ones that exist may indeed be of a very high quality, that does not make them a replacement for democracy or public accountability. As a matter of principle, voluntarism is not a response to the lack of control felt by communities all over Scotland. A balance should therefore be sought between supporting what is there and putting in place what is not.

Changes: The shift to the ‘Development Council’ model was presented above as being a solution to the fear of managerialism – but it was equally a response to fears about not damaging existing initiatives. There is now less of an assumption that the role of a new tier of government is about delivering change via existing local authority bureaucracies and more of an emphasis on packages of action which include delivery through local social enterprises or development trusts or by direct local action and spending, alongside using existing local authority infrastructure. Good projects can not only be

supported but local development plans can be built around them – when there is democratic support.

The current systems of democracy are themselves in crisis

Issue: There is quite a lot of awareness that there is a global crisis of democracy just now with people losing faith in democratic processes (particularly among the young) and dropping participation in a number of elections. This is coupled with the rise of right-wing populism in Europe and beyond and raised the question for some people of whether replicating a system that may be in decline is the way forward. A number of alternatives came up in various discussions – for example, the use of Charrettes or citizens’ panels or more use of sortition (random selection). The possibility of being more innovative in the form of solution to local democracy was raised a number of times.

Analysis: Common Weal does of course have a lot of sympathy with this argument and has published a number of reports on ways to innovate democracy and move from a representative-only model to a mixed representative/participative system. However, there are some factors it is important to raise. First, we are sceptical that we are near the point where a participative system can fully replace a representative system. The accountability issue has been at the heart of the proposal from the beginning which means that some form of representative democracy is necessary. Second, participatory methods yield great results – but they are resource- and time-intensive and doing them badly can be counterproductive. Scotland might have 500 new democratic bodies at the end of this process and supporting them all to develop participatory practices in the very short term will be impractical. This does not mean that this is not the direction that democracy should take, but in the first instance we believe Scotland has to create a more local infrastructure for democracy and that this must then become progressively better at participatory democracy.

Changes: The biggest change is that Community Assemblies on an at least annual basis have been added to the proposal as a mandatory part of

the system. This is an important starting point and will hopefully encourage people to begin to engage more with the participatory agenda. The proposal has also emphasised the need to consider participatory processes to deal with controversial issues. For now we are not minded to add substantially more new processes to the core proposal for reasons of manageability, but this should not be taken to mean that Common Weal believes this is the end of the story and we intend to publish further work on how to enhance this new system to make it much more innovative in how it engages with citizens.

7. REVISED PRINCIPLES

We therefore added three new principles for the design of a new system:

- **Development, not management.** Every effort should be made to encourage the new tier of democracy to be development-focussed with an emphasis on projects and initiatives rather than on managing and administering services.
- **Not burdensome.** While a new tier must be powerful, it should be designed such that power doesn't come at the price of placing great burdens on the shoulders of those who are elected to serve. It should be possible to make substantive change without having to take on large administrative responsibilities.
- **Supported and equalised.** As the new tier of local democracy develops, there must be support for communities, their councils and their councillors to help them develop the capacity to take on their new role well. This support should also emphasise promotion to and buy-in from communities for the new system. The support should have a specific focus on equalising capacity between communities so that differential levels of experience or knowledge do not hamper some areas in comparison to others.

The full set of principles is therefore:

- There must be a new tier of local democracy in Scotland
- It must be genuinely local and should properly reflect communities in which people live
- It must be powerful and able to effect change, but not be burdensome or difficult for those who are elected
- It must be fully democratic, and this should include an element of participatory democracy to keep all citizens involved between elections
- It must be universal such that no citizens should be part of a community which does not have local democracy and no citizen is excluded from elections to that democracy
- It must be representative, with people democratically elected to serve and held to account by their voters
- It must be autonomous, able to act on the basis of its own plans
- It must minimise disruption and avoid unnecessary, expensive and time-consuming reorganisations of bureaucracy during the early stages

8. PROPOSAL

The following is the final revised proposal which has resulted from the principles above and the conversations which shaped those principles.

Communities shall have a right to self-identify and to a unit of local democracy

There will be a statutory right for communities to self-identify their own boundaries through a transparent and participatory democratic process. There will then be a statutory right for those communities to have their own unit of local

democracy, with the existing local authorities to be considered regional authorities. The boundaries of a community must all be within a single regional authority area. In the event of any dispute between communities over boundaries the regional authority shall mediate. The local tier of democracy shall be universal and it shall be the responsibility of the regional authority to ensure that no geographic area within its boundaries has failed to create a unit of local democracy and that no citizen has been excluded. A mechanism shall be put in place to allow communities (where they meet some form of democratic threshold) to reconsider their boundaries in the future, for example if they wish to merge with or separate from another unit of local democracy.

