

CENTRAL-LOCAL GOVERNMENT RELATIONS IN SCOTLAND.

Report of a seminar held by  
The Unit for the Study of Government in Scotland  
University of Edinburgh

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I. THE EDITOR

In March 1982, the Unit for the Study of Government at Edinburgh University held a seminar on changing central-local government relations, for academics, Civil Servants and local government officials, outwith the glare of press publicity. This allowed a degree of plain speaking and informed debate about the issues, which helped to illuminate the shifting relationship between central government and local authorities.

The major speakers included the then-Minister responsible for local government at the Scottish Office, Malcolm Rifkind; the recently elected president of COSLA, John Sewel; and two chief officers from regional authorities, Eric Geddes from Central Region, and Robert Calderwood from Strathclyde. Sewel and Calderwood have provided two brief papers outlining the issues as they saw them.

In the course of the discussion and debate, a number of issues arose, some not normally part of the conventional discourse, which merit relaying to a wider audience.

Participants agreed that the conflict between central and local government was, in essence, a political one, though not simply in conventional terms, between a Tory government and Labour local authorities. The 'threat' to local government was not simply of the making of the present government; Calderwood points out that the economic difficulties in the mid 1960s marked an important turning of the screw. Others thought that the screw had been turned much earlier, even in the 1940s, though others counselled against invoking a 'golden age' of local government in which, usually, 'politics' was absent. The inherent weakness of local authorities, as John Sewel points out, lies in their over-dependence on central grants, and in the inelastic and politically contentious character of rates as a source of revenue.

Nevertheless, the failure of the economy to grow in real terms, and, since the mid 1970s, the cutting of public expenditure, has strengthened central government's powers, and reinforced the centralist tendencies within both Conservative and Labour Parties.

The peculiarity of the relationship between the Scottish Office and local authorities in Scotland has given the conflict a special dimension. As Edward Page<sup>(1)</sup> has pointed out, the scale of government in Scotland, and the coordinated powers of the Scottish Office can lead not only to more 'friendly' relations, but to closer central control over local authority spending. In essence, many agreed, the conflict between central and local government was an argument about Mandates. Rifkind and Calderwood argued that ultimately 'Parliament' (rather than 'Government') had the superior Mandate in constitutional terms, although, practically, some recognition of the Mandate given to local councillors had to be recognised. Behind it all, lay the (largely unspoken) problem for a Conservative Government of administering a largely non-conservative electorate in Scotland.

It was agreed that we were living through a period in which cherished assumptions and longstanding arrangements were being challenged. Great pressure is building up to remove further spheres of competence from local government control. Of these, education seems the main target. Not only does it represent upwards of 40% of Regional Council expenditures, but there is pressure, at least from teachers' unions and education officials, to 'depoliticise' education. Housing, which accounts for well over half of most District Council expenditure, is another threatened area, although the political significance of housing in Scotland is likely to make any central government think twice.

The question of local control over the police has been a vexatious issue, especially south of the border, although relations in Scotland are, to date, less contentious. In general terms, then, the division of responsibilities between different areas and levels of government is back on the political agenda, and there may still be, despite the old saw, 'votes in sewage'.

The changing character of central-local government relations in Scotland are complex; the conflicts and struggles do not belong to one straightforward dimension, be it Scottish Office versus local authorities, or, at the party political level - Conservative versus Labour. To elide these two simplifies relations even further, and yet it is this simplification which grounds so much press and media discussion of the conflict. There is no denying, however, that these two dimensions are the most obvious and salient, but there are other dimensions which inform political conflict. As Scottish Office

Ministers hint from time to time, there are bruising battles fought between the Scottish Office and the Treasury, which do not, in the interests of party unity, surface at all, but which are real enough. Hence the rather hurt comments from Ministers that local authorities and the media in Scotland are not appreciative enough of how hard they have defended their corner.

