

Submission to the Commission on Strengthening Local Democracy in Scotland by the Commonwealth Local Government Forum (CLGF)

Introduction: local democracy in the Commonwealth

The role of local government in transforming local communities, and the importance of local democracy within that process, is being widely debated across the 53 countries of the Commonwealth. There have been on-going debates in many countries about the failure of top-down approaches and the contribution of this approach to widening inequalities. This in turn has led to widespread efforts to decentralise powers, functions and responsibilities to the local level. As in Scotland, this debate, and the shift towards a more decentralised approach, is inextricably linked with questions of local democracy and the need to balance the role of locally elected leaders who have the legitimacy and mandate to represent, with the participation of local citizens in decision-making.

This paper reflects and draws on some of the innovations and good practice in inclusive democracy from across the Commonwealth, which may help to inform and support the current debate in Scotland.

The Commonwealth Local Government Forum

CLGF is the Commonwealth organisation representing local government. It is a membership body bringing together uniquely ministries of local government, national associations of local government and individual councils from across the 53 countries of the Commonwealth to:

- Promote and support local democracy, democratic values and good governance
- Exchange experience and good practice in local government
- Build the capacity of local government

Building on the shared common values, structures and experiences which underpin the Commonwealth, CLGF members have developed a set of core principles on good practice for local democracy and good governance. The Principles were in fact adopted at a pan-Commonwealth Conference in Aberdeen, Scotland and are known as the *Aberdeen Agenda*. The *Aberdeen Agenda* has subsequently been endorsed by Commonwealth Heads of Government. Indeed in the new Commonwealth Charter, which was signed by the Queen in 2013, the Commonwealth again “affirmed commitment to the values of the Commonwealth....including the *Aberdeen Agenda*” as part of their commitment to core political values.

The *Aberdeen Agenda* (attached) encapsulates 12 core principles:

- Constitutional and legal recognition for local democracy
- The ability to elect local representatives
- Partnerships between spheres of government
- Defined legal frameworks
- Opportunity to participate in local decision making

- Open local government – accountability
- Open local government – transparency
- Openness to scrutiny
- Inclusiveness
- Adequate and equitable resource allocation
- Equitable service delivery
- Building strong local democracy and good governance

The principles provide a general framework for good practice in local democracy and good governance which CLGF's members are using in a variety of different contexts and we hope that they can support and help to frame the debate in Scotland.

Do you think that decisions about local issues and services are local enough?

“The participation of citizens in decision making processes that affect their lives and access to accountability mechanisms is fundamental to the promotion of sustainable development.....This is particularly relevant at the local level, where citizens live and work, where basic services are provided and where enterprises are established. Citizens therefore have common interests at stake to set objectives and work together in identifying solutions particularly aiming at improved access to services, a more balanced distribution of available resources, greater social cohesion, and enhanced accountability and transparency of public authorities, including to accountability mechanisms” ***The European Communication on empowering local authorities in partner countries for enhanced governance and more effective development outcomes (2013).***

The proximity of local government to the citizens that they represent gives them a unique leadership role in local communities, but local democracy goes beyond the elected representatives and is reflected also in the mechanisms and approaches which local authorities use to consult and engage communities. This section relates closely to the Aberdeen principles 1,4 and 5.

In many countries there is statutory legislation setting out the levels at which decisions on local matters and services should be taken. Twenty seven Commonwealth countries have local government entrenched in their constitutions, with local government powers extensively set out in at least 12 of them (see attached summary document).

Similarly local government legislation also sets out in more detail the nature of the kind of engagement that is required at the local level between local government and the local community to ensure that democratic process genuinely engages local people. The planning process is a key entry point and legislation often sets out, as in New Zealand, the duty to consult on any matters affecting local citizens. In South Africa, Sierra Leone and many others the legislation requires representative ward committees at the local ward level to ensure that a cross section of the community is actively consulted on local decisions. In Uganda a bottom-up consultative planning process starts with consultations at the village/ward level and works up through the five tiers of local government culminating in the development of a district plan. As in Scotland efforts to improve and strengthen these approaches are on-going. At the same time local authorities also use other more informal methods of consultation to ensure local engagement eg business/other specialist forums, questionnaires, random telephone polling etc.

The methodology for consultation and participation can be challenging, particularly in remote and hard to reach areas, and the need/duty to consult and for local participation needs to be balanced with the imperative of service delivery, particularly at a time of economic challenges. Creative use of ICT has been shown to facilitate closer involvement of citizens in decision making. For example in certain parts of India local governments have set up a portal, engaged young people and educated unemployed citizens as representatives for service delivery through cyber cafes where citizens who cannot afford it, are unfamiliar with the technology, or do not have access to it can go and access services with their help. As a result services are improved but at the same time employment is created for those young people and it has become sustainable by charging a small fee (ref: TATA, CLGF Conference 2013). Similar strategies have been used in rural Canada to overcome lack of broadband access eg the Nova Scotia Community Access Program, a non-profit group that has provided services for a range of agencies including municipalities over 17 years and actively highlights the potential of ICT as a tool for information sharing and service delivery.

