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INTRODUCTION BY COUNCILLOR DAVID O’NEILL

This is an exciting time for democracy in Scotland. There is a passionate debate taking place about Scotland’s future, and a huge opportunity to think about what this should mean for the type of country we want to live in.

A healthy democracy is, of course, about more than just MSPs or MPs, local councils, community councils or a network of community organisations. All are vital, and all should be empowered if people are to have a meaningful say on the issues that matter to them locally.

That’s important, because when you speak to people in local communities, their story is not about the internal workings of Holyrood or Westminster. It is about the local services that communities need, and about giving people a real say about what matters locally to them. After all, it is at the local level, in the places where people live, that they have most contact with services and most opportunity and motivation to share in their governance.
At the same time, the debate about local democracy in this country is also shifting. It is no longer just about how people can get services but into new discussions about shaping places and enabling participation. That means redefining how local democracy connects with people’s lives and linking people more securely and confidently with the governance of their own communities.

I also believe that the challenges and opportunities we face in Scotland need local solutions. Despite overall improvements, Scotland is not closing the gap between the best off and the worst off, whether in relation to health, education and jobs, or that most basic measure, life expectancy. It is time to consider whether a new approach can improve outcomes for everyone in Scotland.

It is for all these reasons that as President of COSLA I brought together a Commission on Strengthening Local Democracy in October 2013. It is Scotland’s first chance to look at what better democracy means, unlock the benefits of new forms of democracy, and debate the opportunities for positive change.

We have worked hard to take our responsibility seriously, and to put the evidence at the heart of our work. We have received over 200 written responses, we’ve surveyed 1000 households, we’ve taken evidence from over 70 witnesses spanning a diverse range of experiences and expertise, and we’ve held events with scores of people from different communities of interest to listen to their views first hand. Added to the webcasting of our evidence sessions, over 4500 people have been involved in the Commission’s activities. It has been an intensive and hugely rewarding experience.

We are excited by the passion and insight of everyone who has contributed so far, and we are determined not to shut anyone out of the debate. All of our evidence is accessible at www.localdemocracy.info. This interim report is only one part of that much wider package, and I urge you to explore this. We will maintain this transparency as we continue our work.

It is of course too early to find detailed conclusions from all of these experiences, and this interim report is not designed to do so. However, it is our opportunity to share what we have heard, and to set the scene for our next phase.

We are only beginning that journey, but important and challenging themes are emerging. It will take time to properly work through all of the dimensions with the care and consideration they require. But it is already clear that it is time to think about the reform that will make a real difference to Scotland’s communities. To put that another way, government of the people, for the people, by the people means that power needs to be closer to the people than it is just now.

I want to continue the conversation about that challenge and I would be delighted to hear your views.

Councillor David O’Neill
Chair of the Commission
SUMMARY
This report is about radically challenging the way we think about democracy in this country. It is based on a simple premise, borne out time and time again in our evidence. People are not apathetic about their lives or communities; they care passionately about their areas and the decisions that affect them, their families, and their local services. Many want to become more engaged and participate, and are seeking new ways to do that. But for many people, the idea of democracy feels irrelevant or distant from their daily lives. That is unacceptable and it must be addressed.

We have found that local democracy is under pressure in this country:

• Local democracy is ailing because its institutional base is (or is perceived to be) commonly large scale and remote rather than local, depowered rather than empowered, and lacking capacity to respond flexibly to the needs and aspirations of communities.

• A long-term centralist trend in Scotland and the UK has reduced the number of local democratic institutions, increased their scale and reduced their powers and functions. The scale of rationalisation/reduction is significantly greater than elsewhere internationally.

• This trend has led to a “centralist” mind set within local government which tends to hang on to powers and resources rather than use them to empower individuals and communities to shape place and outcomes in the way they want. Much of this is a function of centralising pressures given that depowered local government will struggle to empower anybody else.

Reflecting on the evidence that we have received, the implications are becoming clear:

• There has been a loss of trust, confidence and participation in democracy. It seems clear to us that a democracy in which a majority of people generally no longer wish to participate is ceasing to be a democracy at all. The Commission is particularly concerned that the most disadvantaged communities that need the most representation are least able to participate.

• The link between representative democracy and participatory democracy has become hard to bridge because of the gap between the scale of representative institutions and the community base for participation.

• Big government and big local government have struggled to address and improve the pattern of outcomes and inequalities in Scotland because these occur at a very granular, local community level. Big systems also struggle to engage with the diversity of Scotland’s communities because they are conventionally geared towards uniformity and standardisation.
Our interest in genuinely better local democracy is therefore not an end in itself. It is because it presents a huge opportunity to empower citizens, transform trust in democratic institutions, turn around social and political participation, and improve outcomes and reduce inequalities for the whole of Scotland. We have more work to do to develop these ideas, but already we can see that potentially radical new ways of achieving them may be required:

1 We must change the way we think about democracy

Strong local democracy must be about more than a trickle of powers from national government, to councils and only then to communities— all instigated and controlled from above.

A new ideology in Scotland would mean setting aside the idea of ‘the state’ (at national and local level) as a higher authority which holds and controls resources and power. It would mean accepting that strong local democracy cannot be designed from the top down and that it must be empowered from the bottom up. Letting go of our old ways of thinking may be daunting but that is the challenge we set out.

2 Strong democracy is both participatory and representative

Participation is at the heart of all democracy. Representative democracy evolved as a way of allowing individuals and communities to participate in decision making and it should not be seen as something separate from that task.

Genuinely strong local democracy therefore requires many voices, and different and exciting new forms of expression. Participation and representation are not different standards of democracy to compete with one another in this. Our approach must therefore evolve so that both can prosper and fulfil their parts.

3 Services and decision making must fit communities

Outcomes are most sensibly improved by focussing on what works locally and what communities need, and by strengthening the choice and control that local people, not distant bureaucracies exercise.

Local variation rather than standardisation, within a framework of rights, should therefore be a positive consequence of a strong democracy. We should not run away from this kind of asymmetry, but accept that local services and solutions should be different for different communities.

4 Improving outcomes requires fiscal empowerment

Greater fiscal decentralisation is required so that local communities are empowered to participate in and inform choices about the public services they want and how these will be funded.

Reinvigorating local democracy means having the same freedom to reflect local choices about tax and spend in Scotland that already exist in most modern democracies.
This report is therefore about the whole democratic system in Scotland, not just the local end on its own. If democracy is how people work together in a free society to achieve collective outcomes and public good, then ‘local democracy’ is about how that is achieved ‘close’ to people. It is not an optional extra or a sub branch of ‘national democracy’: a strong democracy must be local because people have to be able to participate effectively in it. In the same way, ‘subsidiarity’ – taking decisions as close to communities as possible- is not something nice to have; it is the very essence of a healthy democracy.

However, this participatory and localist view of democracy is qualified by two factors. First, nobody should have to participate to have their fundamental rights respected, and these fundamental rights cannot vary from locality to locality. Second, the principle of subsidiarity also means that localism has to be practically feasible and linked to whether it matters that something is local or not. Strong local democracy, if it is to be effective, needs to be supported by appropriate aggregation and sharing.

Behind much of what we have heard is a key message about the need to change a culture that accepts a top down approach to the way in which outcomes are delivered. Even within the Commission, we started our thinking in those terms; whether the right powers were given to the right levels of government, and whether some alteration to who did what in the current system should be made. We have realised that this is a distinctly limiting way of looking at the situation. What’s needed is a radical and fundamental overhaul of how we think. Localism will not be achieved by more powers dripping down from the centre to local areas. The ‘trickle down’ model of democracy is as discredited as the trickle down model of economics. To us, local democracy is not the exercise of powers provided by somebody else. It is the authority which emerges from being part of a local community, being active in a local community or from representing a local community. Local democracy, if it’s to be truly achieved, therefore depends on a culture that puts that community in control.

