



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government, Housing and Planning Committee

Tuesday 13 June 2023

Session 6



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LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
17th Meeting 2023, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

*Miles Briggs (Lothian) (Con)

*Mark Griffin (Central Scotland) (Lab)

*Ivan McKee (Glasgow Provan) (SNP)

Marie McNair (Clydebank and Milngavie) (SNP)

Annie Wells (Glasgow) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Andrew Burns (Accounts Commission)

Carol Calder (Audit Scotland)

Antony Clark (Audit Scotland)

Lucy Jones (Audit Scotland)

Tim McKay (Accounts Commission)

Alison Payne (Reform Scotland)

CLERK TO THE COMMITTEE

Euan Donald

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 13 June 2023

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning, and welcome to the 17th meeting in 2023 of the Local Government, Housing and Planning Committee. We have received apologies from Annie Wells and Marie McNair. I remind members and witnesses to ensure that their devices are on silent and that all other notifications are turned off during the meeting.

Under our first agenda item, we will decide whether to take items 4 to 7 in private. Do members agree to take those items in private?

Members *indicated agreement.*

Local Government in Scotland: Overview 2023

09:00

The Convener: Under agenda item 2, we will take evidence on the recent Accounts Commission report, "Local government in Scotland: Overview 2023". We are joined by Andrew Burns, a member of the Accounts Commission, and Tim McKay, its interim deputy chair. We are also joined, from Audit Scotland, by Carol Calder, audit director; Antony Clark, executive director of performance audit and best value; and Lucy Jones, audit manager.

I invite Tim McKay to make a short opening statement before I open the meeting to questions from members.

Tim McKay (Accounts Commission): Thank you, convener. On behalf of the Accounts Commission, I thank the committee for inviting us to discuss the overview report.

Councils have never faced such a challenging situation. Their finances are under severe strain, with cost pressures increasing and funding increasingly ring fenced. They have had to make significant savings to balance their budgets, and they still face difficult choices about spending priorities and service provision. The pandemic adversely affected performance across all service areas, and there are signs of growing backlogs and declining performance in some areas, including adult social care, housing and homelessness.

Councils have a clear focus on tackling inequalities, but the extent and impact of their citizens' needs not being met are unclear. Some communities are facing crisis and experiencing persistently high levels of poverty and increasing financial hardship at a time when councils have less capacity to support them. Workforce pressures have deepened, with record levels of staff sickness absence and increasing recruitment challenges due to the competitive labour market.

The scale of the challenges, with funding forecast to reduce in real terms and demographic and workforce pressures growing, means that Scotland's councils must radically change how they operate, particularly how they collaborate with their partners, if services to communities are to be maintained and national priorities tackled. During the pandemic, many councils showed strong collaborative leadership and demonstrated the benefits of a place-based approach and of working closely with partners and communities, focusing on the vulnerable, reducing bureaucracy and using

the workforce in flexible ways. Those experiences must be consolidated and built on.

In our report, we are clear that leaders must take urgent action, but we recognise that that will not be easy. The level of uncertainty and immediate financial pressures make planning and delivering sustainable change much more difficult. In preparing our best value reports on individual councils, we have seen that the quality of leadership and the pace of, and appetite for, change vary. The current challenges might reinforce that gap, with the risk that some councils will be left behind. Shared services and shared administrative functions offer efficiencies and can help to manage recruitment pressures and skills shortages, but councils have made limited progress in providing them. Tensions with central Government and delays to agreeing the new deal create risks to councils' ability to make fundamental changes at the pace needed.

Reform will have a huge impact on communities and the workforce. Councils must be open and clear with both groups about the need for change and what that means for future service delivery, and they must involve communities in making difficult decisions. The recommendations in our report are directed at councillors and senior officers, who must set the tone, make the difficult decisions and implement radical change. I will draw out just one key recommendation to enable that change, which is that the Convention of Scottish Local Authorities and the Scottish Government agree, as part of the new deal, a fiscal framework. That is long overdue, and such a framework should give councils long-term financial stability and flexibility to support them in making the difficult decisions and the fundamental changes that are urgently needed.

My colleagues and I are very happy to answer any questions.

The Convener: Thanks very much for that. I was going to ask whether the overview showed any significant changes in local government finance and performance, but, in a way, you have laid that out already. I will ask a supplementary question about that, and, in response, you can pull out anything else that you want to highlight beyond the recommendation on the fiscal framework.

Given that the Scottish Government has allocated a total of £13.5 billion to local government in this financial year—that is up 3.5 per cent in real terms since 2013-14—can you set out why council budgets are now under such severe strain?

Tim McKay: Yes. The settlement that you referenced is increasing slightly in real terms, but, if you look further forward, you will see that the funding settlement is, in essence, flat. With the

cost of living crisis and the high inflation that we are experiencing, that will mean a real-terms decline in council funding.

The Convener: Does anyone else want to come in on any highlights relating to the significant changes?

Antony Clark (Audit Scotland): Tim McKay is quite right about the impact of inflation and the revenue and capital funding pressures that it creates for local authorities. We need to see that alongside the increasing demand for local government services. The Covid-19 pandemic is not entirely behind us, and local authorities are still having to deal with significant pressures on services associated with that. We know that we are living through a cost of living crisis, so the community demands on local government services and other services are increasing. All of that is piling pressure on local authority finances.

The Convener: Thanks for highlighting that. There are so many bits to keep track of.

As you are aware, we held a great event with Scotland's Futures Forum on local government and central Government relationships—some of you were there; in fact, all of you might have been there. A number of people told us that local government is often seen as the delivery arm of central Government rather than its true partner. I am interested in your thoughts on how a new deal could change that and support a relationship that is based on trust. What could a new deal mean for the communities that local government serves?

Andrew Burns (Accounts Commission): I am happy to answer that. I was at that event, and it was very worthwhile. I enjoyed the morning, and I look forward to future work by Scotland's Futures Forum on the issue.

I draw everybody's attention to page 30 of our overview report, where we have included some detailed information about the potential new deal and partnership agreement, which would include a fiscal framework. You will have heard the commission and Audit Scotland—individually and collectively—go on about that, at quite some length, on various visits to this committee and other committees, and it was mentioned during the session to which the convener just referred. The partnership framework has been discussed for several years, and it builds on further reviews of local governance frameworks and so on.

The Accounts Commission and Audit Scotland sense that it is imperative that the partnership agreement is delivered. If it is delivered in accordance with the anticipated three elements, shown on page 30 of our report, it could outline a complete change in tone. That might sound like a minor thing, but it could be quite significant if the language changes from "levels of government" to

“spheres of government” and there is parity of esteem. We have all heard that statement and phrase endlessly over the years, but making it a reality has been a bit elusive. Frankly, the commission senses, from the evidence in its best value reports that Tim McKay, the interim deputy chair, mentioned, that there is often not parity of esteem on the ground. The partnership agreement—you will be as close to this as we are—could provide a change in tone and language. It could set the scene for “spheres of government” being the language that is used, as opposed to “levels of government”.

The partnership agreement has to be followed up, I suggest, very quickly by a fiscal framework that addresses the funding arrangements and settlements for local government. Again, I draw your attention to page 30. You will see that we anticipated that, as well as the partnership agreement and the fiscal framework, a working group would be set up to look at the funding arrangements for local government. I do not know about you, but I sigh internally when I hear talk of another working group, because so much work has been done on this over the years.

The Accounts Commission and Audit Scotland make a plea that, whatever comes out of the partnership agreement and, we hope, a fiscal framework thereafter, any funding arrangements be looked at extremely quickly and that we do not reinvent the wheel. Numerous studies show that there are fairly quick ways in which to increase the level of funding available to local government, and it can be significantly raised from the 15 to 18 per cent of revenue that local authorities are now responsible for raising through council tax.

Without repeating evidence that we have given previously, I will say that Scotland and the United Kingdom are outliers in that regard. On the continent, most local authority levels—or spheres of government, I should say—raise between 40 and 50 per cent of their own revenue. That is not just an aspiration but achievable, quite quickly, here in Scotland. Previous reports show how it can be done.

I hope that that helps.

The Convener: That is super. I do not think that we should be concerned about repeating anything in this committee; we need to repeat things until they come through. I appreciate your response. You highlight the fact that we are an outlier. In the European Union, local authorities have the ability to raise 40 to 50 per cent of their revenue. I think that the message in relation to spheres is getting through—at a Conveners Group meeting, I asked a question of the First Minister, and he used the word “spheres” in his response. As you say, that sets the tone, but how do we put the action in under the tone? When I think about spheres, I

think about getting real clarity. That came through at the new deal event. There is a need for real clarity about who is responsible for what areas and who has the power and the fiscal responsibility, and we will be looking for that clarity. Page 30 of your report will definitely be scrutinised heavily.

Andrew Burns: That is good to hear.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Good morning, everyone. I want to pick your brains and get your thoughts on the importance of financial planning information and how it supports decision making. That is often discussed with our colleagues from Audit Scotland at the Public Audit Committee. It plays an increasingly important part in the work that we do. I want to tease out what you mean by

“more detailed financial information ... to support councils longer-term financial planning.”

Can you explain what you mean by that? I will start with Tim McKay and Andrew Burns, and then I will ask Audit Scotland colleagues to contribute.

Tim McKay: There are two elements to the detail. One is to have a longer-term financial horizon so that councils, instead of getting a definite figure for just one year, can have, say, a three-year series of settlements so that they know exactly what they will get over three years. The other element is to have a transparent funding model so that councils know not only what they will get but the basis on which funding is calculated so that they are able to plan ahead. If, say, some element of funding is based on population growth, they can therefore have some idea of what they will get, based on their estimates of population growth, the number of children or whichever of the many factors are put into the funding model.

Andrew Burns: Before I hand over to Carol Calder, I want to emphasise the point that Tim McKay has just made about a longer-term horizon for planning. As a nation, we must collectively break out of the cycle of saying, “We cannot give you a three-year budget framework, because we do not get it from the next sphere, or level, of government.” All the evidence that we have seen over the years indicates that that type of blame game has to stop. Local authorities have to be given three-year settlements, whether the Scottish Government gets a three-year settlement or not. Doing that would allow for significant certainty—much more than there is now—around detailed financial planning, which is often not possible at the moment. Best value reports show that many local authorities produce a three-year or five-year budget plan, and one or two produce a 10-year budget plan. It is just a forward plan, but they do that having received a one-year settlement from the Scottish Government.