There is a further dimension of conflict within local government which is potentially one of the most interesting of all. As Robert Calderwood indicates, local government officials are by no means the unthinking lackeys of their political masters. They have strong views, based upon professional competencies and experiences, about the nature and direction of local government. Alongside the more obvious party politicisation of local government in recent years has gone its professionalisation and bureaucratisation. No longer is the omnidexterous Town Clerk, 'local government'; instead there is a bureaucracy of highly trained officials plying their professional trades. As some officials pointed out, many Chief officers may not mind much if some local government responsibilities, such as education or housing, are removed from the control of local politicians reacting, as they see it, to the whims and fashions of local electorates. It might make the job of 'administration' much easier. Paralleling the official/councillor divide, but operating in a more shadowy way, similar potential strains may be operating between civil servants and Scottish Office Ministers - a Scottish version of 'Yes Minister'.

These relationships between professional officials and bureaucrats, and elected politicians are perhaps the poorest understood, yet among the most important which inform central-local government relations. Certainly civil servants and local government officials play important roles in the political game which informs central-local relations. They do not merely 'hold the jackets' of the battling politicians.

#### REFERENCE

1. E. Page, 'Why should central-local relations in Scotland be any different from these in England?' in G.W. Jones (ed.) New Approaches to the study of Central-Local Government Relationships, Gower Press, Hants, 1980.

II. JOHN SEWEL  
President, COSLA

The past two years has seen the issue of central/local government relations placed firmly on the political agenda and frequently on the front pages of the Scottish press. Local government finance must be one of the most esoteric and, quite simply, boring subjects of political debate. Yet within a period of little more than a year, conflict between central and local government over not only the level of local government expenditure but also the proper relationship between central and local government gave rise to a dispute which took on constitutional overtones. George Jones and John Stewart writing about the Local Government (Miscellaneous Provisions) (Scotland) Act saw Scotland being used as a test-bed for a less than honourable assault on the very essence of local government<sup>(1)</sup>.

The government has, therefore, in a cumbersome and indirect way taken power that is equivalent to the power of direction over local government expenditure. The only reason that the power of direction has been achieved in this confusing way has presumably been to conceal the fact that what is involved is a change of great constitutional importance. The very basis upon which local government exists, the very reason for the existence, had been destroyed. The Secretary of State is seeking to remove from selected authorities in Scotland the right (which still exists in England and Wales) to determine their own levels of expenditure as long as it is financed from their own taxes.

What are the origins of this attack upon local government? Put at its simplest a government which has sought to reduce both public expenditure and the PSBR within the context of a declining tax-take and increasing unemployment and social security payments, has identified local authority expenditure as an area where it is both ideologically sound and practically possible to make savings. Through the COSLA Critique, the Heald, Jones and Lamont article in last year's Yearbook and the writings of Arthur Midwinter, the details of the expenditure debate between central and local government are now well documented. The quality of the reports by David Scott in The Scotsman and Francis Horsburgh in the Glasgow Herald has led to a wider public being informed about the main elements of the dispute. The Scottish media has throughout been perhaps surprisingly sympathetic to the local government case.

It is not necessary here to rehearse in detail local government's

side of the argument. In brief, it is sufficient to reiterate the point that local government expenditure has not been rising uncontrollably. Over the period 1975/76 to 1980/81 local government expenditure has fallen in real terms from £2,662 million to £2,265 million.<sup>(2)</sup> Over the same period the local government component of the Secretary of State's programmes declined from 57.6% to 51.2% whereas the central government component rose from 38.7% to 46.6%<sup>(3)</sup>. At the very least the record demonstrates that there is no basis upon which it is fair or reasonable to describe Scottish local government as being financially reckless.