The Commission is not focused on a particular Governments or Ministers, but on confronting a 50 year trend in the structures of governance in Scotland that suggests centralisation as the default position. We know that decentralising steps have been made; including large scale reduction of “ring-fencing”, involvement of local government in national policy development over recent years, and the recent Community Empowerment and Renewal Bill.

A key problem is that even decentralising initiatives take place within structures and arrangements that deny local democracy constitutional rights, financial independence and the right to make autonomous choices. This is no less true of how local government relates to community councils and the various institutions of civic and third sector representation. This relationship can be more or less empowering across Scotland but again it relies on context and conditions.

The issue for the Commission is not whether national and local governments are well intentioned, it is that this situation fails to guarantee a commitment to subsidiarity, local democracy and community empowerment. In other words, governments may act in an empowering way to local democracy, but the point is that they can choose to do so just as they can choose not to do so. Local democracy has no equivalent right to choose.

We are honest about how important but also how undeveloped many of these insights are, and we want to make that a stimulus for continued dialogue. So far the Commission process has challenged and changed ways of thinking but our next task is to develop and refine these ideas, and to focus on their implications.
THE WORK OF THE COMMISSION
The Commission’s overall purpose is to:

“Identify a route map to deliver the full benefits of a shift in power towards local democracy for people in Scotland”

Our job is to bring people together to consider why local services and local accountability matter, how local democracy and accountability in Scotland might be improved and empowered, and to provide advice on what is needed for that to happen.

The backdrop to this task includes a major debate about the nature of the relationship between the citizen and the state. While this is part of a healthy ongoing discussion, there are also grounds for rethinking what this means in light of worrying reports of apathy, low voter turnout, and disengagement. A large part of our task has been to test whether stronger local democracy is a solution to these wider issues, and in recent months we’ve heard about a growing appetite to examine this kind of new territory.

As a Commission, we believe that local decisions, local services and local accountability are more important than ever before. Indeed, with resources reducing, demand growing fast, and new pressures escalating, we’ve heard that improving lives will mean transforming local people’s influence over the issues that matter locally. It is for that reason that we have set out to encourage the high level debate about Scotland’s future to focus as much on decentralisation and self-governance within Scotland as it does on decentralisation to Scotland. Whatever the result of the Referendum, we want to start a conversation about how to use the new circumstances that emerge to solve problems locally, and put the resources, capability and powers to reduce demand and reflect local diversity into the hands of communities.

We are focused on improving outcomes and reducing inequality, not party politics. That is why we are fully independent of any organisation, and our members are drawn from different backgrounds, professions and perspectives, different parts of the country, different political parties, and those with no party affiliation.

Our starting point

We have begun our work by identifying some principles and issues. Firstly, we believe that improving lives means empowering local democracy and letting local people decide on their priorities, their services, and their spending. That focus is not on bolstering local government; it is to explore a long held view that for democracy to have real meaning it needs to be built up from where people live their lives.

Secondly, we understand that within a more locally driven Scotland, there are issues about community representation, third sector organisations, participatory democracy and representative democracy which have to be carefully worked through. All of this suggests to us that strong and effective local democracy is an issue for the whole system of government – at national, local and community levels- in Scotland.

Thirdly, we have also begun to explore the relationship between local democracy and effectiveness. We want to understand whether it is possible to unpick this complex issue,
and whether it is any coincidence that countries that have highly localised systems of government appear to be successful at improving outcomes.

While we recognise that it is at the local level that people predominantly live and experience their lives, we also know that communities of interest have no less valuable meaning for many people. We have set out to explore this aspect too, and reflect on what it means in a modern democracy.

Finally, to help prompt debate, we have stepped back and tried to understand the issues more fundamentally and consider the wider changes that have taken place affecting local democracy over recent decades, and in international terms.

Our over-riding commitment, however, has been to expose all of this thinking and test it. A summary of our evidence collection process is set out at Appendix 1. This interim report provides an overview of the activity that we have engaged in so far and the issues that are emerging. We now have a chance to develop a discussion about what this should mean.
LOCAL DEMOCRACY IN SCOTLAND: HISTORICAL AND INTERNATIONAL COMPARISONS
International Experience

From the outset, it was clear that ideas of “local” and “democracy” were not going to be straightforward. Decision making can be local without being democratic, and decisions can be democratic without being local. “Close to where people live” is a relative, not absolute concept. “Local” can simply mean “not national” or “not central”: it does not necessarily mean all that close to communities. Local councils in Scotland, for example, are certainly less “close to where people live” than they were 50 years ago and less close to where people live than elsewhere in Europe. In addition, democratic systems are also clearly products of distinctive historical evolution and cultures.

As a Commission, these issues presented interesting questions. Can local democracy in Scotland be regarded as “local” at all? Can councils with low fiscal empowerment be democratically accountable? It is possible to debate local democracy without focusing on the whole democratic system which it is part of?

To understand the issues further, we have looked to some international and historical comparisons. We found that local democratic systems are not self-standing, and are embedded in government systems and relationships. They are also highly varied in several ways:

(i) Electoral mechanisms

It is perhaps easy to overlook electoral mechanisms in the Scottish debate because the “council” model (election of a corporate and collective body) is considered obvious. The international experience is more varied, including direct election of executive politicians (Commissioners, Mayors, etc.); direct election of officials (e.g. Sheriffs, State Attorneys, etc.); directly elected assemblies, corporate bodies, and systems that combine some or all these elements. In fact, as Graph 1 suggests\(^1\), in comparative terms, Scotland has a very low level of locally elected representation.

\(^1\)Where possible all graphs compare Scotland internationally and with other countries in the UK. In some instances, data is only available at UK level
(ii) Functionalities and service responsibilities

Local governments vary hugely in their functionalities and service responsibilities. Some have responsibility for major national programmes (education; health and social care; roads, etc.) while others have fairly limited local planning, registration and regulatory responsibilities. While major functionalities exist in all developed countries, their distribution across national/federal, state and local government is remarkably variable. Only in smaller North European states are most major functionalities locally delivered through single local governments. In other countries, functions are distributed across tiers of government. In many contexts (e.g. England, Sweden), local government itself is tiered. Appendix 2 provides a comparative illustration of these functions and powers internationally.

(iii) Empowerment: constitutional and legal

The level of empowerment and therefore accountability for functions also matters.

“Empowerment” can take a variety of forms. In line with other North European countries, Scottish local government covers a wide range of significant functions, including education, social care, roads, and other major services. It also currently appears to be relatively more empowered in shaping national decision-making than in many other parts of the world.

However, its local decision making powers in many areas appear more restricted by statute, standards, and regulatory mechanisms. Indeed, local government’s rights and prerogatives, and citizen rights to local self-determination are constitutionally protected in most international contexts.

Legal empowerment (and constraint) depends on the functionalities of particular local government, although services that are directly linked to national or human rights are covered
by legally specified duties in most contexts. In contrast to Scotland and the UK, in many other countries local governments are free to act on behalf of their communities within the constraints of such a framework. In the UK, and Scotland, until recently, specific duties and permissions were the sole basis for empowerment to act (the “ultra vires” principle).

While that situation is changing, in an assessment of local democracy published in March 2014, the Council of Europe noted that

“Local Government across the UK (and Scotland in particular) do not enjoy the legislative or constitutional protection against unilateral moves from central government that enable most other local authorities in Europe to argue against such measures.”

In addition, given that perhaps 70% of domestic legislation has its origin, fully or in part, in EU laws, many countries have specific arrangements for local government and national governments and parliaments to work together to shape policy and determine impact, such as through dossiers teams or special committees in the Netherlands, Denmark and Finland. In comparison, the approach in Scotland (and UK) appears more ad hoc and inconsistent.

