LOCAL GOVERNMENT IN SCOTLAND AFTER DEVOLUTION:
THE LESSONS FROM CANADA

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(1). INTRODUCTION

The creation of the Scottish Parliament and Scottish Executive in 1999 as part of the Labour government’s devolution agenda has had a dramatic impact on many features of political life in Scotland. Local government is one element of the political landscape affected by this change. In the pre-devolution period, local government’s structure, responsibilities, financing, and working practices were determined largely by the UK central government. Following devolution, these decisions are now mainly within the remit of the Scottish Parliament and the Scottish Executive.

Two competing arguments exist concerning devolution’s impact on local government. The first is that devolution has the potential to revitalize local government in Scotland through the development of a close, collaborative working relationship with the Scottish Parliament and Executive. On the other hand, the Scottish Parliament could centralize power in Edinburgh and thus detract from the position of local government. This paper examines these issues by using municipal governments in Ontario, Canada as a point of comparison. The paper first examines the constitutional position of local government in Scotland following the creation of the Scottish Parliament. This position is then compared with that of municipal government in Ontario. Although there are differences in the two systems there are also sufficient similarities to make a comparative study useful. The paper then assesses what the example of Ontario, combined with the track record of the Scottish Parliament and Executive with respect to local government, indicates about the Scottish context and the future role of Scottish local government.
Prior to the 1997 election of the Labour government, the main features of the United Kingdom’s constitutional structure were long established and well documented (Birch, 1993; Peele, 1995). Its constitution is uncodified, and its system of government was unitary with political power centralized in the government at Westminster. As a result, central government had the power to determine the main features of local government across the United Kingdom. In Scotland, as in the rest of Great Britain, central government traditionally relied on local governments to implement policies. Thus, local governments have been responsible for a range of functions, including housing, education, and urban planning, and they have traditionally been granted considerable freedom to carry out these functions (Loughlin, 1994; Jones and Stewart, 1984).

In Scotland, given the smaller population, the smaller number of local governments, and the fact that these local governments only had to deal with one central government department, the Scottish Office, the working relationship between central and local government tended to be closer than in England (Page 1978). The relationship between the Scottish Office and Scottish local government, however, was by no means always harmonious, and it became particularly confrontational between 1979 and 1997 when the Conservative governments of Margaret Thatcher and John Major held power. The UK’s political system allowed the central government to exercise considerable legislative and financial control over local governments, including the capacity to legislate for their abolition or reorganization. The 1979-97 Conservative governments used these powers to challenge the position of local government within the political system. Thus, the Conservative government reduced the extent to which local governments were responsible for raising revenue and making their own expenditure decisions (Wilson, 1993), and in a series of legislative measures, the government reduced local governments’ service responsibilities by transferring policy responsibility to centrally-appointed bodies and the private sector (Greenwood and Wilson, 1994).
Scottish local governments opposed these decisions (Brown et al, 1996: 106-7; McAteer, 1997). They also opposed the central government’s 1994 decision to reorganize the structure of local government in mainland Scotland by creating 29 unitary authorities to replace the existing two-tier structure (Midwinter, 1995).¹ To a great extent, this local opposition to the central government-imposed measures reflected the political differences between the local authorities and central government. While the Conservative party won the general elections of 1979, 1983, 1987 and 1992, these same elections results, combined with local election results and public opinion polls, demonstrated declining support for the Conservative party in Scotland (Brown et al, 1996: 143-62). Local opposition to central government measures (implemented or introduced by the Scottish Office in Scotland), was therefore based on, and matched by, political hostility to the central government.

During the 1979-97 period, Scottish local governments operated within a political system that concentrated political power in the hands of a central government that was committed to changing their working practices and responsibilities. This setting changed following the 1997 election of a Labour government intent on devolving power to Scotland. A bill to create a Scottish Parliament was introduced in December 1997 and the Scotland Act received royal assent in November 1998. The first meeting of the new Scottish Parliament was held on 12 May 1999 following elections held on 6 May 1999. The 1998 Act does not spell out the policy areas that are the responsibility of the devolved government (Mitchell, 1996; 1998; 1999). Instead, the act lists the powers that remain the responsibility of the UK Government and the Parliament at Westminster (the reserved powers under Schedule 5), and states that all other issues are devolved to the Scottish Parliament and Executive. Responsibility for local government is one of these issues.