I stress that, if we can break the cycle of saying, “We cannot deliver a three-year budget horizon because we do not get that from the level of government above us or next to us”, let go a bit and commit to a three to five-year horizon for planning, it would make a huge difference. Carol Calder might want to add to that.

09:45

Willie Coffey: Would those budgets be indicative or guaranteed? How would it be done? If something happened that meant that funding could not be delivered in the second or third year, what would happen?

Andrew Burns: At the moment, most local authorities that have three or five-year budgets—I think that one or two have 10-year budgets—set a hard-and-fast budget for the year ahead. The other budgets are potentially just indicative—that might be the wrong term—and they can flex in years 2, 3, 4 and 5. Obviously, for the odd one or two commendable local authorities that have 10-year frameworks, there would have to be flex in years 8, 9 and 10. As our interim deputy chair indicated, it really helps with forward planning if there is a framework, even if it is indicative.

Willie Coffey: Carol Calder, what more detail do we need?

Carol Calder (Audit Scotland): Councils need to plan on three different horizons; they need to deal with the here and now, shorter-term priorities and longer-term priorities. You asked why that is important. If they do not have the information to allow them to plan for a longer-term horizon, they will never shift to a prevention and early intervention approach. That is why it is important. As others have said, it is about having certainty over a longer period, but it is also about not having funding coming in in-year. Councils receive an awful lot of fragmented funding, and it all comes with monitoring and reporting responsibilities. That takes up a lot of officer time and is not an efficient way of doing things. If funding was clearer and less fragmented, councils would be better able to forward plan in relation to prevention and early intervention, and we could start to see a shift from a reaction focus to a prevention focus.

Willie Coffey: What about the resource spending review? Does that help or hinder?

Carol Calder: It did not have a lot of detail in it. The medium-term financial strategy that came out last month indicated that the figures in the resource spending review would be refreshed. We do not know what changes there will be across the different budget groups as a result of that. It did not provide sufficient information for councils to know how much they were getting and what they could do with it. It is a step forward, but a bit more

detail is needed to allow councils to, as I described, look forward and invest to save. At the moment, they are frustrated or limited in their ability to do that.

Antony Clark: I want to build briefly on what has been said about the medium-term financial strategy. It operates at a level that is above that which would be required to give councils confidence about different policy commitment areas and levels of funding for local authorities. The consequence of the short-term budget-setting process—the annual funding—is that councils find it difficult, as you will know from previous evidence to the committee, to fund others. Local authorities might be trying to support the third sector, which is an important partner for local government, but one-year funding for that sector makes it difficult to employ staff and invest in new services. The committee will know that local government and its partners are committed to long-term outcomes and the prevention agenda, which Carol Calder mentioned. By definition, long-term outcomes require long-term investment and planning. Therefore, the failure to have a system that gives people a higher degree of certainty about the future makes it much more difficult to deliver new services, transformation and planning for long-term outcomes.

Willie Coffey: Thank you for that. A favourite question of mine when we have Audit Scotland colleagues in the room is this: if, next year or the year after, we look back at your recommendations, how will we know whether they were implemented and were successful? For you to be able to say, “Oh yes—they took that on board and carried it through,” what would you expect to see?

Tim McKay: Number 1 would be a fiscal framework.

Willie Coffey: With longer-term—

Tim McKay: —with longer-term figures and more certainty to allow long-term planning and all the things that my colleagues have talked about.

Willie Coffey: You would also like there to be more detail in the spending review, to provide a bit more clarity. Should we expect to see that as evidence that your recommendations have been carried forward?

Carol Calder: I hope that, next year, there will be a new deal that we can refer to. We need to think about other things as well. We do an annual overview, but some of the problems that local government faces are societal problems that will not shift markedly over 12 months, so we sometimes have to look at the impact over the longer term as well. However, we hope that the mechanics of managing and planning and looking at different ways of delivering services will be visible over the shorter term.

Willie Coffey: My last question is an important one, which is about what is called service rationing. Are you seeing any evidence of that? By that, I mean things such as unmet demand increasing or eligibility criteria to get certain services being changed because of the budget situation. Are you seeing any evidence of that or of budgets being shifted to push them towards other priorities?

Tim McKay: We are. Antony might have some more detail on that.

Antony Clark: Yes, we are seeing that. It is not a new issue. The tightening up of eligibility criteria for some important local government services has been happening for quite some time, given the financial pressure facing local authorities. Several years ago, the commission wrote a report on social work services in Scotland and, as part of that report, we looked at the eligibility criteria across all 32 local authorities. At that time, to access social care services, people had to present with the highest level of need. We asked questions about the extent to which the eligibility criteria in place for many social care services were supportive of the prevention agenda, because if people present largely in crisis situations, that clearly runs counter to the prevention agenda. That is one example of where fiscal and financial pressures have tightened the eligibility for an important service.

In addition, in some other important services, levels of access in respect of opening hours and patterns of provision have been changing. In the overview report, we talk about there being uncertainty about what that means across all local government services. That is an issue that the Accounts Commission and Audit Scotland are looking at quite closely, because we want to make sure that, when councils make those important decisions about prioritisation and choices, there is a sense of understanding of what the impact will be on communities. It is a really important question, Mr Coffey.

Tim McKay: Paragraph 23 references a Society of Local Authority Chief Executives and Senior Managers survey, which identifies some of the services that are most under pressure.

Carol Calder: We are always banging the drum, and we will bang it again, on the need for data. We have anecdotal evidence from councils, services and chief executives that they have unmet need in their service areas, but it is difficult to quantify that and to be transparent about that. One of the recommendations in the report is that councils should develop better information so that they can be clearer and open with their communities about what the unmet need is and where backlogs lie.

Willie Coffey: Is there any timescale for a full impact assessment on that unmet need? Could we look forward to reading such an assessment next year?

Carol Calder: We will certainly look at that again. It is one of the recommendations, so we will follow up on that.

Willie Coffey: Thank you very much for answering those questions.

Miles Briggs (Lothian) (Con): Good morning, and thank you for joining us. I want to ask a couple of questions about the spending figures in the report. What stood out for me was the significant reductions in council spending on planning, culture and leisure services and environmental services over the past decade. What impact have those reductions in spending had on local communities and businesses? Have some of the changes that we have seen—for example, the use of arm's-length external organisations—helped, or have they simply been a way of transferring the money off council budgets?

Tim McKay: You are referencing exhibit 1, which identifies the individual areas that you mentioned. Carol, do you want to give some evidence on what that means for specific services?

Carol Calder: The trends are really quite stark. They are long-term rather than overnight trends. Some of those services have had reductions of more than 30 per cent in funding and staff. For communities, that means that planning applications might take a bit longer, because the planning department has been cut to the bone.

Internally, councils' workforce planning has been affected. Their ability to manage their workforce into the future has been inhibited by the fact that they have cut their core central services and they do not have the capacity in human resources and organisational development to do the necessary forward planning around what skills they will need in the future. That inhibits councils' ability to deliver services in those areas because there are fewer people to deliver them. In planning, the income that councils get from planning applications does not come anywhere near the costs of providing the service. There has been an impact on performance in those service areas.

You also asked about ALEOs. Of course, ALEOs have been greatly affected by the pandemic, and we still do not know what the extent of the recovery will be. We did a piece of work on how councils work around ALEOs, which talks about the governance of ALEOs and the importance of monitoring them and making sure that we are getting value for money through them. The impact on culture and leisure services, for

instance, has been immense over the pandemic. There are a lot of unknowns in that area.

Miles Briggs: Would you say that those areas in which councils have been able to make cuts have been the low-hanging fruit? We have just completed some work on the national planning framework 4, and a big part of that was about the fact that planning departments are not functioning properly and do not have the workforce in place. That might be changing now but, for a decade, people have been lost to a very important part of our local government planning system. Has that been an area that councils have been forced to target because key statutory services need to be funded instead?

Andrew Burns: I will kick off, and Antony Clark and Carol Calder might come in with some more detail.

You raise an important point, which I think is linked to ring fencing and the directive nature of the core budgets for local authorities. Colleagues will tell me what the exact figure is, but about two thirds—a huge part—of most local authorities' budgets is soaked up by education and social care. All the services that you have just asked about are outside that and form a much smaller part of the overall budgets of each of the 32 local authorities.

Because there has been more and more direction on those two central services of education and social care, that has undoubtedly led indirectly to significant pressure being put on the remaining 30-odd per cent of services—all the ones that you have just listed. I am not sure that I would say that they have been the low-hanging fruit. That has been a result of the increasing amount of direction and ring fencing. The last time we were here, we debated the actual percentage of ring fencing that we have. I do not want to go down that rabbit hole, but I hope that we can all agree that ring fencing is increasing. The specific figure should not overly trouble us, but there is more and more of it happening. If the amount of ring fencing decreased, that would free up local authorities' ability to be much more flexible on the services that you referenced, which, as you rightly said, are under significant pressure.

Antony Clark: Andrew Burns has made the point that I was going to make. I do not want to repeat it, if that is okay.

Miles Briggs: That is fine.

On the flipside of that, if we look at what the report says about adult social care being in crisis, we see that spend by councils on adult social care has risen, in real terms, by 25 per cent since 2012. Given some of the reforms that we have seen, such as the integration of health and social care, and the record amounts of money that are going

into the sector, why is performance going in the wrong direction? As every member of this committee knows, I always raise the Edinburgh situation, but 25 per cent of all delayed discharge happens here in the capital. Something is clearly not working, beyond workforce issues. Do you have more detail on why a 25 per cent increase in spending is not delivering better outcomes?

Lucy Jones (Audit Scotland): You are absolutely right to say that spending has increased but, at the same time, demand has increased, and not just demand in terms of numbers. There is an ageing population—the percentage of those who are over 65 has increased—as well as greater complexity of cases. Adult social care is delivering more hours of home care than ever before.

With regard to the performance indicators, we are talking about a system that is probably at capacity and has been for quite a while. It is increasing as much as it can. It is a workforce that really struggles because of recruitment and retention problems and that probably feels undervalued. Wages have increased, but there are still issues around the workforce feeling undervalued. Satisfaction has declined. Therefore, although a huge amount of effort and work have been put into delivering and—during the pandemic—maintaining those services, overall, we see a system that is under huge pressure and probably at crisis point.

10:00

Antony Clark: The Feeley report analyses and critiques what has and has not worked well in health and social care integration. It clearly indicates that, despite all the efforts that have been made with integration joint boards, councils and the health service, we have not yet been able to make that system shift towards community-based preventative services. There is more activity going on, but we do not have the full range of preventative services. The local authority funding position probably does not give an overall picture of how funding operates or needs to shift across the health and social care system. There is still an awful lot of work to do to get the shift in some of the national health service services that is needed to support community-based provision. The issue is broader than just local authorities.