(iv) Uniformity or diversity of local government systems

Although Scottish councils vary in terms of size of population and operating context, the overall trend since the late 1960’s has been towards a uniform system: each council with exactly the same functionalities and empowerment.

It is unusual for this level of uniformity to exist internationally. For example, cities often have different government arrangements because of their scale and distinctive economic role. Remote rural and island authorities also often have distinctive empowersments and accountabilities. Although Scotland had a two tier system up until 1996, uniformity was enforced within each tier. The evidence at minimum suggests that the principle of uniformity in Scotland is out of step internationally.

(v) The spatial scale and decentralisation of local government

For its size, Scotland has an almost uniquely low number of local governments covering unusually large populations and terrains.

Graph 2: Average Population Size of Municipalities (EU and European Free Trade Countries)

Table 1: Municipal Governments at the most local level

<table>
<thead>
<tr>
<th>Country</th>
<th>No. Councils at Lowest Tier</th>
<th>Population</th>
<th>Sq km per council</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>36,786</td>
<td>65,633,194</td>
<td>15</td>
</tr>
<tr>
<td>Austria</td>
<td>2,354</td>
<td>8,451,860</td>
<td>36</td>
</tr>
<tr>
<td>Spain</td>
<td>8,167</td>
<td>46,704,308</td>
<td>62</td>
</tr>
<tr>
<td>Estonia</td>
<td>226</td>
<td>1,324,814</td>
<td>200</td>
</tr>
<tr>
<td>Germany</td>
<td>11,252</td>
<td>82,020,578</td>
<td>32</td>
</tr>
<tr>
<td>Italy</td>
<td>8,092</td>
<td>59,685,227</td>
<td>37</td>
</tr>
<tr>
<td>Norway</td>
<td>428</td>
<td>5,051,275</td>
<td>900</td>
</tr>
<tr>
<td>Finland</td>
<td>320</td>
<td>5,426,674</td>
<td>1,058</td>
</tr>
<tr>
<td>Latvia</td>
<td>119</td>
<td>2,023,825</td>
<td>543</td>
</tr>
<tr>
<td>Belgium</td>
<td>589</td>
<td>11,161,642</td>
<td>52</td>
</tr>
<tr>
<td>Sweden</td>
<td>290</td>
<td>9,555,893</td>
<td>1,552</td>
</tr>
<tr>
<td>Netherlands</td>
<td>408</td>
<td>16,779,575</td>
<td>102</td>
</tr>
<tr>
<td>Lithuania</td>
<td>60</td>
<td>2,971,905</td>
<td>1,087</td>
</tr>
<tr>
<td>Denmark</td>
<td>98</td>
<td>5,602,628</td>
<td>440</td>
</tr>
<tr>
<td>N. Ireland</td>
<td>26 (15 from 2015)</td>
<td>1,823,600</td>
<td>532</td>
</tr>
<tr>
<td>Wales</td>
<td>22</td>
<td>3,100,000</td>
<td>944</td>
</tr>
<tr>
<td>England</td>
<td>353</td>
<td>53,493,700</td>
<td>369</td>
</tr>
<tr>
<td>Scotland</td>
<td>32</td>
<td>5,295,000</td>
<td>2,449</td>
</tr>
<tr>
<td>EU27</td>
<td>89,149</td>
<td>501,465,000</td>
<td>50</td>
</tr>
</tbody>
</table>

While “spatial decentralisation” needs to be considered alongside functional decentralisation and empowerment, the international evidence is that there is not necessarily a trade-off between these dimensions. For example, the Scandinavian countries have far more spatially decentralised systems than Scotland, have a wide range of major functionalities like Scotland, but are significantly more constitutionally, fiscally and legally empowered (for example, Argyll & Bute, if in Norway, would have 6 - 10 highly empowered local governments). We have heard a great deal of evidence about this scale issue, and whether it creates a gap between “representative” and “participatory” democracy.

(vi) Fiscal Empowerment

Scotland is at the lowest end of the spectrum of fiscal empowerment identified internationally and has very limited local tax capacity and a high dependency on grants from national government. This is both a question of available taxes, and the freedom to use them. Non-domestic rates are set by the Scottish Parliament. Council tax has been frozen for 7 years through negotiations between the Scottish Government and local authorities over their block grant. In international terms this is a highly unusual constraint given the role of strong local democracy in balancing tax and spend against the preferences of local citizens. This cannot readily be done at present in Scotland.

Graph 3: Local Tax Revenue as % of Total Revenue for Local Governments

Internationally, the most empowered local governments can raise more than 50% of their own income and in many systems local government raise 40% - 50% of total public income. In Scotland the figure is less than 20%. At best, this suggests a much more obscure balance of taxation and spending in Scotland than in many other contexts.
In many other jurisdictions, local governments can also levy a wider range of taxes, compared to a single property tax in Scotland. Although there is sometimes oversight of such local financial autonomy, in areas such as the Nordic countries, Belgium and Italy, different levels of government, including local, levy income and sales taxes and a number can also lower or raise miscellaneous direct and indirect taxes such as on property transactions, donations and inheritance, energy, and motor vehicles. Many also provide full empowerment with respect to capital through borrowing and bonds within requirements of prudence and sustainability.

**Graph 4: Tax sources as a percent of total local tax revenues**

![Graph showing tax sources as a percent of total local tax revenues](source)

(vii) **Historical Change**

All systems of local democracy are the product of historical developments and culture. In international terms, however, Scotland’s evolution has been unusual. Up to the 1960s, Scotland was closer to the international norm: a large number of relatively small local governments that on average raised over 50% of their income locally, different functionalities and empowerment in different parts of the system, and distinct arrangements for cities. That rapidly gave way to merger and rationalisation, resulting in regional and district councils, and then 32 unitary councils. In the fifty years between 1946 and 1996, Scotland moved from over 400 elected local governments to 32.
Table 2: Changes to Local Authorities in Scotland

<table>
<thead>
<tr>
<th>Year</th>
<th>Cities</th>
<th>Counties</th>
<th>Large Burghs</th>
<th>Small Burghs</th>
<th>Districts</th>
<th>Regional Councils</th>
<th>Single Tier Councils</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1929</td>
<td></td>
<td>1,109</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1929 -1975*</td>
<td>4</td>
<td>33</td>
<td>21</td>
<td>176</td>
<td>196</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1975 - 1996</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Consolidated</td>
<td>53</td>
<td>9 and 3 Island Councils</td>
</tr>
<tr>
<td>1996 - Present</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Consolidated</td>
<td>32 Local Authorities</td>
<td></td>
</tr>
</tbody>
</table>

* further refined by the Local Government (Scotland) Act 1947

Integration and aggregation has also been a trend internationally. In 2007, for example, Denmark reduced the number of local governments from 278 to 98, covering an average population of 50,000. The Netherlands, despite having a far denser population, has reduced the number of local authorities to an average of around 40,000 persons per municipality. Yet while this trend has accelerated in recent years, no other country we can identify has experienced such a reduction in such a short time. Scotland, with an average population of 165,000 per local authority, remains starkly out of step internationally.

Graph 5: Contraction of Local Government in Europe

In terms of international comparisons, therefore, Scotland appears to:

- Have a very low number of large local authorities.
- Be at the high end of comparisons in terms of the range and significance of the service responsibilities that local government has.
- Be at the lowest level of empowerment of local decision making, with no constitutional status, low fiscal empowerment and a legal framework built around specific rather than general empowerment.
- Have an unusually uniform system of local government with all councils having identical functionalities, empowerments and electoral mechanisms.

**Local democracy that “works”**

While these international comparisons are an important signal of Scotland’s local democratic health, the number of councils and their powers are of course just one part of the overall picture. Our motivation for comparison has also been to identify “good practice”: things that work well. While this is easier for services than for whole systems, some signs of an ‘effective’ local democracy seem likely to include:

- Participation in and with the system is high.
- Outcomes for citizens are comparatively good and inequalities in outcome relatively low.
- Communities can engage actively, can influence decision making, and hold local people to account for decisions.
- Local governments are effective in mobilising the revenue and capital necessary to deliver.