¹ The three islands councils (Orkney, Shetland, and the Western Isles) were already unitary authorities and were unaffected by this reform. There are, therefore, 32 local authorities in total in Scotland.
The establishment of the Scottish Parliament constituted a significant change in the governance of Scotland, and, as such, has had an impact on local government. It would be inaccurate, however, to overstate the extent of the change to date. A number of local government features remain unaffected. Local government structure is one feature that has thus far remained unchanged. Since 1996 Scotland has had a single-tier local government structure with 32 unitary authorities in existence (Sutcliffe, 1997). Given the demographic dominance of Scotland’s central belt, however, there exists marked variation in the size of these authorities. Some, such as Glasgow City Council, are responsible for populations of almost 700,000, while others, such as Orkney Islands Council, are responsible for a population of only 20,000.

The functional responsibility of these local governments was traditionally established by UK statute but is now determined by acts of the Scottish Parliament. Local governments in Scotland have responsibility for the provision of a range of services including social work, education, housing, public protection and leisure activities. They are also responsible for short and long-term planning within their area, as well as regulatory activities such as the provision of licenses and inspection services. The post-1999 period has seen changes in each of these areas and in terms of the overall context of local government functional activity. Where local authorities previously had full responsibility for planning and providing services within their areas of functional responsibility, they now have a duty to provide “best value”, which includes the possibility of contracting out service provision to other public agencies or the private sector (Geddes and Martin 2000; Midwinter and McGarvey 1999). The provision of public housing is one area in Scotland where sole local government responsibility has been replaced by the private sector in some areas. In addition, local authorities have been mandated by the Local Government in Scotland Act 2003, to develop cooperative

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2 This development is a continuation of initiatives introduced by the 1979-97 Conservative governments.
working relations with other local agencies, particularly in undertaking planning responsibilities. Thus, the 2003 act identifies local governments as the key actors in the process of strategic planning for an area. This is recognized through granting a local government the power to “do anything which it considers likely to promote or improve the well-being of its area” (Local Government in Scotland Act 2003, s20(1)). At the same time, however, local authorities must exercise this power in association with other agencies and the local population. To this end, local governments have been encouraged to consult with their populations through such mechanisms as citizens’ juries, consumer panels, and focus groups (see Needham, 2003; Hebert, 2003: 6).

The range of actors that participates in local government functions thus complicates the outwardly simple local government structure in Scotland. In addition, local government functional responsibility is complicated by the financial arrangements that underpin it. Local authorities do not have complete autonomy over their expenditure decisions and have comparatively less autonomy in their revenue raising decisions. Local authority revenue comes from three main sources. The overwhelming majority is provided by grants from the Scottish Executive budget. These constitute over 70 per cent of local authority revenue and are now provided over a three-year cycle rather than annually. The second largest source of local government revenue is the property tax (the Council Tax), which was introduced in 1993 and which is set locally. Local authorities also receive a share of the nationally determined tax on local businesses (the non-domestic rate). The third source of revenue is user fees and charges for local authority services, such as leisure facilities. This is by far the least significant source. As a result, the Scottish Executive either directly or indirectly influences the overwhelming majority of local government revenue (see Bailey, 2003).

The Scottish Executive has also affected the internal organization of local government. Traditionally Scottish local government decision-making has been the responsibility of either the whole elected council or council committees. In August 1999
the Scottish Executive established a Leadership Advisory Panel in order to facilitate and guide a self-review of these decision-making arrangements. This panel published its report in April 2001 (Scottish Executive, 2001), and as a result of this review, six councils (including Midlothian and the Borders) introduced an executive structure, whereby responsibility for overall strategic decisions has been given to a small group of elected members, rather than the council as a whole. Other councils moved to a more decentralized structure of government. The majority, however, maintained the committee system of decision-making.

Currently there are over 1200 elected councillors in Scotland (and almost 300,000 council employees) (Herbert, 2003). Local government elections now occur on a four-year cycle as a result of the Scottish Local Government (Elections) Act 2002, and are synchronized with the Scottish Parliamentary elections. Prior to this act, local elections were held every three years. The act also allows local authorities to experiment with new electoral procedures or pilot projects subject to the approval of the Scottish Executive. The intention of both these measures is to try to encourage higher electoral turnout rates in local elections. Local elections will also be affected by the Local Governance (Scotland) Bill, which was introduced in November 2003 and which is currently being examined by the Scottish Parliament. This bill’s central element is the proposal to introduce a form of proportional representation for local elections. This is certainly the bill’s most controversial proposal and many Labour politicians have expressed their opposition to replacing the current plurality system fearing that it will lead to a reduction in the number of Labour councillors (McGarvey, 2004). Although not all local authorities are organized along party lines, political parties do operate at the local level. Indeed, the political parties have been increasingly prevalent at this level over the last twenty years, particularly in the heavily populated Scottish central belt (Lynch, 2001). There is a stronger independent tradition within the more rural areas, but even here political parties are present. Throughout Scotland, Labour is the largest party at the local government
level, matching its status in both the Scottish Parliament and Scottish Westminster constituencies.