Miles Briggs: You do not go into this in the report, but would it be helpful to have a specific ring-fenced preventative budget? I do not see many current opportunities for spend to go directly to preventative projects, because we are managing crisis, whether in social services, homelessness services or mental health services. What would you recommend doing to achieve that shift towards prevention? If the resource is not there, the projects do not happen.

Andrew Burns: You are right—we do not reference that directly in the report. My instinct, based on the evidence that we have seen over the past few years in the work of the commission and Audit Scotland, is that, rather than having a specific pot for preventative work, the freeing up and letting go of the overall funding envelope for local authorities would give them the ability to choose whether they wanted to spend on prevention.

At the moment, there is so much directive control over spend—that is the case not just in education and social care but across the wider piece. That direction is focused primarily on education and social care, but it is elsewhere, too. A freeing up or letting go would give local authorities the ability to choose whether they wanted to spend significant sums on prevention. If they choose not to, they choose not to. That is the difficult conundrum and position that we are potentially about to come to with the partnership agreement and a new fiscal framework. From the evidence that we have seen over recent years, that is what local authorities want, and I get a sense that the Scottish Government is slowly moving in that direction, too. We might see a change in that regard quite soon.

Antony Clark: There is little doubt that greater flexibility would give local authorities more scope to invest in preventative services.

The other point that I will make is that, sometimes, it is not as clear cut as prevention or failure. Services meet lots of different needs. We need to be conscious of that complexity in the terminology that we use.

Ivan McKee (Glasgow Provan) (SNP): I cannot resist a follow-up question on that last point. It is hugely important. We are talking about social care spend and preventative spend in the context of local government, but, of course, it is the health service that feels the pain from that. The IJB model has not delivered on that, so do you want to comment on how that could work? Clearly, all of that, right back to ambulance queues, is a result of social care not delivering.

Antony Clark: One of the messages in the overview report is about the importance of local authorities working with partners—public sector partners, the third sector and communities—to deliver change. We saw during our evidence-gathering work for the overview report that many local authority chief executives and their partners in health, enterprise agencies and elsewhere think that the only way forward in delivering sustainable public services is to work together. More seamless approaches to the use of funding are required, and there needs to be a more place-based focus on models of service information and transformation. That whole-system approach seems to be the way

forward, Mr McKee, and it is not easy. The levels of trust, shared understanding and shared priorities vary enormously across different parts of the country.

Taking an optimistic view of the world, we saw, during the Covid-19 pandemic, that local authorities and their partners could do fantastic things when they had a shared vision and were working towards a common enterprise. Obviously, we do not want to go back to the difficult days of the Covid-19 pandemic, but, if we can maintain some of that energy and focus, one could have hope that some of the transformational change that is needed will happen.

It will not be easy or straightforward. They have to keep the show on the road—empty the bins, educate kids and provide social care services—while making change happen, but we are seeing some quite interesting thinking from the better, more progressive local authorities, along with their partners. In the overview report, we reference the work that was done by the Improvement Service and SOLACE on a new operating model for local government. There are some radical ideas there.

It is fair to say that almost all of the things in that report are being done to some degree in different bits of Scotland but that no part of Scotland is doing all of it at the level that is required. There is a need to see this as not just a local government challenge but a public sector, community and third sector challenge.

Ivan McKee: That brings us nicely on to what I was going to ask about, which was exactly that: embracing radical change. What does that look like? You might want to give some examples. How does that embracing of radical change play out with councils working more closely together and with other public sector partners? Is it through shared services and back office functions and sharing premises? When I was in government, getting the Scottish Government to talk to local authorities about sharing space was, at times, an interesting challenge in both directions. Following on from that, what are the implications of that for the workforce?

Maybe you could start by talking about the radical ideas, about what is out there, what needs to happen, what can happen and how we move that forward.

Tim McKay: Sure. That is interesting, because we recently had a joint event with the Improvement Service at which we asked some relatively newly elected councillors what the barrier to that sort of radical change is. Mostly, the answer was political; sometimes with a small “p”. If there was no political alignment across local authorities, or if there were political—with a small

“p”—clashes with those in another authority area, it did not seem to happen.

There are occasional examples of co-operation. Two of the councils in Ayrshire co-operate on roads, and there has been economic development and co-operation between Scottish Borders Council and Dumfries and Galloway Council, but there has not been that more radical wholesale kind of change that would provide efficiencies.

Joining up a couple of areas that we have talked about, it is interesting that a lot of the staff shortages are in highly professional areas. It quite often happens that somebody is poached from one authority by another. If there were a more joined-together approach with some of those shared professional services, there might be an opportunity to take that poaching pressure off and allow all authorities to have access to those specialist resources. At the moment, the smaller authorities sometimes struggle to attract those highly skilled professionals.

Ivan McKee: Does anyone else want to answer?

Antony Clark: Are you asking for examples of where we see innovation?

Ivan McKee: Yes.

Antony Clark: We would probably have to look a bit beyond the shores of Scotland to see that. If we look at other parts of the UK and beyond—perhaps into Europe—we see examples of shared leadership, shared governance and combined authorities that provide greater flexibility for the planning and deployment of resources. We have not yet seen that in Scotland.

I know that you will take evidence from Reform Scotland in a later session, and I am sure that the witness will have a lot to say about this and about different models of configuring, planning and delivering public services. Those things are not straightforward. They require political and managerial leadership. They also require a burning platform for change. It seems to us that, now, that burning platform is there, so we may see more of that happening in the future.

Ivan McKee: I might be naive, but I would have thought that the fact that local governments are short of money—we know that they are short of money because they never miss an opportunity to tell us that they are short of money—would be the burning platform that would persuade people to talk to their neighbour about how they can do things better. You are saying, however, that you see very little evidence of that on the ground.

Antony Clark: We see an increasingly lively conversation about the need for change, but plans to make that change happen and plans for what that might look like in practice are less well

developed. We see lots of examples of very good innovation and transformation at a local level, but, to use the oft-repeated cliché, they are not necessarily at scale. The scaling up of those things is, perhaps, the challenge at the moment.

Ivan McKee: Is there a role for the Scottish Government not to mandate but to guide, direct and help to share the best examples of that in order to indicate the art of the possible?

Antony Clark: There is a role for local government's Improvement Service and a role for local government itself in being better at sharing, challenging and driving the change that it requires.

Ivan McKee: Okay.

Andrew Burns: For sure, Ivan, there is a role for the Scottish Government to be an advocate for that type of change. I do not wish to contradict the discussion that we have just had about releasing some direction on funding. It is not contradictory to make that case, from seeing the evidence that we have gathered over the years, and, in the same breath, to say, “Yes, why should the Government not be an advocate for the type of change that you have discussed with Antony Clark and colleagues?” There needs to be caution shown about directing it financially, because to do so would contradict the tenor of what we have been debating, but advocating that type of change, along with partners such as the Improvement Service and many of the lobby groups, would certainly be helpful.

Ivan McKee: We could certainly see that with shared IT systems, shared services and shared estates.

Some of the evidence that we took from the famous Jackie Weaver about the role of community councils down south was interesting. One of the points that she made was that more-empowered community councils and parish councils in England were taking on services at a very local level and could deliver them much more effectively and cost effectively than local authorities could. I see that in my constituency with community groups taking on community halls and making them work, whereas the council could not. Do you see scope in that area as well?

Antony Clark: It is already happening. We see countless examples of asset transfer taking place under the community empowerment legislation. It is generally accepted that the notion of making decisions closer to the people you service is a good thing. The community empowerment legislation provides for some of that, and we are seeing it happen in practice.

Tim McKay: It is an extension of the principle for which we are arguing, which is for local authorities' decision making and money to be put

down—sorry, not “down” but whatever the correct, non-pejorative word is.

Antony Clark: Up.

Tim McKay: Up to the local community council level.

Ivan McKee: Concentrically, perhaps.

Tim McKay: Yes, concentrically.

Ivan McKee: My last point is on the workforce, the intent in the RSR to get the size of the public sector workforce back to pre-Covid levels and the implications of that for local government. How is that playing out? I also want to understand specifically the extent to which that is looked at through the lens of comparing how efficient different councils are at using the headcount that they have, how they deliver certain services with a given headcount or a given corps, and the balance between what you might call front-line roles and what you might call back-office, management or supervisory roles. Is any work happening to assess which councils are most effective in that regard?

Tim McKay: Over the long term, the best-value reports are where you get that information from. We look at performance and value for money, although that phrase is not used. Rather, we call it “best value”. Basically, we look at how well they are doing, given the resources that they employ.

Carol Calder may want to comment.

Carol Calder: Yes, I was going to come in on that. The public sector reform agenda was to reduce the public sector wage bill and headcount. That has been moderated slightly and is now about slower growth in the workforce. We are interested in how councils are using their existing workforce to best effect. They do not have the money to recruit. The competitive market means that it is difficult to recruit, because the pay differential between the senior officers in councils and those in the private sector is such that the public sector is not an attractive option. If you therefore cannot recruit your way out of the problem, what can you do? You can make sure that you use your workforce to best effect and that you innovate around that.

The Accounts Commission has asked Audit Scotland to do some work over the next year to collect information from all councils on how they are innovating to use their workforce; how they are increasing productivity, increasing wellbeing and reducing sickness; how they are engaging with communities about what services need to be provided; and how they are increasing training and development in generic roles.

10:15

We saw how fleet of foot the councils were at the beginning of the pandemic, with the workforce being deployed in very different ways. How is that being built on now, and what does that look like? We will speak to all 32 councils to get some information on that, and we will produce a national report, but that will not be until the end of 2024. There are so many things on the work programme that it is difficult to work out when they will come to fruition, but we are certainly very interested in that, because the recruitment challenge is a kind of macro challenge. There are market pressures and labour pressures; there are funding pressures on individual councils; the cost of the workforce has gone up; and inflation has led to an increase in the workforce bill. It is about what we do with what we have rather than about getting more.

Ivan McKee: Yes, and the labour market will not get any less tight. Average public sector wages are still higher than average private sector wages. It will absolutely continue to be a challenge. Thank you very much.

Mark Griffin (Central Scotland) (Lab): Good morning. The Accounts Commission’s local government overview 10 years ago talked about how

“Councillor involvement in performance, improvement and governance is crucial”.