How important do you think it is for locally elected people to be responsible for local services?

Local engagement and responsibility for local services is a key principle reflected in the Aberdeen Agenda. Local responsibility for services is a central pillar of decentralisation however the nature of this responsibility can vary. Traditionally councils have been directly responsible for service delivery. However increasingly we are seeing much more emphasis on local partnerships and the role of the local authority using its capacity as a convener, eg in supporting local economic development and bringing together the business community, public sector, civil society, training and community organisations to facilitate economic growth, than in directly delivering services, or in mobilising local health agencies to work collaboratively. PPPs are also much more in evidence as councils seek to address the infrastructure deficit.

Linked to the responsibility of local services is the extent to which local government (and therefore local communities) have access to resources. Although not so much an issue in Scotland, tied grants and councils' often poor local resource mobilisation, mean that in many cases the decisions around local services are not really taken locally. However in both Uganda and Tanzania the Government is required to publish in local newspapers all transfers to local government to encourage closer scrutiny and accountability.

The challenge remains to develop more innovative ways of raising local revenue to enable greater local decision making and accountability. The Gas Tax Fund in Canada can be seen as a practical example of developmental local government in its emphasis on sustainable transit, energy and water sanitation projects all of which speak directly to the economic, environmental and social well-being of the community and in the local prioritisation of how the money is spent.

Canada's Gas Tax Fund was set up in 2005 to provide predictable, long-term funding for Canadian municipalities to help them build and revitalise public infrastructure that achieves positive environmental results. The fund is provided by a portion of the moneys levied by the Federal Government in vehicle fuel duties. It supports municipal infrastructure projects that contribute to cleaner air, water and reducing greenhouse gas emissions, and fall into the following categories:

- Drinking water
- Wastewater infrastructure
- Public transit
- Community energy systems
- Solid waste management
- Local roads

The Gas Tax Fund represents a \$13 billion investment from 2005 to 2014. Every municipality in Canada receives a portion of the Fund. The funding allocation is determined at the provincial or territorial level based on population. Funding is provided up front, twice a year to provincial and territorial governments or to the municipal associations which deliver this funding within a province, as well as to Toronto. Projects are chosen locally and prioritised according to the infrastructure needs of each community. Municipalities can pool, bank and borrow against this funding, providing significant financial flexibility. As examples, the City of Toronto receives \$1.024 billion from the Gas Tax Fund each year and municipalities in Ontario around \$746 million.

On April 1, 2009, Gas Tax Fund payments doubled to \$2 billion annually. Agreements for this funding are in place until 2014. In 2011, legislation was passed to make the Gas Tax Fund permanent at \$2 billion per year. Municipalities across the country will continue to receive stable, annual funding for their long-term infrastructure priorities. In the 2013 Federal Budget indexed the fund by 2% per year thus increasing its value by 8% over five years.

India, notably the City of Ahmadabad has led the way on issuing municipal bonds to raise capital to finance major urban infrastructure such as water and sanitation projects. In Ghana and Cameroon a proportion of national development funds are earmarked for local authorities through the District Assemblies Common Fund and disbursement is governed by a formula agreed annually by Parliament to be spent according to local priorities. Different fees/levies on traditional services, or less traditional ones such as tourist taxes on services used by visitors, are also deployed by local authorities to enhance local revenue for service delivery. [Full case studies are available].

How well are local priorities part of how national and local government works at the moment?

Local government is often required to report to central government as part of their performance monitoring arrangements, but there are different models of intergovernmental engagement which are used across the Commonwealth to try to ensure closer engagement so that those local priorities are reflected in how national government works. In the Commonwealth Journal of Local Governance, Issue 11, 2012, Mike Reid suggests that these relationships could take a number of forms:

- The *legal approach* provides a legislative context for engagement, such as a parliamentary or constitutional duty to consult with local government which may go as far as to explicitly name the relevant local government association as the agency responsible for representing local government's view. This is the case in South Africa where SALGA is a key partner in the formal intergovernmental relations process
- The *political approach* involves mutual agreement between representatives of the higher level government and local government with regard to the rules and processes for on-going engagement. The most common appear to be negotiated agreements and memoranda of understanding.

- *Engagement approaches* do not need to be mutually exclusive and an ideal approach might very well be a mixed one, with both a legislative and political aspect, in which status is established by legislation or the constitution while practice is determined by agreement negotiated bilaterally.

Close cooperation between the different spheres of government is seen across the Commonwealth, including in the Aberdeen Agenda, as a central tenet for effective decentralisation, indeed the structure of CLGF itself reflects the importance of this dynamic.

What do you think should be done to strengthen local decision-making?

The debate in Scotland is an important one. CLGF remains very committed to continuing to support the work of the Commission and would be happy to elaborate on the contents of the submission and to provide further background materials as required.

It is clear that in a global context, and particularly as the UN member states reflect on the progress of the Millennium Development Goals (MDGs,) and work on global strategies to address poverty and inequality post 2015, the role of local government and the importance of local decision making are being increasingly recognised.