This list is not exhaustive, but it suggests some interesting comparisons for Scotland. While as a Commission we do not consider that engagement in the formal democratic process, expressed through voting, is the only expression of a healthy local democracy, we do consider it to be a significant signal. We appear in most parts of the UK to consistently demonstrate a much greater popular tendency not to vote than our fellow European citizens. Turnout in local elections in Scotland has now dropped to approximately 40%, and despite international decline, elsewhere in Europe can easily exceed 60%. Electoral competition also appears to be much greater in some other countries, although comparisons internationally on this issue are not always entirely robust.

**Graph 6: Voter Turnout at Local Elections**

![Graph showing voter turnout at local elections](image-url)
Research evidence, such as that generated by the Eurostat data set, also suggests that when local democracy is regarded by citizens as important in their lives, and where citizens are more engaged in the political life of their local community, then those citizens also tend to be more engaged and active within local civic society. In contrast, although there is not an absolute correlation, more centralised systems, such as the UK, have citizens with lower confidence in their ability to shape outcomes through electoral or civic participation.

Graph 7: Percentage of Population participating in activities of political parties, trade unions, and civic institutions

Indeed, in wider evidence we have heard that decentralisation appears to contribute to a sense of empowerment/confidence with respect to control of outcomes that is missing in more centralised systems. In the UK, evidence also suggests that people’s confidence to shape their own outcomes is pivotal to expectations with respect to education, health and wellbeing. The most deprived communities have the lowest confidence, potentially resulting in “low aspirations” and poor interest in electoral or civic participation. Large scale and remote government and local government are at minimum unlikely to help.
STRENGTHENING LOCAL DEMOCRACY IN SCOTLAND
All of the above suggests some big questions about local democracy in Scotland and any means of trying to strengthen it. Our approach to governance appears to be different from what happens elsewhere, different from a historical culture of decentralisation, and may be having a less than positive impact on outcomes and democratic engagement.

Many of these issues were also highlighted in oral and written evidence. We set out below 4 key themes that appear to characterise and order the evidence that was received overall. These are:

- A move to decentralisation and empowerment
- The success factors required to strengthen local democracy
- Powers and decision making that reflects local diversity
- Representation and participation as complementary building blocks of democracy

We examine each in turn.

**Theme 1: A Move to Decentralisation and Empowerment: Stronger Local Democracy**

The Commission received a substantial volume of evidence about how power and decision making is carried out in Scotland. Four interrelated dimensions attracted comment:

- **Spatial Centralisation and Decentralisation:** that Scotland has a local democratic deficit – perhaps the most extreme in Europe- and that in practical terms that has meant that for most people decisions are taken somewhere else, rather than where they live.
- **Functional Centralisation and Decentralisation:** that there has been a decline in statutory institutions of local democracy to the detriment of routinely taking decisions at the most local practicable level.
- **Fiscal Centralisation and Decentralisation:** that strong democracy requires the ability to raise a substantial proportion of income locally and to be accountable for local tax and spending preferences.
- **Cultures of Centralisation and Decentralisation:** that there has been a technocratic, rather than democratic mind set in Scotland, and an emphasis on hierarchy rather than spheres of governance.

As a Commission, we were struck that the international evidence suggests that a massively more decentralised system is possible and sustainable. We were also struck by the cultural issues that may have made this possible, given that the historic trend and culture in Scotland had hitherto been decentralist. We were asked: if several hundred local governments made cultural sense in the 1960’s, why was 32 culturally acceptable by 1996? One answer might be that no one in Scotland was ever asked. The sequential rationalisation of Scottish local government proceeded without referenda or any systematic attempt to establish public preferences.

We heard another possible explanation that the broader trend over that period was for local government to become a delivery vehicle for national policy, and that rationalisation was driven by managerial, not democratic considerations. This was not directed at any one government, and its origins were traced back over many decades.
What is clear, however, is that all this has been made possible by a third factor: local democracy in Scotland lacks the constitutional status around principles and broad powers it enjoys in most other western democracies. Ministers have effectively the same power of patronage and financial control as the Secretary of State for Scotland had prior to 1999. Central governments can restructure, or indeed abolish, local democratic institutions as they see fit; it is striking that it was easier to abolish Strathclyde Regional Council than it would be to abolish the very smallest Swiss or Norwegian commune. The latter would require special procedures, including referenda based agreement from affected populations.

The core point is that the absence of constitutional protection and a constraining framework suggests that the Scottish system looks very directed by, and very dependent on, higher levels of government. It was perhaps unsurprising that we therefore also heard a great deal about what a stronger local democracy could look like.

The starting point seemed to be quite clear; in a strong local democracy, decisions that affect people’s lives are taken where they impact most on people. But, the range and level of empowerment clearly matters too. There is little point in arguing for more decentralisation if that has little purpose; we heard consistently that for local democracy, and for democracy as a whole to matter, it needs to have influence and power. We also heard that this empowerment is often unclear in Scotland, and that elsewhere in the world, and in history, more has been done.

In reflecting on these views, it seems to us that the challenge we face in creating a stronger local democracy seems to also be the challenge of creating a radically more empowering society. For local democracy to succeed in Scotland it has to be empowered to be worth engaging with and sufficiently confident in itself to empower others. Where local democracy is strong, public services are equally strong in improving their lives. Where public services are clearly held to account by communities locally they are stronger for that. The international experience suggests that this can be done; while in recent years many countries have sought an effective balance between local identity and appropriate scale by consolidating their systems of governance, including local democratic arrangements, they have proceeded on the basis of strengthening the rights of local communities to exercise control over how they are governed.

Suggestions for change have ranged from the creation of more units of local democracy covering smaller populations and geographic areas, to a sustained set of policies and systems to revive community governance, empower local decision making and budgeting, and enable participation. Many of these are not mutually exclusive and we will reflect on all of them further in our next phase.

Greater protection of local democracy itself may have a part to play, at least in order to create the conditions in which localism and empowerment can flourish. Where local democratic structures have been truly empowered, they have gone on empower those around them. Unfortunately, we found that the inverse may be true in Scotland; we have a culture of disempowerment in which disempowered bodies have struggled to share power further.
Empowering local democracy to commit to outcomes therefore requires local purpose and powers, but so too does it require the ability to resource these. If the aim of local democracy is local self-determination based on local preferences, it is difficult to see how this can be achieved if local decisions are unrelated to equally local control over the balance of tax and spend.

In the international context, we have heard that accountability tends to be strongest, and reflect local preferences most clearly, when local decisions are funded locally. In the Scottish context, however, it appears that neither national nor local government is wholly accountable for local spending limits and choice. We have heard essentially two arguments; that councils are not accountable or empowered because most of their resources are determined by national government, and that Ministers are not accountable as decisions about how money is spent are taken locally. From a citizen’s perspective, this seems likely to make democracy a complex and opaque business.

Our task at this stage has been to highlight rather than resolve these issues. It seems likely, however, that more empowered and accountable local democracy in Scotland requires a stronger link for citizens between tax, services and infrastructure, and accountability for the balance decided.

Such autonomy is greatest when there is discretion to determine the tax base and to set tax rates locally, and it is weakest when the tax base and tax rate are set or controlled by other levels of government.

While options put forward for the future have varied, and all of these will need to be worked through, what has been clear is that Scotland is comparatively very weak on both these measures. One long term trajectory may be to rebalance the overall tax system to provide a much stronger local dimension by default; varying the mix of local taxes such as by reviewing how property transactions or sales and income taxes are applied are just some of the options that have been suggested to us. In the short term opportunities might also include returning the setting of business rates to local control, or empowering local tax setting through a clearer and less restricted general power of wellbeing. All of the above happens across other jurisdictions and technical issues have been resolved. This does not imply increasing the overall tax burden; it simply means that in a system of much greater local fiscal autonomy, communities have the right to choose to raise or lower the amount that they invest in local services.
Theme 2: Building Communities - Delivering Decentralisation and Empowering Community Governance

Our second theme unpicks the ideological case for decentralisation and empowerment by focusing on the real life success factors that might enable this to take place. Again, we were able to draw on a substantial amount of information and views.

