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Public Sector Leaders  
By email

28 November 2019

Dear Public Sector Leader

## **LOCAL GOVERNANCE REVIEW – DEVELOPING AND TESTING PROPOSALS**

The Local Governance Review has stimulated an important discussion on taking forward our commitment to subsidiarity in Scotland. We will use the remainder of this parliament to develop and test those ideas and proposals with the greatest potential to improve outcomes.

It is well understood that public services need to reflect the unique circumstances of the communities they serve. We want to support reform at local level and recognise it is when debates are held locally that people can most meaningfully engage. By fundamentally challenging whether traditional models of governance and associated service delivery are best placed to respond to local priorities we can identify how to transform local democracy in ways which drive improvement across public services.

Following a highly inclusive process of engagement with communities and public services across Scotland, we now have a much better understanding of the type of changes which could make the most positive differences to people's lives. People from a wide range of backgrounds were clear that different places and diverse communities work best when they have local control and influence over decisions that affect them most. We are responding to what we have heard through work on three interconnected 'empowerments':

- community empowerment through a new relationship with public services where communities have greater control over decisions
- functional empowerment of public sector partners to better share resources and work together
- fiscal empowerment of democratic decision-makers to deliver locally identified priorities

Our approach reflects the clear appetite for transformative change, based on a belief that democracy matters and in the sovereignty of our communities. This means that subsidiarity is an issue worth taking the time to get right.

Community empowerment will involve continuing the conversation we started with people to design new autonomous and democratically accountable decision-making bodies that will work best for them. We will provide examples of the imaginative ways in which communities are already taking decisions for themselves and ask whether transformative governance arrangements could have helped to achieve better outcomes more easily. Illustrative scenarios, based on the most detailed and ambitious ideas received so far, will prompt discussion on key elements of future arrangements. In-depth work in a small number of communities will road-test emerging models.

Fiscal empowerment is also key to strengthening local democracy. Separately, we are developing a fiscal framework, recognising the vital interplay between Local Government and the Scottish Government, to consider the balance and structure of the budget as well as the certainty that can be provided through multi-year arrangements. This, combined with the measures on local tax reform already agreed by the Scottish Government – should they be agreed by the Scottish Parliament, will deliver the most significant empowerment of local authorities since devolution. Work on a locally determined tourist tax and the new power to enable local authorities to introduce a workplace parking levy will inform the development of a framework, which will be introduced in the next parliament. Fiscal empowerment can also inform the design of community level decision-making bodies, when determining how these are to be resourced.

Functional empowerment of public sector partners will involve considering new mechanisms which create conditions for greater local self-determination and improving the way public services work together, whether that is at Community Planning Partnership level or more regionally. Diverse places, from our islands to our cities, have entered into initial discussions about alternative governance arrangements they feel would work best in their circumstances. We are inviting you to submit proposals setting out how your organisation with your partners can contribute to this work (Annex B).

Coordinated action across fiscal, functional and community empowerment will ensure new governance arrangements are mutually supportive. Just as we will be continuing the engagement process with our communities, local partnerships continue to be fully authorised to bring forward new place-specific proposals. To date, local partners have focused on functional empowerment at Community Planning Partnership level. Proposals which include fiscal empowerment are also of interest. As are those which will support the ambition communities expressed so clearly during last year's

*Democracy Matters* conversations to have greater control and influence over decisions that affect them most.

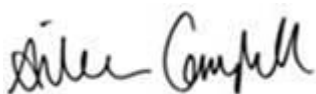
Scottish Ministers and the COSLA leadership have a clear expectation that all public sector partners engage constructively in local level discussions to further develop ideas with the most transformative potential. The Scottish Leaders Forum also provides a platform for cross-cutting discussions from which to build and test alternative approaches together.

Next steps will be to prioritise proposals and agree the nature and quantum of resource required to give each the best chance of success. Proposals which are not awarded 'priority' status will remain part of the process, with the Scottish Government and COSLA providing input into their development on a case by case basis, where local partnerships would find that helpful.

When developing and testing proposals we will be guided by democratic renewal principles, along with other key elements of the work which emerged through the first phase of engagement (Annex A). We will support proposals which clearly improve people's lives, create efficiencies and protect local democracy and our NHS.

Your input is essential if we are to make the transition to place-based decision-making and a vibrant democratic future. You can make contact with the team at any stage at: [democracymatters@gov.scot](mailto:democracymatters@gov.scot) or 0131 244 0709.

**AILEEN CAMPBELL, MSP**  
Cabinet Secretary for Communities  
and Local Government



**CLLR. ALISON EVISON**  
COSLA President



## Principles when considering proposals

### 1. Subsidiarity & local decision making

Decisions should be democratically accountable and taken at the lowest possible level or at the level closest to the people they affect.

### 2. Simple, Open Democracy

People should be able to genuinely influence the decisions that affect them and their families and can trust in the decisions the people they elect make on their behalf.

### 3. Personal & Empowering

People should have the equal opportunity to participate and have their voice heard in decisions shaping their local community and the society they live in.

### 4. Fairness & Equality of Outcomes

Arrangements should be appropriate and tailored towards the needs and aspirations of people and places, to support the delivery of shared national outcomes.

### 5. Financially sustainable & preventative

Arrangements should be effective, efficient and represent value for money for Scotland as a whole.

## Other Key Elements of the Work

We are committed to **Place-based Approaches** which embrace asymmetric decision-making arrangements as a means to help promote integration across public services and energise local democracy.

Any new arrangements will take account of learning from the review's ongoing work stream of **Research and Evidence Gathering**.

The process of undertaking the next phase of the review will continue to have a **Rights Based Approach** at its heart and we will build on and expand our efforts to involve those whose voices are least often heard.

Throughout the review process we will take account of the **Wider Political Environment** to ensure the review continues to help deliver our ambitions for democratic renewal and public service reform.

The 2019-20 budget settlement identified a number of **Fiscal Empowerment** related work-streams. These have a specific timetable for action agreed with parliament. The review will consider any additional fiscal proposals as this work progresses.

**Submitting Proposals**

You may find it helpful to use the headings below when submitting proposals. This will also enable COSLA and Scottish Government officers to enter into dialogue over what ongoing support can be provided.

Please provide a concise summary under each heading below. Where possible set out the links between the three empowerments – community, fiscal and functional – in ways which demonstrate how these will be mutually supportive.

**Outline of proposed governance changes**

**The outcomes this seeks to achieve**

**Who is involved – partnerships/communities**

**How the proposal will be developed and tested**

**Any cost/resource implications that need to be considered**