Is the experience of leadership in councils by councillors driving councils to improve performance and become more efficient and effective? When I talk to councillors—particularly longer-serving councillors—they speak with real regret about how their councils are more officer led than councillor led. What are your reflections on leadership among elected members in councils?

Tim McKay: That is a pertinent question, as that is an issue that we have been focusing on more and more. When we do our best value reports, that is one of the areas that we look at. In fact, we are starting a new cycle of best value reports and, as part of the new process, we are producing a thematic report. Carol Calder talked about a workforce thematic report that we are doing, but, before we do that, we are doing one on leadership. The next cycle of best value reporting will specifically include a look at leadership. By that, we mean elected member leadership as much as officer leadership.

My own feeling is that scrutiny has improved over the past 10 years, but I will defer to colleagues, who might want to give more detail.

Antony Clark: Mr McKay is absolutely right that, across the suite of best value reporting over the past 10 or 15 years, we have seen improvements in scrutiny. However, it is also true,

as Tim McKay said in his introduction, that we see variability in leadership among elected members of local authorities. Given that variability, we think that there are risks around whether or not local authorities will have the drive to transform and deliver sustainable public services. We will look at that very closely in the next cycle of best value assurance reports. There is a degree of variability. I think that we mentioned that in the introduction, Mr Griffin.

Mark Griffin: Do you have any indication of why that variability exists? Is that because of structural issues, or is it purely about personnel issues?

Antony Clark: I do not think that there is any evidence that that is a structural issue. The evidence suggests that it is more to do with the individuals concerned; the level of support and training that they have; the culture that develops within individual local authorities; and the ability of the local authority to regulate itself and improve itself.

Andrew Burns: Antony Clark referred to the situation over the past 10 years. I have been on the Accounts Commission for five and a half years, so I have seen in detail only five and a half years of best value reports for individual local authorities. Over the past five and a half years, and further back, there have been huge discrepancies in the quality of elected member training that is on offer across local authorities, as well as differences in the volume of take-up of that offer. Often, the offer can be good, but there is very little take-up, and sometimes the offer is not so good, but there is good take-up. It is very variable.

Based on my understanding and knowledge from the past five and a half years of reports across the 32 authorities, there could be a big improvement in the consistency of the offer on elected member training, which I sense would be of help in improving leadership qualities across local authorities.

Mark Griffin: I am interested in the lack of take-up that you mentioned where the training could be good. Is that down to the pressure that councillors are under? They often manage second jobs, and they have fairly high committee burdens and casework. Do councillors have time to take up the offer of training where that training offer might be very good?

Andrew Burns: That is a really valid point, and that is a really difficult conundrum. There are a couple of ex-elected members sitting in front of you just now, and we understand those pressures. Many elected members have other jobs. Without wishing to go into the details of the argument, it is an incredibly difficult Political—with a capital “P”—argument to have. However, there is an argument

and a debate to be had about whether local elected members are remunerated highly enough. That is a really difficult avenue to go down, but when we compare and contrast their salary with—dare I say?—your salary or the convener’s salary, we see that there is a huge difference, and that has an impact on what people can do when they are elected members at a local level.

Tim McKay: Yes, I would echo that. I understand that Angela Leitch is doing some work on a review of councillors’ conditions, but I echo Andrew Burns’s point. Being a councillor is a really difficult job, and if they are also expected to be a leader and their remuneration is perhaps only half of what they need to live on, it is incredibly difficult to attract people to the job.

When we had the event a couple of months ago that I talked about, I was amazed by the talent of the people whom we talked to, and I thought, “Thank goodness you’ve put yourself up for that.” However, if we really want to continue to attract that kind of leadership, the Government needs to think about the remuneration that those people get.

Mark Griffin: Carol Calder touched on absence and talked about planned work. Is there any indication already that the sickness absence level in 2021-22, which I think was the highest on record, was purely pandemic driven or was driven by the burden that we put on council staff in asking them to do more with diminishing resources? Before you start that detailed work, is there any early indication of why sickness absence is at that level and whether you expect that to come down as we ease out of the pandemic?

Carol Calder: We are easing out of the pandemic, but we are also dealing with a cost of living crisis and, as you said, issues around vacancy rates and recruitment of staff, so staff are under more and more pressure. We have been told through the Improvement Service that staff are burnt out and exhausted, and there has not been a pause since the pandemic. That is part of the issue. The other issue is the pressure on staff when resources into smaller services are cut, so fewer people are doing more work.

One of the other things that the Improvement Service raised was that the sickness absence level is sometimes affected by the waiting times for treatment in the NHS. Some people are off longer term, or for longer than they used to be, because of that. However, what we have seen over the pandemic and since is that more people are retiring earlier, so there is more economic inactivity in the population. That means that people who work in councils are under more pressure. There are recruitment challenges, undertaking the work is falling on fewer shoulders—and they are exhausted shoulders

following the pandemic—and there was no break before going into a cost of living crisis and the difficulties of that.

In addition, some of the workforce will have been pushed into poverty through the cost of living crisis. The pandemic did not affect the population and not the workforce; the workforce is absolutely as affected by the cost of living crisis and the pandemic as everyone else. Multiple factors have built up to that.

We hope to see that coming down in time. Councils have a very clear focus on wellbeing initiatives to support people back into work and to support people not to go off sick in the first place, and more flexible working options around hybrid working and so on to enable people to have a better work-life balance. There is a lot of activity going on in that area, but I go back to the point that I made earlier. The HR and OD functions in councils have been cut, because the back-office services are the first to be cut, but those people will be training the workforce of the future, planning what that workforce looks like, and supporting people to be well in the workforce and in the workplace.

Mark Griffin: Is it even going to be possible to deliver some of the changes that we are talking about with sickness absence levels as they are right now?

Carol Calder: That is difficult, and we recognise that. We said in the report that radical change is not easy, and particularly not with an exhausted workforce. We are asking that workforce to think and do things differently. It is going to be really difficult.

My colleague Lucy Jones wants to come in on some more of the detail.

Lucy Jones: Carol Calder has touched on the reasons why sickness absence levels are high at the moment, but that is a continuation of a long-term trend, which has been creeping up slowly for close to a decade. There was a dip during the pandemic, which was probably a reflection of the different ways in which sickness absence was recorded, but the level is higher now than it was before the pandemic.

Mark Griffin: Okay. Thank you.

The Convener: I have a number of mop-up questions. On the subject of wellbeing, is there any consideration of the four-day work week? Has that been looked at?

Carol Calder: Some councils are looking at that, other ways to upskill and retrain, generic roles—all sorts of things. That is why we and the commission are particularly interested in doing some work to understand what councils are doing and what innovative approaches they are taking to

try to improve the workforce. Watch this space: we will be producing some more on that.

The Convener: Brilliant. When you were responding to Ivan McKee's questions, you mentioned the opportunities from the Community Empowerment (Scotland) Act 2015 and how that has brought about communities doing asset transfers. I wonder whether our upcoming community wealth building bill could bring more opportunities for the collaboration that you have talked about, around the procurement of goods and services across local authorities. What are your thoughts on that? Antony Clark is nodding.

Antony Clark: Yes, I am nodding in agreement. There are certainly potential opportunities for that to be quite a force for good if it is planned and implemented effectively. The community wealth building bill also ties into the broader agenda that many local authorities are focusing on around things such as 30-minute neighbourhoods and more sustainable approaches not just to procurement but to planning and service delivery. All those things are interconnected.

The Convener: This might be a radical idea for reform, but I was in conversation with somebody about forestry. We spoke at length and, several times during that conversation, we came back to local government reform. One of the points was that local authorities might own more land, perhaps for forestry or agriculture. Again, that ties into the community wealth building agenda. That may be a radical idea, because we do not do that. We tend to look at that more at the national level. We have talked about the need for a more local and nuanced approach. In that conversation, we kept coming back to the point that that is an opportunity. Local authority-owned forestry could be an income generator, and it could provide timber for housing. Has there been any thinking around that kind of approach? I know that we have the common good land, but that has evolved in a slightly different way. Certainly, locally to me, a lot of that land is a golf course rather than for other things.

Antony Clark: We are not aware of any specific discussions or activity taking place around forestry, land purchase or land use by local authorities. However, we detect from our discussions with chief executives and others a strong interest in the wellbeing economy and a desire to understand the needs of individual communities and to understand and connect with local businesses in more sustainable ways. I guess that land use might form part of that, but I am not aware of any specific activity in that space at the moment.

The Convener: Thanks for that. Does anybody else want to come in on that?

Andrew Burns: You have just raised an interesting idea. On the potential for forestry, I am not aware of any rural authorities that are significant landowners, but I know that several urban authorities are significant landowners and have, mainly through their economic development functions, gone through quite protracted programmes of developing land, but not with regard to forestry. If that can happen in urban authorities—and it does occasionally—why not in rural authorities? That is an interesting idea.

10:30

The Convener: From being on the Rural Affairs and Islands Committee, I am aware that there are regional land use partnerships. In my region, Highland Council is involved in the regional land use partnership. It feels like that is another step in the direction of looking at land use.

Tim McKay: Given the English experience—the examples of some councils basically investing in businesses, but then getting their fingers burned—there is still some caution out there.

The Convener: It is very good that you have highlighted that. Speaking of English councils, I am aware that there are inshore fisheries and conservation authorities there. In England, there is overview of the inshore waters, managed at the council level. That is a really interesting model. In Scotland, we are probably struggling with having local stakeholder input into our inshore marine space. It is not just about fishing; many other people are involved in the inshore waters. The approach that is being taken in England and the fact that it is tied to a local authority is interesting. It is not necessarily appropriate to take models from England and use them as a sticking plaster to be placed over what is going on in Scotland, because we have a different structure to begin with, but it is interesting to look at that.

Antony Clark: I want to make a point that I intended to make when I was responding to Mr McKee earlier. One of the things that we are all very aware of around the transformation and reform agenda is that a model that will work in one part of Scotland will not necessarily work in another part of Scotland. Therefore, the notion of trying to apply a unified or identikit model across Scotland is probably not the way forward. I think that that is well accepted. The downside of that is that it can lead to variability and concerns about postcode lotteries, for want of a better phrase, in different models. It seems that that is one of the inherent tensions in the reform agenda.

You talked about the roles and responsibilities of local authorities. Part of the conversation about the new deal might be about what is appropriate

for one local authority area or one region might be different from what is appropriate for another.