Three core issues emerged:

1. Protecting the rights and standards of citizens within a framework of greater local choice and control
2. The scope for greater ‘aggregation’ and sharing of services in order to deliver strong local approaches
3. Building the capacity and culture required to support genuine localism and support effective local democracy

Rights and Standards

While not self-evident, many witnesses told us that it is no accident that highly localised systems of democracy elsewhere are associated with greater social and economic equality. But in exploring that view, we have been mindful of the ever present tension between “uniformity” and “diversity” across Scotland.

Local democracy depends on difference. However, a move towards greater localism must not be taken to imply that fundamental rights and standards can ever be weakened. In fact, the opposite must be the case. Communities need assurance that services will be delivered to consistent national standards that promote equality and human rights and contribute to outcomes for the whole of Scotland. We strongly recognise the anxiety that has been shared with the Commission about the potential for stronger local democracy to come head to head with rights and standards for individuals- particularly when decisions are not ‘co-produced’ with service users. These concerns have sometimes also been described in terms of inconsistency in provision, perceptions of a post-code lottery and impediments to independent living.

In our vision for strong local democracy, the rights and standards that everyone in Scotland is entitled to are set by statute and enforced. Those rights cannot be changed, but the ways in which they are upheld are designed with communities, and they are delivered in ways that value and respond to local diversity. That does not undermine or weaken effective subsidiarity- a nationally agreed set of rights is wholly compatible with strong local democracy and puts equality and fairness at the core of the system.

We recognise that this requires a person-centred approach that moves beyond a compliance-led understanding of equality and human rights, and in which place based policies are tested for their impact on different equalities groups.

Doing so also suggests accepting variation and difference between different parts of the country. Yet we also recognise that such variation in communities can be either ‘legitimate’ or ‘illegitimate’. Whereas legitimate variation is the result of local democratic choice and control within an overall framework of rights, illegitimate variation is a reflection of poor quality service.
or performance. That kind of variation must be borne down on. It is therefore right that we reflect on and sensibly compare performance across Scotland, without depriving communities of the choice and control they need to enjoy the services that best fit them.

Shining a light on local democracy suggests some new questions about the role of national government and parliament in this regard. Stronger local democracy does not call into question the wholly legitimate role of national government to set national priorities, or the need for local services to deliver benefits for the whole of Scotland. In a much more locally determined Scotland, these national institutions play a vital role in determining the rights and entitlements that all citizens can expect, and which they protect in law.

**Aggregation and Sharing**

Indeed, ideas of ‘intelligent aggregation’ have a strong complementary role within a framework for much stronger local democracy. The international experience suggests that the most extensive decentralisation is made possible by combining or sharing capacity. In these countries, local democracy is able to operate efficiently and effectively by routinely sharing and aggregating appropriate services. In other words, the ‘quid pro quo’ of small, competent levels of local government is a network of wider support structures. For example, where 200 plus local governments serve 5-10 million people, as in Norway and Sweden, roads and highways functions are delivered by a combination of urban authorities, upper tier authorities or bodies of smaller local governments.

This seems quite different to us from ‘centralising’ decision making or imposing a ‘top down’ redesign. Aggregation works from the bottom up to find the best balance between services that can be produced efficiently locally, and services that depend on large scale assets that cannot. Local accountability is maintained because communities can choose the solutions and services that suit their needs. In a much stronger Scottish local democracy, the pace and ambition of aggregation may need to be very significantly upscaled.

Whatever the distribution of functions and accountabilities in a stronger local democracy, neither does it appear to us that all services need to be organised at the local level for them to succeed on behalf of their communities. This is the essence of subsidiarity- decision making and control at the lowest practical level. Internationally, even in highly decentralised systems, services such as hospitals, prisons and colleges will normally be managed at regional or national level. As the Christie Commission demonstrated, however, a strong local voice is essential to the success of all public services, and some form of “Community Planning” will always be necessary.

**Culture and Values**

While decentralisation and empowerment might create the capacity to act, how that capacity is used depends on values. Again, the starting point seems plain enough; if we want to see stronger local democracy in Scotland that has to happen from the community level up. Putting this into practice, however, would challenge a traditional UK mind-set about the range and scope of what can be decentralised.
As a country we need to overcome a prevailing culture in which we think of decentralisation as the ‘top’ layer of government passing some of its powers and authority down to others. As a Commission we have begun to understand that this world view does little to progress a much more ambitious vision of local democracy. Local democratic institutions should not exist simply as creatures of ‘higher’ levels of government; they should thrive as democratic bodies in their own right on behalf of the local communities who elect them, and be driven by local people and their representatives identifying and pushing for the powers, functions and resource control they need to improve outcomes and opportunities in their areas.

This suggests a further point. We have heard a great deal about the barriers created by a ‘blame game’ between national and local government and communities. There is, of course, a necessary overlap between national government and an empowered local sphere. Our aspiration, however, would be to think of that accountability as shared rather than separate. It is interesting that Scotland does not have joint forums for doing so at the moment, and that instead we tend to operate within strict hierarchies.
Theme 3 – Powers and Decision Making that is Locally Fit for Purpose

Our third theme focuses on the substantial evidence that the Commission received around the idea of “asymmetry”: that functions, powers and structures should not be uniform but should reflect the diversity of the area and the people that live there.

The evidence was significant and compelling. If local democracy is to matter and be effective for local citizens it must reflect their needs and priorities. We have heard persuasive evidence from other countries and from our own recent past: the specific roles of city and island governments have been emphasised strongly in line with wider current developments in Scotland.

At the same time, we heard that the prevailing management logic in Scotland and the UK over a number of decades has been to assume that larger and standardised public services are the solution to efficiency and effectiveness, based on the ‘economies of scale’ they create.

In our view this tendency has not been motivated simply to take power to the centre. Rather, we recognise that it has often reflected a sense that doing so is seen as the only solution when money is tight or where change is required.

Nevertheless, these preconceptions appear to present a real cultural challenge, particularly at a time when resources are under pressure. Regardless of whether centralising steps have actually saved money, it is may be true that larger and more geographically distant bodies could find it easier to cut local services. However, the opposite is a much positive and powerful proposition—real improvement to outcomes and long term effectiveness will only be achieved by empowering local people to take meaningful decisions about what works locally.

Indeed, many witnesses suggested that large units of governance, operating in highly symmetrical ways, can make it hard to see what the ‘right thing’ is at the moment. Instead of ‘managing for effectiveness’, and seeing people as problem solvers to work with in collaboration, we have heard that these large scale uniform approaches are good at providing people with highly standardised services, but much less capable of responding to local context and complex needs. Indeed, we have heard that they are not only remote, but can deliver less impact and cost more. The effect of these ‘diseconomies of scale’ can therefore be to increase demand rather than reduce it.

It follows, then, that services that understand and respond to the contexts in which people live can meet their needs and solve their problems more effectively and with less waste. This runs counter to any notion that local services and decision making should necessarily be homogenous. Instead, there is a huge opportunity to open our minds to the possibility that governance structures and ways of delivering services should themselves differ across communities.

In other words, if we are going to have a much greater degree of local decision making and accountability; if we are going to ensure that local participation is a driver of the democratic process; and if we are going to have different local empowerment - then it is a small step to suggest that the structure of local governance in different parts of the country may be different. What is right for the islands is unlikely to be right for the cities. What is right for large rural authorities is unlikely to be what is right for our towns.