Development Councils shall be established

The unit of local democracy shall be known as a Development Council. The purpose of a Development Council shall be to develop packages of policies and initiatives which are capable of developing the community in whichever manner the Development Council sees fit. It shall be elected by a vote of everyone living in the community who is aged 16 or over. Anyone eligible to vote is eligible to stand for election to Development Councils. People shall stand as individuals and shall be required to produce a short statement of their proposals for how the community can be developed. Those eligible to vote shall be presented with the names and short proposals from all candidates and shall vote on the basis of these. Development Councils shall consist of between six and 12 members who shall be unpaid other than reasonable expenses. Council meetings shall be arranged to enable the maximum participation for all demographic groups. They shall be elected on a regular cycle of three or four years. Development Councils should replace existing Community Councils and take over any of their duties and responsibilities as is necessary in any given area.

There shall be no immediate reorganisation of local authorities

The current local authorities (now to be considered regional authorities) shall not

be reorganised and no employee shall be transferred to a different employer or have their contract of employment altered. Services and the existing work of local government shall continue to be delivered by employees of the existing local authorities. Development Councils shall become part of that system either through becoming autonomous committees of existing Councils or through a new relationship to be set out in primary legislation.

A system of reserved powers shall be introduced

A system of reserved powers shall be put in place based on that currently in place between Westminster and the Scottish Parliament. A series of powers shall be identified that must be reserved to the national level and to the regional level. Each tier of government will then have the right to set policy over any area where powers are not reserved to the tier of government above. Development Councils will have the right to set policy in any area where power is not reserved to the regional tier, but the regional tier shall continue to deliver that policy through existing officer staff. A Development Council need not take over responsibility for every policy in a given subject area if it wishes to change or introduce only one policy – individual powers can be used on an as-and-when basis. Where a Regional Council believes that a policy decision made by one of the Development Councils has a direct implication for its budget a process of negotiation and mediation shall be triggered and may require the Development Council to recompense the Regional Council from its own budget. A national Code of Practice to make clear relationships and for dealing with disputes should be established.

Development Councils shall have autonomous budgets

Development Councils shall have their own autonomous budgets. These should be based on a national formula derived from the number of residents in each community. Consideration should be given to whether there should be an additional weighting for social need, with a strong case to argue that there should. The budgets of Development Councils should not come from

the budgets of existing local authorities and, as there should be a consistent national formula for calculating budgets, these should not be set or controlled by the Regional Council. Development Councils will not have autonomous tax-raising powers but will be free to augment their budgets from other sources where they are able, including from income-generating activities. Development Councils should be permitted the maximum possible discretion in spending budgets, so long as it is compliant with national standards of good practice in public sector expenditure. A system of oversight of Development Council budgets should be agreed between the local, regional and national tiers of government.

Development Councils should set up a Town Manager's Office

Development Councils should be free to set up a Town Manager's Office (or the equivalents in villages or city communities). While this should not be compulsory (and may not be possible in small communities), it should be strongly encouraged. A Town Manager's Office would undertake any part of a Development Council's work programme which is not delivered by a Regional Authority or through another partner organisation. It would liaise and negotiate with the Regional Authority and with officer staff on behalf of the Development Council and ensure policies set by Development Councils but delivered through Regional Council staff are enacted promptly and properly. A Town Manager's Office might also provide a public-facing contact point for the Development Council (and, if negotiated, with the Regional Council). A Town Manager's Office would take substantial administrative burdens off the shoulders of the members of the Development Council and greatly increase their capacity. A Town Manager's Office would be funded from the Development Council's budget and might well include other functions or take the form of a more substantial 'Town Hall' which could become a focus for the community.

Development Councils should be free to pursue a mixed delivery model

It is for the Development Council to devise its own work programme and it should be free to do

this in any way it sees fit subject to public sector legal and good practice guidelines. Part of the programme will be delivered by the Regional Council on the basis of policy direction given by the Development Council and part of it may be delivered by a Town Manager's Office. But parts may also be delivered by local development trusts, voluntary organisations, social enterprises or local businesses, subject to the Code of Practice both to ensure transparency and avoid the risk of corruption.

There shall be an annual right for voters to meet and discuss the work of the Development Councils

In years where there is not an election to the Development Councils there must be an annual Community Assembly in which everyone who is eligible to vote has a right to meet and discuss the progress of the work of the Development Councils in an open forum. These shall be consultative events but it is to be expected that a Development Council will take on board and respond to views and opinions raised at a Community Assembly. In years where there is an election it shall be mandatory that all candidates participate in a hustings event at which all voters have a right to attend, hear from and ask questions of candidates and their proposals. Development Councils should be encouraged to use participatory processes wherever possible, and to use processes such as Citizens' Juries to resolve controversial matters. Support will be provided to help Development Councils create good participatory processes.

Local elections, hustings and Community Assemblies shall take place on the same date in all communities

To boost awareness of and participation in local elections they shall always be held on the same day in every community to ensure that 'local election day' is a national story. To further boost awareness it is suggested that the requirement to hold a hustings should also be aligned to the same day (for example, a Thursday evening one week before the election) so that there

is a 'national hustings day'. The same applies to Community Assemblies – there should a national day on which these take place in every community. If it is decided that elections to Development Councils take place on the same day and month (for example, the third Thursday in May every three or four years) then there is a case that this should also be the date for the Community Assemblies (for example, the third Thursday in May every year there is no election).