The Convener: I totally take on board the idea that we need a nuanced approach. Some of it is to do with the fact that we have many islands, a lot of coastline, a lot of big rural areas, and a high concentration pattern in the central belt. A nuanced approach is definitely needed. I get a sense that the situation is different from that in other parts of the UK, where there are not so many islands, for a start. We have a very different set of issues right off the bat.

I have one more question, which is about housing. The report expresses significant concern about the record number of children who are trapped in temporary accommodation, failing homelessness services, and a chronic shortage of social housing across the country. How can local authorities respond to those immense challenges?

Carol Calder: We will be doing some work around homelessness for the commission in the next couple of years, so we might be able to answer that question more fully at that point.

On the capital programme and the impact of the pandemic on the building of new affordable housing, there is a new affordable housing target. We did a piece of work on the last affordable housing target. We did a performance audit—that was done jointly by the commission and the Auditor General. That looked at the meeting of that target, which was met in time. The pandemic took things off track a wee bit towards the end.

The main thrust of that report was that it is not just a numbers game; it is about what is needed and where, and about how housing is being built in a way that reflects other policy objectives around poverty, disability and access, heating homes, and energy and fuel poverty. The interconnectedness of those policies was largely absent in the last strategy to build more affordable housing.

The new strategy pulls some of those things together. The councils have a role, along with other registered social landlords, in ensuring that they know what the housing need in their area is and that they can build in a way that meets that need. That means considering the type, the size and the location, and looking forward to net zero by not having gas boilers and maybe having charging points for cars and all those things, rather than developers being able to produce identikit houses very quickly on an estate.

There are lots of barriers to councils doing that: land availability, the infrastructure and services that are required for housing, and the availability of developers who want to work in those areas. The capital projects have all been impacted by the pandemic, but there is a lot going on and, in our

monitoring, we will keep a close eye on whether the target will be met.

As I said, the commission is interested in looking at homelessness, because we know that the homelessness figures have increased since the pandemic. The Auditor General and the Accounts Commission recently published a blog post on the impact of homelessness and the number of people, including children, in temporary accommodation. There is a lot of information out there.

We monitor everything that happens and then see where we can fit in to help to shine a light on where the spend goes in all of this. A lot of money is tied up in keeping people in temporary accommodation, not because that is what councils want to do but because of the lack of available suitable accommodation. That is certainly on our agenda.

The Convener: Thanks for that. That is really helpful. We will keep an eye out for that work.

It is clear that it is about more than housing; it is about the full support package to help people. One thing has been flagged up to me in my region in conversations about housing. When I talk to people about “affordable housing”, they say, “We need housing that people can afford.” It would be good to have a look at what we mean by that. In the committee, we discuss affordable housing—housing that people can afford—at the local level, as salaries and incomes may be very different across the board.

Another thing that we have been looking at is whether the housing need and demand assessment is fit for purpose. You have pointed to the importance of councils understanding the need in their area to bring forward the right type of housing.

Thank you very much. It has been a super morning. The evidence has been really helpful for us, and we appreciate it.

I now suspend the meeting to allow for a changeover of witnesses.

10:37

Meeting suspended.

10:41

On resuming—

Devolving Scotland

The Convener: We now move to item 3, which is an evidence-taking session with Reform Scotland on its devolving Scotland initiative. The intention is that the session will allow the committee to further explore issues relating to the on-going review of local governance and build on the success of our recent joint event with Scotland’s Futures Forum on the future relationship between local and central government in Scotland. We are joined for this item by Alison Payne, the research director at Reform Scotland. I welcome Alison to the committee.

Alison Payne (Reform Scotland): Thank you.

The Convener: I will start with a few questions, and then I will bring in colleagues. You once said:

“Scotland is unusual internationally in the weakness of its local authorities.”

I am interested in hearing why you said that and about how Scotland’s local democracy compares with that in other parts of the United Kingdom and Europe.

Alison Payne: We have previously commented, and it was referenced earlier in your meeting, that the finance powers of local authorities in Scotland are considerably weak. As was mentioned earlier this morning, on the continent, 40 to 50 per cent of revenue is raised by local authorities. We do not have complete control over any of our revenue streams, be it council tax or non-domestic rates. Indeed, the 2002 Local Government Committee recommended devolving non-domestic rates in full. Rents, fees and charges is about the only area of finance in which local authorities have that degree of flexibility, so you end up with the huge variation that we see with, for example, music tuition. Issues become more contentious, because those are the only opportunities that local authorities have to try to raise some revenue.

We also have a strange system. There is a lot of discussion about the number of local authorities in Scotland and, depending on to whom you speak, there are either too many or too few, but no one seems to agree that 32 is the right number. For example, Highland Council is often cited as a ridiculous set-up, with huge differences between what is going on in Nairn and what is going on in Inverness. At the same time, Clackmannanshire Council is often used as an example of a very small area. If you look to the continent, however, there are far smaller local authorities, with multiple tiers, or spheres, of authority, where more revenue is raised, mutual partnership working is part of the culture, the powers are passed down and

respected, and there is an idea that things can be done differently.

What I was struck by in the Scotland's Futures Forum report is the comment about accepting and respecting the decisions that you may disagree with as those decisions are made and people are democratically accountable for them. It was particularly interesting that the report mentioned that respecting those decisions is as much for Opposition politicians as it is for central Government. Since devolution, we have seen things—whether they are to do with workplace parking, city entry charges or whatever—being sucked up to a national level rather than being dealt with at the local level, with a view to what is right for local areas.

10:45

The latest example of that is workplace parking. How you fund or pay for parking in Glasgow city centre is completely different to how you do it in rural Moray, and it should be allowed to be completely different. It is about taking a step back and allowing those decisions to be taken, and we have not quite got there yet.

The Convener: You mentioned that it had been recommended that responsibility for non-domestic rates be devolved. My understanding is that there would be concern if you had variation in rates for businesses that have branches in lots of different council areas. That would be a difficult one for them.

Alison Payne: Equally, there are companies that work across the border—they might be in Carlisle and in Dumfries and Galloway—and have to deal with the Scottish and English business rate poundage. It can be done. Companies will always say that they want simplicity and only want one rate. The business rate review made the point that it would be better if the system were simplified. However, if you took that to its logical conclusion, you would have one rate for the whole of the UK. There is variation, and it is about accepting the differences in what is going on in our local authority areas and their different economies.

The Convener: That is a really useful insight. We have been doing quite a bit of work on understanding the barriers to local elected office. I am interested to hear Reform's perspective on what more can be done to help Scotland's councils be more representative of their diverse communities and what role could—what needs to be done to improve council remuneration. I absolutely agree that it needs to be improved; I am not sure why I stumbled on that question.

Alison Payne: We totally agree with that as well. As I pointed out before, there are people running our cities who earn less than an MSP.

That is not to say that one is better or worse than the other: it is more about the parity of esteem that we spoke about. If you are running a major city and are not being well remunerated, you may be thinking about your pension or future and may be having to juggle something else. We are not necessarily attracting the best people. Even when we start to attract a more diverse group of people to stand for and get elected to local authorities, we often find that they only serve one term because the reality of the juggling involved means that they leave. So, there is an awful lot that we need to look at in the terms and conditions of councillors.

When the previous reforms to the voting system were brought in, there was an increase in remuneration, but being a councillor is still considered to be a part-time job when, in reality, it is not. Speaking to councillors from years ago, there were no emails back then and there was not the same amount of correspondence on issues to deal with. Councillors do not have the necessary support staff, and there is a load of issues around pensions and other elements. How do we build up expertise if people are finding that being a councillor is simply not a sustainable option?

The Convener: Yes, something definitely needs to be done. The Scottish local authority remuneration committee is busy reviewing the remuneration piece too, so hopefully we will see some progress on that. As you said, someone who is responsible for the city of Edinburgh, for example, is considered to be part-time and is paid as such. That is concerning.

Alison Payne: It is a difficult issue. Going to the electorate and saying that politicians need to be paid more is never a popular manifesto pledge. However, there needs to be broader understanding of what our councils are responsible for. If you increase awareness and understanding of the importance of councils and how they are responsible for schools and roads, people will want councillors to have expertise. There needs to be some work done to explain to people, and help them understand, why we are talking about paying politicians more and why that is important.

The Convener: I do not know what the salary is at the moment. I think that it is around £19,000 per year.

Alison Payne: Something like that.

The Convener: Most people do not understand that that is as much as a straight-up councillor gets as their salary. I am interested to hear what Reform Scotland would like to see in the forthcoming legislation. There is the local democracy bill and, as I mentioned in the previous evidence session, the community wealth building bill. What are the opportunities there?

Alison Payne: A lot of the issues that have been discussed already this morning in terms of the fiscal framework and longer-term financial planning are key. We must properly review our system of local government, including its boundaries, numbers and functions. Earlier, there was a discussion about financial powers. There needs to be far greater discussion about and acceptance of what we are going to do. We talked about replacing council tax, then we talked about a local income tax, then we talked about whether to have a citizens' assembly to replace council tax. Actually, instead of replacing one centrally dictated tax with another, why can we not allow local authorities to develop their own local taxation? What is the best way to deal with, say, second homes in the Highlands or a land value tax somewhere else? What works in different areas? If we are to reform local taxation, local authorities definitely need to be brought into that so that they have the power to reform.

We have referred to different issues in the past relating to, as I have mentioned, the finance side of things and looking at directly elected mayors or provosts. We have also said—again, there was reference to the Australian council of local government in the fiscal futures paper—that we would like to see a quarterly meeting between the First Minister and council leaders, a public gathering where there is that sort of parity and you can talk through the delivery and different options so that, if central Government sets out what it wants the outcomes to be, there can be public discussion about how the delivery of a policy in one area will not work elsewhere, and they can learn from each other. It would also be positive to help the public to see local authorities in action.

There is a range of structural bits. Then, looking at the powers, can we pilot certain things to give more responsibility to local authorities, looking at areas where there are coterminous boundaries? We see the mess that is the national care service, around what is and is not centralised and what is going backwards and forwards at the moment. Can we look at where there are coterminous boundaries between health boards and local authority areas to try to improve joined-up working? Can we give local authorities, say, responsibility for health in places such as Fife, where there are those coterminous boundaries, so we can try to better join up social care and health?

Ultimately, a lot will come down to the financial arrangements. It was telling that the Accounts Commission and Audit Scotland said earlier that, if you really want to look at the preventative agenda, you need to think about that longer-term financial planning. The prevention agenda is key. We cannot fix something in six or 12 months. The reality is that we are not going to fix it over an electoral cycle. We need to start looking beyond

that, at those longer-term issues and how we start fixing them.