In the context of local democracy there are perhaps grounds to go further. Delivering solutions that work locally must surely also mean owning the powers needed to shape and resource them, and accepting that these powers and functions must vary depending on the distinctive operating
context or the distinctive needs of local populations, rather than trying to make the differing needs of different local communities fit the straight jacket of a single common approach. We have heard that much smaller units of local democracy in place in many other countries can connect better in that regard, and about ‘differential devolution’ of powers and resources according to the appetite and capacity of communities to exercise them. None of this is to suggest that different areas deserve different standards of public services, but rather that different forms of government should exist to meet the specific needs of local populations. Stronger local democracy will in all likelihood be messy, but that is also its strength.

That also suggests a much more evolutionary and community led approach in future. If the involvement of local people and the way they choose to be represented is different, then the local governance and service delivery structures should be too. The “end state” of decentralisation therefore cannot be a job for a top down redesign exercise. This is important because even where changes are currently being sought, these still require to be negotiated and won. In the context of local government, for example, the City Deal and Islands initiatives will depend on Scottish and/or UK Government agreeing to proposals: there is no ‘right’ to demand change and ‘higher’ levels of government have no obligation to agree with the changes proposed.

Instead, making asymmetry happen could mean institutionalising bottom up challenge at community and local government levels so that potentially diverse solutions can emerge if these reflect the will of the community and are compatible with a framework of rights and equality. Similarly, it seems fair that local communities should not only drive this approach, but also enjoy the benefits. For example, projects that tackle inequality and poverty locally – including local job creation initiatives – should be funded through a recycling of the savings generated for other parts of the system.

This fundamentally different way of thinking makes local accessibility, responsiveness and accountability the solutions, rather than the perceived blockages, to better and more cost effective outcomes. In our view, as a nation we have accepted too readily that the job of local democracy is to receive devolved powers from a ‘higher’ tier of government and that those powers can only be exercised in the same way, with the same authority and the same structures wherever you are in the country.

Instead, dealing effectively with positive and negative outcomes in different communities may simply mean that there is no longer a single way of ‘doing’ government. If this also means that locally democratic systems in Scotland are able to act on behalf of their community in different ways, then we should be prepared to embrace that as an indication of a flourishing democracy. The idea that in Scotland we should have 32 local governance structures that are exactly the same in terms of scope, responsibility and powers, stems from a profoundly top down way of thinking.

This kind of ‘asymmetrical’ local democracy is therefore not something to be afraid of; local variances are normal and a positive consequence of empowering local communities. Of course, designing structures on this basis will not be easy or straightforward and may come up against a prevailing culture that is used to top down direction and a view that big is always beautiful. However, we have heard about the inefficiency of a system where very different localities are expected to deliver in the same way. Our argument is that if structures were designed from the bottom up with a recognition that local delivery will require differential powers, resourcing and decision making then greater rather than less effectiveness and efficiency will be delivered. That will need a big change, but so too does it point to a powerful and exciting new approach to democracy.
Theme 4: Representation and Participation – Complementary Building Blocks of Democracy

The Commission has emphasised a focus on “local democracy” not “local government.” We understand that that these are different things, and that developing strong local democracy is about far more than just local councils, their numbers, and their structures. Our final theme is therefore about exploring and understanding how participatory and representative democracy can prosper and develop together.

We have heard a significant volume of evidence about these issues. Plainly put, we have found that too often the two are seen as competing and incompatible and not, as could be the case, co-operative and mutually reinforcing.

Some issues of definition bear brief consideration. Despite wide variation, two broad meanings have emerged:

i) “Representative” democracy is generally taken to mean people elect representatives to a collective body to exercise agreed powers and take decisions on agreed matters specified in law on their behalf. Within that, representative models differ; for example, the accountability of a local authority to the community is different from that of a health board to ministers.

ii) In the evidence we have received, participatory democracy has generally been used to describe ways of involving citizens directly in decisions over resources and policy that affect their community, often at the grassroots and often using new models of engagement and deliberation. In part these have been a critique of representative democracy and its perceived remoteness, partly a disillusionment with politics, and partly advocacy of citizens being activity engaged with issues and decisions that affect their lives. These have tended to be inherently local in character, even if they result in national campaigning.

Reflecting on the evidence, our first observation is that in our vision for stronger local democracy we see no contradiction or tension between representative and participatory democracy at a local level. Both are essential; the formal democratic process can ensure that formal decisions are taken, that those decisions are seen to have legitimacy, and that a balance between various interests can be found. At the same time, participatory democracy ensures that different voices are heard, that local people shape decisions about their area and services, and improve accountability. The UN Habitat International Guidelines on Decentralisation set out this complementarity in their first paragraph:

“Political decentralization to the local level is an essential component of democratization, good governance and citizen engagement; it should involve an appropriate combination of representative and participatory democracy”.

In our view, strengthening local democracy means embracing the interface between the two, and recognising that democracy is improved and enriched when communities can take part in it meaningfully, and have influence over what happens in their name. Of course not everyone will want to take part in the electoral process and we have heard of many projects and initiatives that instead are passionately about taking control locally and working collectively to deliver local public good or services in different ways. This participation needs to be built at local level, because it is here that citizens are most involved and where local assets based approaches can have the greatest impact on local challenges.

That does not by any means imply satisfaction with the status quo, and we recognise that this vision does not often reflect current experiences. That is not to undermine the existing structures and networks that provide the local legitimacy for local democracy, but we do recognise real unmet demand in many communities to have a greater say, and to run services and assets for the community by parts of the community.

This crucial issue highlights to us the very point of representative local democracy. The task of local and national government should be to foster a habit of citizenship, to facilitate and enable participation, and to be influenced and informed by it. Elected representatives are an indispensable link between the public and decisions which have to be made in the collective interest, but that system of representation must facilitate and help the strong and growing movement around participative forms of engagement and activity.

At the same time, we also recognise that communities complex and multi layered. There is no such thing as a straightforward community voice- it is made through various means and mobilised and conceptualised in diverse forms. We have heard that this poses questions about ‘intermediaries’ who speak for certain communities of place or interest. We recognise that a strong democracy therefore requires some form of representative democratic system that is empowered to consider and adjudicate selective interests against the collective interest of the area and its communities.

In other words, representation and participation alone do not seem to bring about strong local democracy, but the combination of both is immensely potent. One exciting opportunity for representative government is therefore to enable the approach through which participative democracy is achieved, and act as the interface to facilitate, mediate and arbitrate the collective interests expressed through participation. That need will be all the stronger in a context where more decisions and powers are held locally.

We find that again there is a strong cultural dimension to unlocking this. Very often, we have heard of an adversarial and competitive relationship between these two aspects. Indeed, the appearance of a ‘them and us’ relationship, and the resulting gap between representative and participatory forms of democracy, has caused us great concern. It need not be that way. Suspicion and distrust cannot lead to better democracy, and may say more about a system which lacks local empowerment and confidence at the moment.

As a Commission, we have also begun to explore the wider issues of engagement in decision making that follow from this. One challenge is for elected representatives at national and local level to bridge the current gap by developing the ways in which they look outwards into communities and the people who live there before they look inwards to the formal processes of decisions. Election by itself does not automatically bestow knowledge and legitimacy, and must be fused with robust and effective arrangements for engagement and influence around local choices.

We have heard of the plethora of different ways in which people are invited to inform that process, and a general view that organisations have become more proactive and better at consulting with communities. But, from what we have already heard, we also recognise that if strong local democracy is to be informed by local preferences and choices, there will need to be many more opportunities for deliberation and dialogue, not least involving newer technologies that enable a richer network of connections. That also means ensuring that communities are not just listened to, but they are heard, and that there is a clear line of sight
to the actions that follow. For example, while we recognise the helpful trend towards outcomes and partnership, we have also heard from communities that have been frustrated that this has primarily been at organisational level and public involvement has been felt to be low. Some Community Planning Partnerships, for example, have tended towards involvement from the key service delivery organisations but less so community groups.

