

NATIONAL RENEWAL THROUGH PUBLIC SECTOR REFORM

A PROPOSAL FOR REFORM OF LOCAL GOVERNANCE

INTRODUCTION

The Programme for Government set out a clear necessity for public service reform at the heart of the Government's ambitions.

Our aims for reforms are to rewire the state to help improve the delivery of public services and maximise the efficient use of public spending. The case for change is pressing and urgent, requiring public services that are modern, responsive, and person-centred. Put simply, we want to deliver improved services, rather than simply preserve the existing local governance architecture.

As part of our reform ambitions the Government committed to engaging intensively with partners in relation to reform of local governance. Our aim is to find as much common ground as is possible and reach a shared direction before the end of this year about solutions so that we can move from debate to implementation, with early decisions informing the next Scottish Budget.

The Government enters this dialogue with an open mind; we do not seek to be prescriptive at this stage. However the Government recognises the need to aid discussions by setting out an initial proposition. There have been extensive discussions about reform and change over recent years, and a number of initiatives led by existing local authorities themselves. Following engagement with representatives of local government in Scotland, we are outlining in this paper the nature of fundamental reform the Government wants to consider in order to support this intensive period of dialogue and help to reach initial conclusions.

This paper is intended to be a starting point to facilitate debate and discussion with the objective of establishing a measure of shared agreement about the scale and the broad shape that reform could take.

Scotland is fortunate, because of our size, that some priorities are best delivered at a national level; others are best delivered regionally; and some at a level closer to communities. What we must now do is get that balance right, enabling us to deliver more responsive and more effective public services that meet the needs of our people and our communities.

The current model of local government has not been reviewed since devolution and the restoration of the Scottish Parliament in 1999. Increasingly our current model of governance creates anomalies and risks inconsistencies in service delivery and, ultimately, outcomes for the people we serve.

The Government's starting point is ensuring that we have the organisational capacity and capability we need at the right levels – strategic and also local – to unleash economic opportunities and achieve the ambitions of communities in all areas of Scotland. This will also mean identifying where resources can be pooled to greatest effect and most efficiently, ensuring that key services and outcomes are delivered consistently well.

STRATEGIC REGIONAL AUTHORITIES WITH LOCAL DECISION MAKING

The point has been made that the current structure of local government sees some authorities that are either too big to be local or too small to be strategic. That is why the Government believes there is a need for regional authorities, alongside more decentralised community authorities.

The Government's opening proposition for discussion is that our current local government arrangements are replaced with a smaller number (6 to 10) of **Regional authorities** focussing on strategic decision-making, with a substantial number (120-160) of **Community authorities** focused on local decision-making. While there may be a general model in most cases, recognising their unique status and needs, our proposition is that this would sit alongside **bespoke solutions for island communities**.

Community authorities would sit within the borders of **Regional authorities**, with the aim that **Community authorities** would see 'burgh / county / town / district / island' authorities based on identifiable communities. For example, this could include areas such as Kilmarnock in Ayrshire, or Leith in Edinburgh, or Blairgowrie and Rattray in Perthshire, it could be townships, villages or islands.

We would propose that councillors would continue to be elected at the current ward level, sitting on **both** the **Community authority** and on the associated **Regional authority**. This would improve local decision-making and enable greater strategic working, without the necessity of a further layer of elections or creating additional tiers of bureaucracy. The same overall Regional administrative or corporate structures would support both **Regional and Community authorities**. The aim is to have greater subsidiarity with more local decision making but supported by the efficiency of delivery by regional structures.

ACHIEVING THE RIGHT BALANCE OF POWERS

Existing local government responsibilities do not need to be the full extent of regional functions or local devolution. As part of the Government's broader commitment to streamline the public sector landscape, there are functions within existing public bodies which could be brought within the regional or local democratic sphere as part of this reform, while acknowledging that every region will have different circumstances.

We are keen to hear others' views about where the best balance of powers and functions lies. In any refreshed model of Regional and Community governance we would want to ensure that the range of functions, powers and duties in each part of the system are coherent, create impact and have the right balance between statutory duties and discretionary powers to enable regions and communities to deliver impact.

At a headline level, illustratively, we would propose that **Regional authorities** would have an enhanced role in regional economic development and business support – to enable them to make decisions and deliver projects that reflect local strengths, opportunities and ambitions. This would include housing, with some functions and responsibility shared with More Homes Scotland; strategic planning, alongside a national Planning Hub; employability support, aligned to economic development and skills with the potential for greater national commissioning and/or coordination; and relevant areas of Transport, including Regional Transport Partnerships and potentially some functions currently with Transport Scotland.