The Convener: Thanks for that; it was good to hear. You talked about boundaries before, but then you unpacked that piece about coterminous boundaries in some places. Again, it brings us back that nuanced approach that we need to look at.

I will now bring in Ivan McKee.

Ivan McKee: Thanks for coming along this morning, Alison. Before I get into my questions, I want to touch on the workplace parking levy, which you mentioned. I just want to unpick that a wee bit in the context of the view that Government should let local authorities get on with stuff. I might be wrong, but I am pretty sure that it is an enabling piece of legislation that allows local authorities to do that. Are you making the point that we need more of that?

Alison Payne: Yes.

Ivan McKee: Okay. The discussion and narrative on whether that was a good or bad thing ended up being between the parties at Scottish Parliament level, rather than local authorities taking that forward. I just wanted to clarify that that was the point that you were making.

Alison Payne: Yes. That is across all parties. Instead of the Scottish Parliament discussing the workplace parking levy, it should just have been done through a piece of enabling legislation. Everybody seemed to accept that they wanted more enabling legislation. It was then up to 32 local authorities to argue it out as to whether to introduce it. As I say, what is right in Glasgow is different to what is right in Moray.

Ivan McKee: Yes. Realpolitik gets in the way, unfortunately—that is life.

Alison Payne: Indeed.

Ivan McKee: I will get into the substance of my question. You have opened up a debate on the system and structure, with Jack McConnell starting that off, very much in the space of whether the current boundaries in the structure are effective. I want to explore your thinking on that. You mentioned the interface between local government and health boards, but that opens up another question on whether the health board structure is correct, which is a whole other subject. Clearly, stuff can be done at the regional level, through either restructuring or local authorities co-operating with one another, but there is also what happens locally with community planning partnerships and community councils, on which the committee has taken evidence. Clearly, there is an issue about whether more can be done at a very local level.

What is your thinking on that? Is there a need for a multisphere system in local government, or can it be done using the existing structure, but with more flexibility in how things are done?

Alison Payne: To give a bit of background on Reform Scotland's devolving Scotland forum, we want to try to attract as wide a range of individuals as possible to think about these things, so there could possibly be conflicting ideas—we want to have those discussions and debates around what we should do.

As Jack McConnell mentioned in his opening piece, we have not really reviewed the boundaries and we have never really looked at what was done in 1993. Indeed, the original white paper called for 28 local authorities, and we ended up with 32. We have never really looked at whether those are the right boundaries, and we have never really considered why we went from two spheres to one sphere but then created all these differences, where some things are too local and some things are too big. There is so much in that.

As you say, enabling different areas to do things differently is key. Particularly in the central belt, we have the economic regional areas, and there are so many overlapping things when you are looking at economic development. However, in places such as the Highlands, where you have very rural areas and the city, how do you ensure that each voice is well represented? Equally, in places such as Aberdeenshire, you have rural areas but you still have the more urban areas. We are saying that we want to discuss that. We have not reviewed it, and it has not been looked at.

Thirty years have passed in which we have had constitutional reform involving the Scottish Parliament and we have left the European Union. A whole load of things have happened, but nothing has changed in local government. We need to look at whether we have the right boundaries and whether we could do things better. Could councils voluntarily come together? There was a discussion earlier about shared services. How can we encourage more things to be done through shared services? Equally, how can we ensure that things are done more locally?

As I said earlier, nobody in the discussions seems to think that 32 is the right number. Plenty of people think that it is too many, and plenty of people think that it is not enough. People have kind of said that, because nobody agrees, we will just stick with it, we will not review it and we will not consider whether things can be done differently. We are trying to encourage a debate on the issue, to tease out what could be done and enable people to take a step back so that we move away from discussions about postcode lotteries and begin to realise that it is about local

accountability—there is difference there, but that has been driven by local accountability.

Ivan McKee: I am old enough to remember the politics of that period of reorganisation. I do not want to go into it too much, but it was perhaps done for reasons other than finding an optimal solution to local government boundaries. We might talk about that a wee bit more, so I do not want to jump too much into that space. There are tensions between what is done at a macro level, what is done at a micro level and what is a postcode lottery versus local control and how to navigate that.

There is a big question about whether people look at the situation and think, "Maybe it's not the right answer but, frankly, the amount of work and cost involved in restructuring is potentially a bit scary," so they back off. There is a question about how much can be done within the existing structure, but I think that we will pick that up later, so I will stop there, convener.

Willie Coffey: Good morning, Alison. It is really interesting to hear your views on a number of issues. What about the new deal? Will you give us some thoughts and reflections about what should be in there? Could you offer us a suggestion or two about how we get flexibility? How do we improve it so that local needs can properly be served while paying regard to the national structures and national directions that very much drive it? You are not alone in being asked that question—we have asked it in many committee meetings—but I would be obliged if you would give us some of your thoughts on it.

11:00

Alison Payne: It would be fantastic if the new deal began reflecting some of the reforms that have been set out in previous reports—such as the Christie report, local government committee reports or the "Blueprint for Local Government"—and explaining how we enable the prevention agenda to be developed. The key to that is finance. The drip feeding of little bits of finance will not work. We need to empower our local authorities so that they have the financial powers to look at what works for them. We cannot say, "Well, you have council tax, but we are going to cap it, and we are going to ring fence your budget. We are going to create an absolute headache and then expect you to deliver in the way that we say you must deliver."

The starting point has to be partnership. Derek Mitchell, who has written a piece for the devolving Scotland forum today, said:

"We should seek symmetry of outcomes, not delivery."

If we are starting from scratch and having a new deal for local government, we need to look at outcomes and not the delivery mechanism. It is about enabling councils to deliver in different ways to reflect local circumstances, to find what works in their area and to not be afraid of the fact that things will not always work. That is okay, because the only way that we will find out what works in different areas is by trying. What works in Dumfries and Galloway might not work in Moray. You cannot just say, "That works there, so we will roll it out." It is about allowing local authorities to develop their own pilots and delivery mechanisms. For example, if we want to reduce homelessness and set that as the outcome, there will need to be 32 different approaches to delivery.

Certainly, the fiscal framework in the new deal is key and sets the tone. If you really trust the local authorities, you will give them the financial powers to begin the journey of looking towards raising 40 to 50 per cent of their revenue, encouraging growth and economic development in their area, and scaling deep in terms of entrepreneurialism. They can look at the issues that are more pressing in their areas, whether it is homelessness or a different education reform that they want to tackle.

The country is really diverse; it faces huge demographic challenges, but they vary hugely across the county. Edinburgh's demographics will be okay, but Inverclyde's are a huge problem. It is about enabling local authorities to address those issues. As with workplace parking, we need enabling legislation that allows local authorities to develop their own strategies, rather than having to keep coming cap in hand to ask for permission from the Scottish Government when they have thought of this or that.

Willie Coffey: That is fascinating. How locally should power be devolved? Take my constituency of Kilmarnock and Irvine Valley, where there are something like 16 towns or villages, including Kilmarnock. None of those towns or villages has any powers whatsoever. Should it go to that level? The only structure that I can think of is the community councils, which basically represent small towns and villages but have very little power. Are you talking about an agenda that breathes new life into that and gives new power at the town and village level?

Alison Payne: Definitely, but it could be done differently in different areas. In somewhere such as Kilmarnock and Irvine Valley, which has different villages, developing the community council system might be more appropriate than it would be in other areas. In some areas, community councils are very active, hold regular elections, are well understood and have good participation. In other areas, not only do they not have elections but there are not enough people

standing or wanting to get involved. There is something to be done on how to generate that interest and ensure that people understand what is going on in that very local sphere. Quite often, a local issue in a small area will kick off such interest, but it can be done in an asymmetric way. The growth in somewhere such as Kilmarnock might work, whereas, in other areas, there is less interest, but that is okay. That is the way to look at it.

Willie Coffey: There have been attempts in the past to fully devolve non-domestic rates and council tax to local authorities, but they never came to fruition. I was part of a review—I think it was two sessions of Parliament ago—that looked at replacing council tax, but that just did not happen. We could not get agreement round the table on a model that might work. How realistic is that? Is it too complex? Is it beyond us, or should we keep working at it?

Alison Payne: We need to keep working at it. It is a bit like the number of local authorities; we have that number only because we do not want to deal with a difficult decision. We still have council tax, and it is still based on 1994 house values. There are so many issues and problems with that. As you said, going way back, there were discussions about local income tax. However, there is an issue with replacing one centrally imposed local tax with another one that does not really suit anybody. That is why we would like local authorities to have the ability to set their own local tax, so that one local authority could keep a council tax while another could decide to develop a land value tax. That would result in a system that works for the local area. If those powers were fully devolved to local authorities and they had full control, you would not end up having the introduction of things such as council tax caps and all of the issues with those at the different times that they have been done.

It is about giving that full responsibility to the local authorities. You might end up with 32 headaches, but you might end up with some starting to develop their own system. It is a slow and gradual process, but others will take up that opportunity and say, "Right, this doesn't work for our area. The Highland Council is going to look at a land value tax, and it's going to work." They will then start to do that, and we will begin to see reform, with councils learning from one another. A council might say, "Well, that worked for them. It might not work for us, but we could look at what's happening elsewhere." That variation is important.

Willie Coffey: You talked about the 32 councils. I want to pin you down on that. Does Reform Scotland think that the number should be higher or lower? How do we get the transformational change that you are talking about? Can we get it

in that 32-council structure, or is fundamental change needed to deliver it?

Alison Payne: We can get transformational change, although it cannot be delivered tomorrow; it will take more than one election cycle. That is key for the preventative agenda and implementing the Christie recommendations.

On the size and structure of local authorities, Reform Scotland has often argued over the years that it would like more powers to be devolved. Before the police forces were merged, we wanted policing powers to be devolved to local authorities, but the response was, "You can't do that with 32." At one point, we suggested in a report that, if we had 19 authorities, we could have coterminous boundaries with police and healthcare authorities. You could look at a whole load of strategic areas and work on that basis.

That goes back to the question of where the right sphere is. We need the Boundary Commission for Scotland to get involved and we need more of an investigation into the powers that we want and how we are going to manage that. As was alluded to, the 1993 settlement was largely down to politics. There was a discussion about why the boundaries were drawn and the reasons behind them. It is even more ludicrous that, despite those reasons for creating the boundaries, we still have them, 30 years later. Why do we have a very small Clackmannanshire Council and a huge Highland Council? Why do we have Dumfries and Galloway Council and Fife Council? Why do we have some massive areas and some very small ones? Why do we have Angus Council and Dundee City Council?