The fact that for the year 1982/83 56 out of a total of 65 Scottish local authorities budgeted above their Scottish Office calculated expenditure guideline shows how out of touch with reality the government has become in making a judgement about the appropriate level of local government expenditure. There is a genuine and general dispute between central and local government that results from the widening divergence between central government's plans for local authority expenditure and the performance of the vast majority of Scottish councils as they wrestle with the problem of providing an acceptable level of service without imposing higher than necessary rate burdens. It is not a matter of a simple partisan dispute between a Conservative Secretary of State and a few truculent Labour councils. Traditionally, local authorities have exercised the right to decide their own level of spending in response to local needs and in reflecting locally determined priorities. Of course, it has been recognised by local authorities that the Secretary of State has a legitimate right to use a series of powerful measures in order to seek to influence the level of local government spending. Through cutting the base of relevant expenditure, reducing the rate support grant percentage, altering the balance between the needs and resources elements within the rate support grant and by imposing cash limits, the Secretary of State has at his command an array of measures which have in the past been used to influence local authorities to contain expenditure. Local government may, and in recent years undoubtedly has, found the Secretary of State's use of these powerful weapons distasteful, but the objection is different in kind to that of direct control.

A legislative framework for direct, detailed, central control has been provided by the Miscellaneous Provisions Act together with the

proposals contained within the Local Government and Planning Bill. The combined effect of these two measures is to give the Secretary of State power, subject only to the approval of a parliamentary order, to control the spending of any local authority he considers to be guilty of budgeting to incur 'excessive and unreasonable' expenditure. Central government is flagrantly substituting its view about the level of expenditure necessary to sustain local services for the views and judgements of locally elected representatives. Even if the legislation does not give him the power to limit an authority's spending on specific services (and here there is a disagreement on interpretation between the Scottish Office and COSLA), the type of negotiations between individual authorities and the Secretary of State which are virtually inevitable under the legislation create an opportunity for detailed bargaining over particular services which despite assurances to the contrary may not be long resisted.

The argument of local government is that these powers are not needed. The expenditure record of Scottish local authorities, far from being irresponsible, has been creditable. But the argument and the objection goes deeper than this. The degree of central control that has now been established, significantly shifts the distribution of power away from localities to the centre, and the increasing centralisation of decision-making undoubtedly has implications for a dispersed, pluralistic type of political system.

There is more than a touch of irony in the fact that such an increase in central control brought about in order to make local decisions more compatible with centrally planned and defined objectives has taken place under a Conservative government, a government which at least initially promised to disengage from local government. It does, however, have to be recognised that one of the costs of maintaining a system of pluralistic politics is to accept that from time to time the level of local government spending might rise above that thought appropriate by central government but in order to provide a strong and effective institutional bulwark against the authoritarianism of both the extreme left and the extreme right, that is a price we should be prepared to pay.

#### REFERENCES

1. G. Jones & J.D. Stewart 'Local Government is worth defending', in J. Raine (ed.) In Defence of Local Government, INLOGOV, Birmingham, 1981.

2. Source Cmnd 8175 Table 2.15.1 and Quoted in the COSLA Critique Edinburgh 1981
3. Source Hansard 13 April 1981 cols. 31 and 32 and Quoted in the COSLA Critique.

### III. ROBERT CALDERWOOD

Chief Executive  
Strathclyde Regional Council

The relationship between central and local government over recent years seems to me so similar to the relationship I used to enjoy with my own family when we were playing rummy. The rules were infinitely variable and never to the advantage of father. In the present instance the variable factor is always in favour of central government because it determines the rules. I think, however, that it is a great pity to let skirmishing on the way in which the details are being manipulated obscure some very important points of principle.

Local government is established by statute and is a creature of Parliament. The powers which created local authorities are the same powers vested in the same body which could be used to dissolve local authorities. Local government has, therefore, I believe, to acknowledge the supremacy of Parliament and work within the rules. It is entitled to argue against some of the rules and to seek to change them but the system whereby central and local government complement each other will collapse if there is protracted and unresolved confrontation between the two bodies.

Local government has an essential part to play in spreading the public decision-making role over a wide field of individual public representatives. The concentration of decision-making powers at the political centre can lead too readily to the emergence of an undemocratic or dictatorial regime. The existence of counter-balancing decision-making powers vested in elected representative bodies is, in my view, an essential prerequisite of the maintenance of a democratic society at local level with a reasonable level of public accountability. It is in everyone's interest that this should be the case and it, therefore, behoves all of us involved in central and local government to acknowledge the practical constraints which that imposes on our respective freedoms of action within the law.