The scope for a broader array of deliberative democratic devices to enhance how views are captured and how local people are able to hold representative democracy to account seems to us to be an essential part of the solution. Tools like mini-publics, joint public audit committees, and participatory budgeting have all been suggested as ‘transformative’ options in this context. We will be considering this landscape further, but a richer mixture of ways to link different communities to formal decision-making processes seems vitally important. We have witnessed some of these in our own evidence gathering and have learned first-hand of their impact.

This points to two final issues. The first is in relation to capacity building and support, and the unequal capacity of individuals and communities to take part in democracy. We have heard a great deal about the skills, confidence, networks and resources which enable communities the opportunity to take the action that they want. Some communities have already achieved a lot, and we strongly believe that every community has the potential to do so too.

But we also recognise the evidence that not all communities are equally well placed to benefit from this. For example, there is unequal access to becoming involved in participating in public life and being selected for elected office. These barriers are physical, economic and attitudinal. We cannot therefore just rely on a demand led approach. The danger is that affluent communities who may already be relatively well ‘heard’ could gain the most from increased opportunities. We have heard a strong message that any system of stronger local democracy must actively guard against this and ensure that those facing multiple social and economic challenges, particularly in terms of deprivation, are able to get extra support to help them release their potential. This will require effort and it will require support for those who are furthest from democracy now. If a sense of under-empowerment is a barrier to participation we must challenge that and help empower those communities who feel powerless. To us, this is about far more than conventional guidance: it will work best when engagement builds on the assets in communities where people live.

Without effective capacity, then, we may well damage any chance of success. The habits of democracy take time and creating the conditions for real localism to work may be a 10 to 15 year objective. A key challenge is therefore to support that change and support all communities to take a full role in the decisions that affect them.

The second point is our tendency to think of local democracy as if ‘community of place’ is the single or central form of ‘community’ that people identify with and ‘belong to’. In fact, we recognise that social, ethnic, disability, religious, internet-based or other communities of interest can be, for some people, equally or more significant than geo-spatial ones. All of us have multiple overlapping identities and geographic communities contain numerous communities of interest. In a world of increasingly complex identities, there are interesting issues to think through about how these spectrums of interests interact with each other and with local democracy. We look forward to exploring the implications in our next stage.
INITIAL CONCLUSIONS
This report is a rallying call for stronger local democracy in Scotland. It is an initial perspective on the host of evidence that we have received, and we acknowledge that our thinking needs to grow and develop. In that sense, this is the beginning of an exciting new conversation.

The nature of that conversation, however, is becoming clear. We have heard that local democracy matters, and that it is valued. We have also heard that democracy works best when it is meaningful and accessible.

In this report we suggest that making Scotland a fairer, healthier and wealthier place is therefore unlikely to be achieved without a stronger local democracy in which people can see how decisions are made, and feel engaged and in control.

We have put forward a view that for democracy to have true meaning and value it has to be built from the bottom up, not designed from the top down. It must happen where people experience their lives, and let local people decide on their priorities, their services, and their spending. Yet we’ve learned that Scotland has been on a 50 year journey of centralisation in which more rather than less powers tend to have been taken to the centre by the Government of the day, and in which there has been an ongoing reduction in representation of communities through local democracy and the creation of bigger and bigger units of local governance.

One consequence may be that as a country we have simply become used to a culture that doesn’t empower people locally. We have an ethos where the default position is that for something to be delivered efficiently is has to be centralised, for national outcomes to be achieved, national agencies have to be created, and where local discretion is available, this is often seen as a postcode lottery rather than legitimate local choice and local democratic accountability. This culture has gained such credence that only a very major initiative can alter the direction of travel.

As a Commission, we have worked hard to eschew that mind-set. As a country, we also need to relearn the ambition and know how to take on powers and responsibilities. This is beginning to change, and ideas of democracy with it.

Part of the solution may be to empower local democratic institutions. But to us positive change is perhaps less about specific mechanisms or processes than it is about culture and understanding. It is about enabling, not prescribing shape or structure. Effective solutions will surely follow from getting the conditions right but may not happen at all if we get them wrong.

We have also heard a lot about who is best placed to make tough decisions and to get the best from finite resources. We believe the solution is about bringing government closer to people. Representative and participatory democracy can be complementary rather than competitive drivers for change. Across western democracies, local authorities have a wider range of powers and responsibilities than in Scotland and these are often increasing. But so too are they demonstrably much more local. We should seek the benefits of localism in Scotland, within a framework of rights and standards, but that can only be the case if it is matched by a push down of powers below the level of local authorities too. This isn’t something to be done uniformly, but should allow communities that want it opportunity to shape or take charge in their area.
Viewed through that lens, it is clear why representative local democracy has such a complex role. It needs to ensure that citizens and communities get the people they want to represent them and be accountable for decisions on their behalf. It also needs to empower community capacity and enable communities to share decision making and control. It also has elements that can only be done by national democratic institutions for the whole country, including the rights and standards citizens have, and ensuring fair distribution of resources.

In that light, we suggest that effective and strong local democracy must involve:

1 **Changing the way we think about democracy**

   Strong local democracy must be about more than a trickle of powers from national government, to councils and only then to communities - all instigated and controlled from above. It should mean accepting that strong local democracy cannot be designed from the top down and that it must be empowered from the bottom up.

2 **Recognising that strong democracy is both participatory and representative**

   Genuinely strong local democracy requires many voices, and different and exciting new forms of expression. Participation and representation are not different standards of democracy to compete with one another in this. Scotland’s approach must therefore evolve so that both can prosper and fulfil their parts.

3 **Empowering services and decision making that is fit for communities**

   Scotland is a diverse country. Outcomes are most sensibly improved by focussing on what works locally and what communities need, and by strengthening choice and control for local people. Asymmetry - functions, powers and structures that reflect the diversity of local areas and the people that live there - is necessary because contexts, priorities and aspirations vary across Scotland. Local variation rather than standardisation, within a framework of rights, should therefore be a positive consequence of a strong democracy.

4 **Fiscal empowerment to deliver outcomes**

   Greater fiscal decentralisation is needed so that local communities are empowered to participate in and inform choices about the public services they want and how these will be funded. Reinvigorating local democracy means having the same freedom to reflect local choices about tax and spend in Scotland that already exist in other modern democracies.
Our report is therefore a package and we want to use it to set the scene for a potentially profound change. Local democracy can only be strengthened by looking at the whole system of governance, not “local” governance in isolation. As we move into the next stage of our work, we can see that enabling strong local democracy will call for a new ideology in Scotland; a positive culture of collaboration in which everyone with a stake in the improvement of local outcomes - local and national government, agencies, the third sector, and communities - is empowered and energised to fulfil their part.

The opportunity is for strong democracy to become an eco-system in which every sphere of democracy is reinforced, developed and enabled by the spheres that surround it, and in which the touchstones are empowerment, confidence and trust, not territorialism or competition. Change is already taking place in different ways and at different speeds, and we must nurture positive developments, build on these, and make them the default.

Of course, there are difficulties in this. There is a need to fit within priorities for the whole of Scotland; ensure that individuals’ rights are protected; ensure that resources are fairly distributed; and deal with services that do not fit with a very local approach. Our view in the Commission, however, is that these difficulties can be overcome by a sensible approach to collaboration, by setting strong standards, and by a pragmatic approach which accepts that bottom up aggregation and cooperation will be necessary to deliver efficiency.