It is about involving the Boundary Commission and considering what powers we want and where we want powers to settle. Could we look at bringing healthcare powers into our local authorities? Instead of having health boards and local authorities, could we bring those things together?

We need to start by asking what powers you want to have and then what the best way of implementing them is. A Boundary Commission review could consider whether we properly looked at why we had two tiers of authority prior to 1994, and the reasons why we went to unitary authorities. Are there certain things that we would rather have at a higher level and some that we would rather have at a lower level? Do we want two tiers of local government again, or some elements of that? That creates other problems because, we are trying to attract councillors and want to pay them more, but we would be creating more councillors.

It is about having those discussions, involving the public in them and considering how they view

their local authority and what they want. What do they identify as being their local authority area? East Lothian is quite small, but it has various bits such as Haddington and North Berwick that are individual communities and that do not really join in; rather, the boundary has just been set there.

It is about having that conversation. Part of what we want to do with the devolving Scotland forum is to tease out such discussions, to have more of a public hearing and to get the ball rolling so that we can move to actually reforming what we have.

Willie Coffey: So was that an argument for 19, then?

Alison Payne: That would depend. There are an awful lot of powers that we want to be devolved. We almost start from the position that a power should be devolved unless there is a reason for it to be reserved to Holyrood. I favour, as we at Reform Scotland have certainly favoured, a larger number of smaller local authorities. We gave the figure of 19 as an example of one way in which to do it. If you think that 32 is too many or that more than 32 is too many, that is another way of doing it, whereby we could get rid of health board boundaries. We have never said that 19 is the ideal number.

Willie Coffey: The number itself does not matter; rather, it is about the reason behind that number. It is about whether authorities are too big or too small and whether there is too much power or not enough power. That is the dynamic and the argument here, is it not? Somewhere in there, there is an argument about how we localise power to the greatest effect to benefit the communities that we serve and all of that. That is why I mentioned the village and town level in Kilmarnock and Irvine Valley. There is no power whatsoever in any of those units. It will be the same in all members' constituencies—none of the towns and villages has any power whatsoever. Local authorities act as an authority over just about everything that they do.

Thank you very much for your comments, which are much appreciated.

The Convener: Before I bring in Miles Briggs to add another layer of complexity with his questions, I want to pick up on a few things. One thing that struck me while you were talking—you mentioned this at the beginning, and it was also mentioned in the committee's previous evidence session—was the fact that, in the EU, local municipalities can raise 40 to 50 per cent of their revenue at a local level. You painted a picture of a Scotland with a lot of diversity. Is there that level of nuance in other countries, such as France? I realise that I have quite a fixed picture of that situation, whether that is of 250 people with a mayor or whatever. Is it

quite diverse, depending on the geography and local issues?

Alison Payne: Yes. There are quite a lot of differences. In Spain, for example, there are the autonomous communities, there is what sits below them and there is the asymmetric devolution of powers. There are differences. It has always been the case, particularly in France, that there have been very low-level local mayors.

Moreover, in certain areas, there are elections for a lot of public office positions. That is the norm—it is just expected. Among the Scandinavian countries, some have smaller levels, some have shrunk the number of local authorities and some have increased the number. It is about what has worked for those areas.

Again, geography can come into play. That is the thing with Scotland—we are not looking at an area where it can easily be the same throughout, as a one-size-fits-all approach will not work. As you mentioned earlier with regard to the islands, very different solutions can be brought to bear. We do not need to find a solution whereby we work in exactly the same way across the country. We need to be more nuanced in developing solutions. It therefore might be really local in one area and more strategic in another, depending on whether that is right for the area and the population. It is about how people identify. If people identify as being from Glasgow or from a small village in Kilmarnock, that identification is also an important part to bring into it.

11:15

The Convener: You are bringing in an element of belonging, in a way.

Alison Payne: Yes.

The Convener: I was interested to hear from Jackie Weaver, when she came to our session a few weeks ago, that community councils in England are incorporated and they have revenue-raising powers, which ours do not. That takes me back to the conversation about remuneration. How do we engage more people? What would be the incentive for people to come to a community council?

It seems to me that having some power to do something could attract thoughtful people who want to participate in shaping the place to which they belong and with which they identify. The same remuneration piece applies at the council level. We would attract people who have the right skill sets. We already attract such people, but they take a massive cut and struggle financially. As you said, they tend to do one term and then have to move on. That is a shame, because the tremendous amount of experience that they have

gained over the five-year period goes out the door again.

Alison Payne: Undoubtedly. Ensuring representation on community councils is vital. There is a danger that, in some areas, we end up not having elections and the community councils tend to be managed by people who are retired or who have more time on their hands, and they are not necessarily representative of the community. It may be that it is only when an issue creeps up on which there is divergence between local opinion and the opinion of the community council that there is more interest. That creates another layer of problems.

However, given the cost of living crisis, all the other issues that we have had about money and the fact that we have so many spheres of government, to keep increasing remuneration for increasing numbers of politicians is not going to be a popular policy.

The Convener: Last week, we had a useful meeting with our counterpart committee in Wales. The members told us that, in Wales, there are four corporate joint committees that have a regional approach. They said that we should not adopt that approach too quickly, but it is interesting that, even though Wales is smaller, they have a regional approach for some aspects of decision making.

It comes down to what needs to be decided at a higher level and what needs to be decided more locally. Starting to decide what the decision-making domain is takes me back to the clarity that was called for at our new deal event with the futures forum. There were calls for clarity about which decisions should be made locally, with a more nuanced approach, and which things it makes sense to do at a higher level because we need a regional approach—roads are an example.

Alison Payne: The problem at the moment is that we do not really have anything down at the local or very local level. Everything is centralised. We need to shift from that. We need to have a lot of discussions and decisions about how far down we should go and how local is local, but we need to shift from everything being centralised. In order to address the cost of living crisis, the demographic challenges and all the things that are coming down the line, and to shift to the preventative agenda, we first have to deal with the fact that everything is centralised.

The new deal is the opportunity to address that and say, “We’re taking our hands off: we’re shifting from giving you money but ring fencing it and telling you how you have to deliver central Government’s priorities”. We have to shift to saying, “These are the outcomes that we want.” In the same way that central Government needs to release its hands, it will then be up to local

authorities to ask what it is appropriate for them to do and what they can devolve further. At the moment, local authorities cannot devolve anything until it has been devolved from the centre.

The Convener: Something that I always come back to is how we get more people to engage with community councils. I made a note that says, “How local is local?” We need to have that conversation, and we may talk about that in the committee. Having a universal basic income is not necessarily an ideal approach, but I wonder whether it would be a way to get more diversity at the very local level on our community councils, because people would have some foundational income to enable them to serve their community.

Alison Payne: Absolutely. Reform Scotland has published on a universal basic income. We have argued about that and set out the issues. It is certainly expensive, but we have recommended that it should be considered. All welfare powers have been devolved to Northern Ireland, so there is no reason why they could not be devolved to Scotland, which would give us more opportunities. With the powers that rest in Scotland at the moment, we found that, although the idea could perhaps be piloted in partnership with the UK Government, it would be difficult to do it on a Scottish basis alone. If all welfare powers were devolved, there would be opportunities to develop such things.

At the community council level, it is not just about the money; it is also about the time constraints. We want to get a diverse selection of people in at that level, but people will also be working and have caring responsibilities. Even with a basic income, it is about how we ensure that we get a diverse selection of people. One thing has changed recently in some councils. Council meetings used to happen in the evenings, which removed a lot of people from being able to participate. Community council meetings tend to be in the evening, which is a barrier. It is about looking at the time element as well, and not just the financial issues.

The Convener: It is really important to point that out. It is helpful to hear that there may be a need for some powers that have already been devolved elsewhere to come to Scotland to help us with that.

Miles Briggs: Good morning, Ali, and thanks for joining us today. I want to discuss the introduction of another set of politicians—elected mayors and provosts. We have touched on that, but I would like to hear more of your thoughts on it. Is there evidence of elected mayors increasing accountability, improving community engagement and delivering better outcomes for people? What are your thoughts on that? What has Reform Scotland said about the suggestion?

Alison Payne: We use the phrase “directly elected mayors” simply to distinguish them from the largely ceremonial provosts that we have. As you say, provosts and mayors can be interchangeable. It is about the person who is in charge in an area having a clear identity. The model that we suggest in our report involves using existing council boundaries and having somebody who is directly elected across the council area. It is not really the same system as the one in various places down south, where, for example, Andy Burnham covers the larger Manchester area.

It is about having somebody whose identity is understood and who can be a representative voice and an ambassador for their area locally, nationally across the UK and internationally, whether they represent Edinburgh or Moray, which might not always have the loudest voice because it is drowned out by the central belt. It is about paying a bit more attention to areas that are perhaps overlooked at present.

It is also about connecting individuals. At the moment, most local authorities are run by coalitions and there is not always great understanding of who is in charge. Some councils have had two leaders to reflect the nature of the coalition partners. There is not always great name recognition of council leaders. Of course, a councillor is elected to represent just one ward and they will not necessarily have a link to the full area.

Part of our thinking was about ensuring a move towards the parity that we spoke about earlier. How do we raise the profile and increase the understanding of the voice of local authorities? The structures might be different down south but, with the likes of Andy Burnham, we have seen that name recognition and the idea of people fighting for their area. People such as Sadiq Khan are voices for their areas against a stronger central Government. We are trying to increase the voice of civic Scotland, increase the voices that are out there and have identifiable individuals who can argue for their areas.

During the pandemic, when people could only move within their local authority area, there was a better understanding of which local authority was at which level for the Covid restrictions. At that point, we saw some arguments going on about whether local authorities were sticking up for their areas or whether they were just going along with their national party.

The key is that a directly elected mayor or provost is the people’s voice and a strong local champion, rather than a party’s voice for the people or the party’s voice in Glasgow, Edinburgh or wherever. If someone from whichever party just spouts party lines and sticks rigidly to what their party is saying, they will get kicked out—voted

out—by the electorate. It is about building that link with what is right locally.

We have not always seen disagreement between local authorities and the central parties, but we should have that discussion more, because it is surely obvious that what is right in one local area may not be what a party leader wants to see. Some discussions have gone on about coalitions at the local authority level. We have had one party saying, “Oh, you can’t go into coalition with this party” and another saying, “Oh, you can’t go into coalition with that party”, but we have a voting system that is designed to encourage coalitions. That is what happens when the politics come into play. The proposal is a way of stripping the politics back a wee bit and giving a voice to the local authority area.