Regional authorities would also continue to assure delivery of the many vital core services which people experience daily and which are provided currently by local authorities, including the environmental services such as waste and cleansing; civil defence, resilience and response, shared with national government; provision of regulatory services; and, early learning and education aligning with our 3-18 curriculum, with some elements potentially directed more locally by **Community authorities**, while supporting empowered headteachers and schools.

At a local level in **Community authorities**, illustratively, functions and decision-making responsibility may include the planning, commissioning and delivery of joined up, community-based support that is person-centred and responsive to local need, including Whole Family Support. Functions for **Community authorities** would focus on those decisions which are most effectively made closest to their impact, such as householder planning applications, community planning, licensing decisions, as well as management of the historic environment and open space and greenspace, the regeneration of local town centres and the provision and maintenance of local leisure, sport and culture facilities.

KEY CONSIDERATIONS

The Scottish Government believes this approach would represent a fundamental strengthening of governance arrangements and ensure a much stronger approach to regional economic development, place and infrastructure, while reducing backroom duplication and putting more resources into delivering services for local people.

However, as well as ensuring a coherent set of functions, duties and powers, key issues remain which we would want to consider further, including the identification of the right geographical scope for these regions and communities.

At its core, this proposal seeks to ensure a clear link between the community and the regional, with mutual benefits each way, but comes with several options and issues to consider, including:

- This model will work well for existing, recognised communities at the appropriate scale – but that will not be the reality in every area. It will be important to ensure that people feel a sense of belonging and recognise their area as these are identified.
- Regional authorities or dual mandates would bring a significant increase in responsibilities for those Councillors and would prompt serious consideration of the appropriate remuneration and the time commitment expected of the role.
- This model must be designed in a way to ensure an interface for greater community participation, building on the strengthened community decision-making arrangements.
- There needs to be a statutory obligation on Regional Authorities to devolve appropriate functions to Community Authorities.

The scope of functions and design of Island Single Authority Models will be pursued in dialogue with those communities, which may vary by Islands to recognise their unique circumstances as part of any reform process.

EMPOWERED LOCAL AREAS AND COMMUNITIES

This model will also ensure an improved interface for greater community participation, building on the strengthened community decision-making arrangements.

Building on our local empowerment agenda which has included community wealth building, asset transfer and participatory budgeting, we envisage a strengthening of local community level decision making. This model would give local areas through community development corporations, social enterprises and other community groups the tools to articulate their priorities and to build community assets and services, working alongside the community authorities.

Democracy Matters community engagement, undertaken jointly with COSLA, has shown a real appetite across Scotland to ensure all of our towns, villages and neighbourhoods have meaningful influence and control over the way public services are designed and run. The programme also highlighted an eagerness to explore new ways of taking those decisions ensuring everyone people can have a say, such as widening the use of citizens' assemblies and participatory budgeting.

Ultimately, this approach should mean decisions are taken closer to people where that could improve local outcomes, on the services and functions most appropriate.

FUNDING ARRANGEMENTS

The Government's view is that the critical starting point will be to determine and agree the split of responsibility between community, regional, and national. This will inform the level and methods of funding most appropriate.

Consideration will then need to be given to how that funding should be distributed, reflecting different local needs, and in turn this will depend on the degree of local and regional revenue raising powers.

HEALTH AND SOCIAL CARE

Alongside local governance arrangements, the Scottish Government has also committed to using the next three months to engage with local authorities, trades unions, and healthcare and service providers to reach agreement on reform of social care.

As an existing responsibility, social care and social work must also be a part of our dialogue on reforming local government. But it also goes beyond this – how we ensure that we improve integrated support for people, and how social care interacts with primary and community health, alongside broader, related, functions such as housing and family support, not just as a standalone service. The current approach to the integration of social care services is not in all circumstances meeting the needs of people and this key question must be answered in the dialogue around reform.

Scottish Government's view is that all options for social care services and social work be considered, taking into account new organisational structures for the NHS and proposals for Regional and Community authorities.

NEXT STEPS

The Scottish Government will be an active participant in the dialogue over the coming weeks and months, ensuring that we engage broadly with a range of partners, stakeholders and communities. These proposals are set out to encourage discussion and debate and do not represent our final views on these matters, but it does indicate the scale of ambition we are looking for and the ideas we want to explore.

The expectation of the Scottish Government is that as dialogue at a strategic level continues, more detailed and specific proposals will be developed for further consideration amongst Parliament, Local Authorities and Communities.