A national agency shall be created to support the development of local democratic capacity

A national agency to promote local democracy will be created. This will have a number of functions such as helping to encourage participation of both voters and candidates prior to the first elections, to offer personal development support to people who have been elected and offering advice to Development Councils where it is requested. A major task of the agency will be to seek to level out capacity between communities with a substantial pool of experienced professionals to draw from and those which do not.

Consider further reforms to the local government system

The steps above will correct Scotland's very substantial local democratic deficit – but it will not correct all the issues raised with the current system such as the problem of officer staff being seen as being 'too powerful' or that there is uneven access to legal services between elected and unelected officers. These issues are beyond the scope of this proposal but should be registered at this stage and considered further in the near future.

Consider the medium- to long-term development of the regional tier

The aim with these proposals has been to limit disruption and costly reorganisation. However, once in place there is a strong case to look at the further development of the regional tier of

government. Not only is there a case for some mergers of what will become Regional Councils (for example to create unified regional councils in Lanarkshire and Ayrshire or to create a Glasgow Regional Council which included some of the bordering local authorities) but that these should include becoming coterminous with and absorbing other functions such as Health Boards. There is a strong case that Regional Authorities should become much stronger bodies that have primary responsibility for the creation and delivery of all functions not reserved to Holyrood.

9. FUNDING

It is proposed above that Development Councils should have autonomous budgets and it is hoped that a consensus can be built around that principle. Separately, Common Weal is working on a proposal for a replacement for the Council Tax in Scotland which would tax property based on the value of holdings in both land and buildings. This would both reform the Council Tax and introduce tax on land in Scotland (though in the vast majority of cases the value of land is already captured in the value of the overall property). This work will be published in 2019. However it is raised here to illustrate how autonomous budgets might work.

Our initial estimate is that up to approximately £500 million could potentially be raised through a combination of taxing land which is not currently taxed and by making the taxation of property fairer by better reflecting the real value of property. Clearly, all tax issues are politically sensitive and so a Scottish Government may not wish to increase taxes by this amount. So in the following we take a selection of towns and communities in Scotland and illustrate what budget a Development Council might have if this maximum was raised but also if half of that amount was raised. Giving a budget directly to communities will relieve the pressure on the existing local authorities – but there remains a very good case for increasing funding to all tiers of local and regional democracy in Scotland. So for example if £500 million was raised this might be split between regional and local tiers. It is also essential that greater local and regional

accountability for tax decisions is introduced and that should mean greater tax powers to regional authorities. If that is done some of the existing central government grant to local authorities might be transferred to the Development Councils but with the Regional Councils having the power to replace this amount or go further and raise additional income.

The following table outlines what funding of that sort might mean on a town-by-town basis. It is loosely calculated on the basis of additional revenue of £50 or £100 per capita being made available for Development Councils, which cumulatively would come close to the £250 million and £500 million figures above.

Community	Description	Annual Budget (at £50 per capita)	Annual Budget (at £100 per capita)
Kirkcaldy	Large town in Fife	£2.5 million	£5 million
Perth	Large town in Perthshire	£2.3 million	£4.6 million
Thurso	Small town in Caithness	£400,000	£800,000
St Boswells	Large village in the Scottish Borders	£70,000	£140,000
Govan	District of Glasgow	£1.3 million	£2.6 million
Fordyce	Small town in Aberdeenshire	£195,000	£390,000
Cumnock	Medium-sized town in Ayrshire	£650,000	£1.3 million
Peebles	Small town in the Scottish Borders	£42,000	£84,000
Auchterarder	Small town in Perth and Kinross	£220,000	£440,000
Islay	Inner Hebridean island	£160,000	£320,000
Kirkcudbright	Small town in Galloway	£175,000	£350,000

10. CONCLUSIONS AND NEXT STEPS

This proposal has been developed with the aim of being able to gather the widest possible support from among people who believe that Scotland needs a new system of local democracy. There is no perfect system of democracy and so there can never be a perfect

proposal. Common Weal has listened closely and carefully to both the aspirations and fears and worries of people involved in local democracy and community development and has sought to respond to what we have heard with meaningful solutions.

Inevitably a proposal can be altered further and people may have a quibble about this detail or that. However, a time has come in Scotland that we must either face up to and do something

about our nation's appalling performance in being a locally-democratic country, or we must resign ourselves to it. We must move beyond the principles and move towards a solution.

This report is Common Weal's contribution to moving us forward. We believe it is a solid, workable and attractive package of measures which will result in a genuinely democratic transformation of Scotland's communities without resulting in any major reorganisation of existing bureaucracies. It gives communities power without burdening them with unnecessary administration. And it proposes serious investment into Scotland's communities.

We hope it gains widespread support. It is time for Scotland to be honest about the state of its democracy, and to do something about it. Common Weal believes that the proposals contained in this report should be the next step we take.