Miles Briggs: Which powers would you centralise to elected mayors, provosts or civic leaders? This is a leading question, but something that has not been well managed is deciding who is responsible for delivery of the city growth deals that the UK Government, the Scottish Government and collections of councils have signed up to. We have had big bang moments and big numbers for those, but we have key infrastructure projects such as the Sheriffhall roundabout, which is not far from here, progressing at a snail’s pace. That is a huge key project for the Lothian region, but no one is the lead minister or lead politician for it. Do you envisage powers over, say, economic development, health or policing sitting with the individual?

Alison Payne: It would definitely include powers over health and policing. That would involve reforming the centralisation of the police, but there should be more powers and they would be passed down. We envisage that there would still be councils, which would hold the directly elected mayors to account, but they would have the powers that they currently have plus the enhanced powers that we have spoken about.

There are issues that cover more than one council area, such as the Sheriffhall roundabout. That is an example of an issue that involves different spheres of government and it is not clear where accountability lies, who is to blame or what is happening. However, that could be slightly separate from the mayors issue because, unless there was a different boundary, we could still have three mayors involved and it may not be clear who was responsible for delivery.

Perhaps that needs to be looked at with the city growth deals to determine who is responsible, where responsibility lies and who the public can hold to account. Is it the UK Government, the Scottish Government or the local authority? That is not clear. Clarity requires politicians to say, “This

is the responsibility. We’ll back off, but we will hold you to account.”

Miles Briggs: Would it improve the relationship between local and central Government to have that additional tier or would it mean that we just created another voice for the areas in people who, let us face it, will be elected by a party that is either in government or not? Political cycles might dictate who has the roles. Might we see mayors who will, as with Andy Burnham and Sadiq Khan, happily take on the UK Government? We would maybe have Conservatives elected, who would take on the Scottish Government at this point. It is quite easy to have a dissenting voice if you are not in the Government of the day, because you will not necessarily be progressing an agenda.

Alison Payne: There have also been Conservative mayors who have taken on the UK Government. That is an example of what we need more of. It was really good to see the discussion between Adam McVey, the former leader of the City of Edinburgh Council, and the Scottish Government on the tourism levy. We should be having more of those discussions. Where it is clear that there is a “local versus national” debate, there should be disagreement and that public discourse.

I do not see the mayors as an additional tier of government. It is simply about looking at the structure of the existing councils and how we give them greater voice so that they can have more parity and equality with the Scottish Government.

11:30

I go back to one of the other recommendations that we made, which is quarterly meetings. If we have mayors for everywhere, those meetings could be between the mayors and the Scottish Government. They could alternate between involving the First Minister and ministers with different responsibilities. The participants would actually talk about, discuss and debate the various issues with delivery of the national objectives. The Scottish Government would say, “We want you to deliver X; how are you going to do that?” That would enable the differences to be discussed and people to learn from one other. We would have a platform where people could hear the different voices, including those of the 32 local champions.

I want there to be that difference. Obviously, a Conservative mayor will find it very easy to disagree with an SNP Scottish Government, but the key bit is where there are disagreements within the same party. That happens, but it should happen more regularly.

Miles Briggs: Finally, to go back to Willie Coffey’s question about council numbers, let us consider having 32 elected mayors and the

amount of resource that an elected mayor of Edinburgh, for example, would potentially have compared with an elected mayor of Clackmannanshire. The voice of those mayors, in the cities, would work well in driving real economic opportunity and promoting an area. However, where did the idea of having 32 mayors come from? Should we look at where we operate more regionally—such as with Holyrood’s Lothian region—with individual councils coming together? People could get lost if there were 32 voices instead of eight.

Alison Payne: That would be adding a different tier of government. You would potentially be looking at two tiers of local government. West Lothian often gets overlooked in discussions, because Edinburgh is the focus. How do you increase the voice and the recognition of the issues that affect places such as Midlothian and West Lothian, which are swept up into the Edinburgh economic area? If you have one person representing the larger areas, Glasgow and Edinburgh remain the focus. The big cities remain the focus, and the hinterlands still do not have their voice.

We have the councils, so we are saying, “How can we amplify their voice? How can we make sure that there is a local champion for Livingston and West Lothian, so that the issues faced in those places, which will be different from those in Edinburgh, are not overlooked?”. Part of the issue is that, if you make it about just the big cities, the focus will be the big cities. We know that there are a whole load of issues, including housing, in the other areas. How do we amplify those discussions?

We have a figure of 32 at the moment, and we are working with that. I go back to the previous discussions about whether we need the Boundary Commission for Scotland to look at whether it is appropriate that our starting point is something that was, allegedly, done to ensure that the Conservatives could hold on to some councils in 1993. It seems a bit strange that, in 2023, we are still sitting with that as our starting point. Certainly, we felt that the mayors would not be an additional tier of government but would work with the councils.

Miles Briggs: Thank you. It is an area where a lot more discussion will happen across parties.

The Convener: Thanks for that. That was a very interesting discussion. I now have a greater understanding of your thinking behind that.

Mark Griffin: I want to ask about the ability of the Government and the Parliament to deliver a new local government settlement or landscape. We have talked about, essentially, a public acceptance that the system that we have now is

the result of political gerrymandering 30 years ago, and one wonders how such a system can have lasted for 30 years. First, it is because nobody agrees what should replace it. Secondly, it is because there is an inbuilt resistance. You have 32 leaders, 32 chief execs, finance directors and education directors who will be thinking, “If there is a change here, will there be a space for me?”. There is also the political make-up of the Parliament. In the entire history of the Parliament, we have had minority or very small majority Governments with limited political capital looking at an item that is probably not very high up the public’s priority list. With all of that in mind, can the Parliament and the Government ever deliver the change that we all probably agree, in principle if perhaps not at the detailed level, that we should be pushing for?

Alison Payne: I hope so. In our submission, we point to the Local Government Committee of 2002 and the Local Government and Regeneration Committee of 2014, at which a lot of those issues were raised and calls for change were made. Yes, it is difficult, and it can seem like it is not a priority, but I think that it is seen as not being a priority because it is not linked to change. If we empower local authorities, they can be the vehicle that delivers the better outcomes for our people. They are where the empowerment agenda that the Christie commission set out can happen. If we want to deliver on Christie, which is still being talked about, we need local government reform to enable it.

Cross-party agreement is perhaps required to accept that the current situation does not work and that we need to move forward. The issue is politically contentious, and that requires the Government to set up a commission slightly outside of Parliament, which can go beyond an electoral cycle, and we need buy-in from the different parties. If everybody accepts that the current situation is unsustainable, it surely is not beyond the wit of politicians and civic Scotland to fix it. There has to be that buy-in, and it has to be said that we will have a commission that looks at the matter and we will work out an agreement, perhaps modelled around something like the Smith commission, where people with different agendas came out with some sort of solution. That can be the way forward.

It is really important. Our local authorities are the ones that can deliver the change that we require. Constantly delivering one-size-fits-all positions from the centre has not worked, so it is incumbent on all of us to try to fix that, move forward and change, and explain to people why doing that is important. Talking about more councillors or councillors’ wages seems very detached from improving the cost of living crisis. However, if we enable and empower our local

authorities to deliver the early interventions that we need, to look into the longer-term solutions, so that they are not working on one-year budgets, and to take on all the challenges that we face, I would like to think that they can do that.

Mark Griffin: Thank you.

The Convener: Thanks very much, Mark. That was interesting. Thanks for that positive response, Alison.

I want to pick up on one piece. You talked about coterminous boundaries. At the end of June, we will be going to Orkney, which is a single-island authority. Have you looked at what is going on there? We heard from Councillor Heddle at one point that that council has given budgets to its community councils on the surrounding islands so that they can make decisions at a local level with some financial backing.

Alison Payne: We have not looked specifically at Orkney, but, with regards to coterminous boundaries, that is exactly the sort of thing that could be piloted. Instead of having Orkney Islands Council and NHS Orkney, could we bring them together and pilot bringing more powers into different areas? It would make sense to give the islands a lot more powers—they have certainly been calling out for them—and to pilot certain things. If it is politically difficult to change things, the islands and other areas, such as Fife and Dumfries and Galloway, where you have coterminous boundaries are an opportunity to pilot and to experiment. Rather than there being a big bang change, something can be tried in those areas first.

The Convener: So there could be gradual reform rather than everything being ripped up.

Alison Payne: If that is what it takes.

The Convener: The Scottish Land Commission recently published a report, which you may have seen, about forms of tax on land. It did not necessarily suggest a land value tax, but it had different kinds of ideas on tax on land.

One of the things that was flagged up to me was the fact that, in Fife, Amazon has its regional delivery centre, where its stuff gets sent out not only around Scotland but to the north of England. Amazon pays, I think, £1 million in non-domestic rates, and the neighbouring Tesco pays £2 million. Amazon generates tremendous income but is not really paying for it. I am interested in exploring those things, and, as a committee, we will look at that issue and how to generate more income for local authorities. Have you looked at that?

Alison Payne: That is not something that we have looked at. We have certainly costed some ideas about annual ground rents and other types of land value tax. What works in one area may not

work in another area, so it is about allowing a more nuanced system to develop.

It is interesting to encourage different ideas. How do we ensure that things are competitive and fair? There are issues with land banking and other things that can stifle development in an area. If you were to reform the taxation system, are there things that you could do there? Again, it is about giving local authorities the power to develop those systems for themselves.

The Convener: Thanks for that. It is really helpful.

It has been a really useful session, and we could go on a bit longer—I have certainly got more questions—but I have put a big box around my note “How local is local?”. Perhaps that is another part of the conversation if we want to take a more local approach, be that through 19 or 32 local authorities. That might have been discussed in some of the reports of the 2002 or 2014 local government committees, which you have referred to. It seems to be another piece of the conversation about what we want to devolve to more local levels, and that is important as we face a climate and nature emergency. Communities will face very different sets of issues—flooding, wildfires or whatever—and a pandemic-level speed of response to those issues will be needed. What is the local level at which power is needed in order to do that quickly?

Alison Payne: Indeed.

The Convener: That kind of opens something else up, but I will not go there.

Alison Payne: Thank you.

The Convener: Thank you so much, Alison, for joining us. It has been tremendously helpful. We agreed at the start of the meeting to take the next items on the agenda in private, so, as that was the last public item today, I now close the public part of the meeting.

11:42

Meeting continued in private until 11:59.

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