Local government has to acknowledge that it is the creature of Parliament and that whether or not it approves of the duties or obligations Parliament imposes upon it, it is there to comply with them. To argue against certain of these impositions is not, in my view, the same as challenging Parliament's right to impose these duties and obligations. Local government will lose, and in some issues is currently losing, arguments with central government because some authorities see themselves as alternatives within their own geographical areas to central government.

There are those who argue that local authorities can spend whatever they feel it appropriate to spend provided the ratepayer is willing to pay and reflects that willingness in his choice of councillors at the periodic elections. The argument goes that, no matter how much a local authority spends, Government will still be entitled to limit its contribution by way of Rate Support Grant to whatever level it thinks appropriate. However sustainable that argument may have been and however much, as a supporter of local government, one would like to subscribe to it, it has within it the flaw that something of the order of only ten per cent of the total rate fund expenditure of local authorities in the UK is obtained direct from local government electors. The remainder comes by way of Government grant through national taxation and from rates on commercial and industrial properties, in respect of which there is no one entitled to cast a vote at a local government election. I am not arguing for the restoration of the business vote but am simply acknowledging that if the electorate is being charged direct with no more than approximately ten per cent of total rate fund expenditure, it is a suspect argument to suggest that that electorate can sustain and legitimise unlimited expenditure on the part of a local authority. (An interesting paper which touches on this theme of electoral accountability and local government expenditure was given by Professor Christopher Foster of Coopers & Lybrand Associates at the Association of Municipal Authorities' Conference, Manchester, 11th September 1980).

When so much money is expended by local government I find it not unreasonable that central government should seek to indicate the overall level of expenditure which it believes the national economy can support. The problem for Government is that it seeks to do this by

controlling in considerable detail - despite protestations to the contrary - the expenditure of each and every local authority and, almost necessarily, the amount to be spent in specific service areas. Taking powers to require local authorities to fix a rate level lower than the one which they themselves would wish to levy is a clear move away from the principle that local authorities in general are responsible organisations. Once you become imbued with a feeling that only the bureaucracy in central government is responsible you tend to lose sight of the importance of preserving that system of check and countercheck which local and central government can exercise the one upon the other. Equally central government then sets itself up as an alternative to local government in a geographical area.

Ministers have stated that what has happened in the last two or three years is that the traditional willingness of local government to respond to requests from central government has not been continued. I do not think that this is an accurate statement or a fair charge to be levelled at local government. It is based on the argument that local government manpower - a very heavy item in any budget - has not been reduced to the level it reached immediately after the IMF loan in 1977. My impression is that, at that time, there were almost panic cuts made, with a total freeze on filling of staff vacancies and the creation of a climate of crisis which could be maintained for only a relatively short period of time. Overall manpower figures are going down, albeit slowly, but the yardstick of the 1977 figure is a false and unrealistic base and if Government continue to use that they will perpetrate a conflict on a very unstable foundation. It is really not so many years ago that the national plan heralded an anticipated increase in public expenditure of  $3\frac{1}{2}$  per cent per annum. Now we are being invited to accept a decrease of something slightly more than  $3\frac{1}{2}$  per cent per annum. The provision of local authority services responsive to identified need is not geared to quick changes of pace in development or of assessment of needs. I believe Government is wrong to assume that, because reactions do not occur as quickly in local government as central government would wish, that is an act of defiance by local government in general. Special cases make bad law but special cases exist and I can appreciate Government frustration when the special cases attract publicity and almost demand a

Government reaction. Danger to democracy comes when there is an over-reaction.

I do not doubt that central government will, as an obligation in the interests of the national economy, seek to influence the expenditure levels of local government. I do not believe that experience suggests that this or other Governments have failed to do that in general. I am concerned that what we are now seeing is a move towards direct control in the level of service provision by central government and I am concerned that that level of control is seen to be necessary because of underlying mistrust by central government of the ability of local authorities in general to be responsible.