We have a great opportunity to think through these wider questions about power and citizenship and to rebuild local democracy. That is why we have put forward a view that Scotland should be as interested in sharing power locally as it is in transfers of power between the Westminster and Holyrood. And throughout all of this, we must keep our eye on the prize- better outcomes for local people. By working together, we can create the conditions to reignite local empowerment and participation, and give people back a real local voice. To embrace this will mean wrestling with a radical new culture where subsidiarity means something real and the whole framework of public service is deemed to be bottom up rather than top down. Scotland is capable of that change and that is why we are asking others to get behind this approach and use their influence and skills to help us develop and shape it.

We look forward to the debate that lies ahead; because one thing is for sure - together we have a duty to get this right for the people of Scotland.
Appendix 1: Evidence Collection

We wanted this to be an ongoing conversation and put in place an array of different ways to meet people and organisations, and discuss their ideas. We also wanted this process to be transparent, and capable of not just absorbing the evidence that adds value to our values, but that challenged our thinking and led it into new territory. Our work to explore the evidence was guided by five broad propositions developed through detailed discussions within the Commission.

We also asked people and organisations themselves how we should build our engagement around what worked for them. We recognised that this process was vital if the Commission was to be engaged in gathering and balancing views, and developing coherent theories that use the evidence. The Commission has invested significantly in collecting evidence. The main components of this included the following:

Call for Evidence

As an initial step, we invited over 2500 people and organisations to provide responses to an initial call for evidence. 209 responses were received from Scotland, the UK and across Europe. All submissions were independently analysed and collated. We commissioned Why Research to undertake an independent assessment of this evidence, which we have published alongside this report, together with the evidence submissions that we received (where we have been given permission to do so).

This report provides a detailed analysis of the views and evidence that we received. In summary, more than 4 out of 5 respondents who gave an opinion felt that decisions about local issues and services are not made locally enough in Scotland at the moment. We also identified a strong feeling that local priorities are not well accounted for in the way that national and local government works at the moment.

The responses also suggested strong support for locally elected people to be responsible for decisions about local issues and services; over half of those who commented included a statement to that effect. However, it was also clear that despite this aspiration, many respondents, particularly individual respondents, highlighted concerns that this was not happening.

The full report and accompanying evidence can be viewed on our website at http://www.localdemocracy.info/call-for-evidence/

Panel Sessions

Commission members attended a series of stakeholder discussion panels to hear views first hand. These sessions involved commission members and people or organisations who have been engaged in issues around local democracy coming together in small ‘round table’ events to discuss issues and share knowledge and perspectives. 13 have been completed to date and all of these sessions were webcast live and are available to view on demand on our website at http://www.localdemocracy.info/call-for-evidence/watch/

As at April 2014 these have been viewed over 2,350 times, with around 56% of this viewed live.

In total these sessions have involved over 70 witnesses from a wide range of backgrounds, professional association, politicians, the third sector, and academia. As a Commission we found the opportunity to bring together such a wide range of challenging and sometimes radical perspectives invaluable.

A list of the sessions, alongside the participants at each and a link to the webcast can be found at www.localdemocracy.info/call-for-evidence/watch

Listening Events

The Commission also developed a programme of listening events to understand how citizens would most like to participate, explore barriers and tease out what how people expect to exercise local choice and control. Five events have taken place:

• Community Councillors: 26 February 2014
• LOCAL Live! Event for 80 young people: 1 March 2014
• Glasgow Disability Alliance: 3 March 2014
• Voluntary Sector Third Sector Interfaces: 3 March 2014
• Interfaith Scotland: 2 April 2014
These ‘listening events’ have been about open dialogue with a range of organisations and networks who are keen to engage in the Commission’s work. Whereas the panel sessions brought together panel members and ‘expert witnesses’, the purpose of these events has been to ensure that the Commission also has an insight into the wider views of Scottish people and service users.

In order to develop this activity in the most independent and useful way possible, where appropriate we have tasked the Academy of Government at Edinburgh University to deliver these sessions. Further information about this process, and full reports from each session, alongside short video interviews with some participants can be accessed on our website at http://www.localdemocracy.info/call-for-evidence/listening-sessions/

MORI Omnibus Survey

The Commission appointed Ipsos MORI to undertake a telephone poll of 1000 Scottish citizens on seventeen questions around local democracy. The sample achieved was representative of the Scottish population in terms of geographic location, age, sex and working status and included demographic data against which the findings were analysed, such as household composition, national identity and political preferences.

The findings reinforce many of the challenges and opportunities that surround local democracy. A number of findings illustrate the problems; 6 in 10 adults told us that they do not feel part of how decisions which affect their community are made, an opinion that is shared among those of all ages and from deprived and affluent neighbourhoods alike. This is reinforced with the finding that fewer than half of adults (44%), and only a third of young adults (34%), feel clear about who makes decisions about how local services are delivered in their area. Many people also see structures of local government as too remote: the majority (60%) believe that decisions about public services are taken too far away from where we live and more than half (54%) think that central government controls more decisions about local decisions than it did in the past.

There are, however, positive signs. There was, for example, a clear desire to have more involvement in improving the quality of life in their community. Indeed, the vast majority of people (82%) agreed with the statement that they would like more say in how services are provided in their neighbourhood (42% strongly agreed). This desire to have a say in service provision is equally strong among those in Scotland’s most deprived communities (83% agreed) where it is often assumed that people feel more disengaged and less willing to participate.

Furthermore, more than three-quarters said that they would get more involved in their local community if it was easier to participate in the decisions that affect it, a figure that rose to 87% among those living in the most deprived neighbourhoods in Scotland. The full results can be viewed at www.localdemocracy.info/scottish-public-opinion-survey

2014 Conference

The 2014 COSLA and Improvement Service Annual Conference took place on 13 and 14 March 2014 and was an opportunity for the Commission to share its draft report and expose its ideas to broader scrutiny and thinking. The first day of the Conference was designed around the propositions that have so far emerged from the Commission’s work. Webcasts of the sessions, and presentations provided by speakers, can be accessed at www.localdemocracy.info/call-for-evidence/listening-sessions/conference-2014/
Appendix 2: Comparing Functions and Powers of Municipalities/Local Authorities

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a - Partly  b - Kreis  c - Except energy  d - Except education and health

Source: Council of Europe: Local Authority Competencies in Europe –https://wcd.coe.int/ViewDoc.jsp?id=1377639
In all the countries studied above, local authorities exercise regulatory power for the purpose of performing their functions and this regulatory power is subject to compliance with the law and with the regulations of higher authorities. In spite of the 2001 constitutional revision, Italy is no exception. Parliament still controls the degree of detail incorporated into legislation and it remains to clarify the meaning of “administrative function” in terms of the application of the law. Local authorities are normally free to organise their administration and choose their method for managing the public services within their remit which must be provided to the population. There are sometimes exceptions to this freedom in respect of particular services (France, Hungary), while in other countries (Italy, United Kingdom) the conditions governing the organisation of departments and the choice of operating method for certain services are on the contrary regulated by law, over and above the common rules governing notice and tendering. In the United Kingdom, regulations have been eased. In Sweden, freedom to organise local authority administration was the most important measure in order to give municipalities’ greater freedom of action, whereas these arrangements were previously determined by sectoral legislation. The situations in the various countries diverge most markedly with regard to fiscal power, but against the background of a common trend of erosion of fiscal power. The only exception to this is Italy, where the law has restored municipalities’ and provinces’ fiscal power since 1993. In Germany, the Länder consult local authorities in many different ways, which may be summed up by the principle of “reciprocal flows”. In Sweden, national agencies set standards and maintain a dialogue with local authorities on the exercise of these powers and functions and the pursuit of good practices. In most European Union countries, a majority of public investments are made by local authorities but is a particularly distinctive feature in mainly northern European countries.

3 Committee of the Regions (2002), Regional and Local Powers in Europe, volumes 1 and 2, Luxembourg.
6 Council of Europe (1988), Allocation of powers to the local and regional levels of government in the member states of the Council of Europe, Study Series Local and Regional Authorities in Europe, No. 42, Strasbourg.