(3). THE CONSTITUTIONAL POSITION OF LOCAL GOVERNMENT IN ONTARIO

Under the terms of section 92(8) of the Canadian constitution, control of local government rests with the provincial governments. As a result, the structure, powers and financing of local authorities vary from province to province, and also within provinces (Dupré, 1968; Tindal and Tindal, 2004). Within Ontario, the structure of local government that has emerged from this provincial control is complicated (more complicated than the unitary structure introduced in Scotland in 1996), with municipalities of radically different sizes existing within different structures throughout the province. In total there are some 445 municipal governments in Ontario (www.yourlocalgovernment.com). In some areas of Ontario, a system of single-tier municipalities exists. These local authorities are responsible for all the services provided by local government in their area. The most notable example of this type of structure is the City of Toronto (Sancton, 2000a). Others include separated cities such as London and Windsor, as well the amalgamated cities, such as Hamilton, that followed the creation of Toronto. The majority of Ontario citizens now live within this type of local authority structure (Sancton, 2000a). Elsewhere, there exist two-tier local government structures. In southern Ontario some municipalities exist within counties whereas elsewhere, other municipalities exist within regions. In both cases, the upper-tier authorities (county and region) are comprised of representatives from the municipalities within its borders (usually the mayors and deputy mayors), and are responsible for services, such as land use planning, that require some degree of coordination across a wider territory than that covered by the individual municipal governments. The difference between the two structures is that regions have a wider range of functional responsibility than do the counties (Tindal and Tindal, 2000: 193-201).
As well as determining the structure of local government in Ontario, the provincial government is also responsible for controlling what the municipalities do. These functions are determined by legislation, a key element of which is the provincial Municipal Act. As noted by Graham et al, provincial legislation generally has tended to set tight controls over local government action, restricting that action to functions narrowly outlined by statute (1998: 175). There is, however, the possibility that the new Municipal Act may allow local authorities greater flexibility in their work (Tindal and Tindal, 2004: 200). In addition, in a process that has been occurring since 1990, Ontario provincial governments have sought to amend the functions performed by local authorities through a process known as “disentanglement” (Tindal and Tindal, 2000). The ostensible aim of this exercise is to clarify the functions performed by each level of government in Ontario, and thus provide for greater efficiency and clearer lines of public accountability. Critics have argued that the exercise is more aimed at “downloading” service responsibility onto municipal governments without also providing them with the financial means to carry out these responsibilities (Graham et al, 1998; see also Graham and Phillips, 1998).

To date the result of the “disentangling” exercise is a list of functions performed by local government in Ontario similar to that performed by local authorities in Scotland (see Sancton, 2000b; 2002). Thus, local governments in Ontario are responsible for delivering services, mostly relating to property, to local residents (see Sancton, 2000b: 427). They are also responsible for planning decisions (subject to oversight at the provincial level by the Ontario Municipal Board) for their area, as well as for the regulation and licensing of many local services. Responsibility for education is one difference between Scotland and Ontario. Where control over local schools remains

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3 The most recent Municipal Act was passed in December 2001 and took effect on 1 January 2003.
largely the responsibility of local government in Scotland, this responsibility is in the hands of the province and separately elected, local school boards in Ontario.

The financing of local government in Ontario is also similar to the Scottish situation. As in Scotland, local authorities receive funding from three main sources: the local property tax, service and user fees, and grants provided from the more senior level of government, the provincial government in this case. The Ontario government has traditionally played a significant part in determining the money that local governments have available to perform their assigned functions (Siegel, 2002). This has been evident in two ways. First, in terms of the conditional and unconditional grants that the province provides to local authorities, and secondly, through its control over local government capacity to borrow money. Thus, provincial decisions in this area, such as recent reductions in provincial transfers, have a dramatic impact on local government (Siegel, 2002). Nevertheless, the extent of provincial control over local government finances is less than in the case of the Scottish Executive and Scottish local government. In 2003, for example, provincial grants accounted for 23% of Toronto City Council’s budget; 45% came from municipal property taxes and 16% from user fees (see www.city.toronto.on.ca/budget2003). As noted above, the Scottish Executive provides close to 80% of Scottish local government resources.

The organization of local government in Ontario also demonstrates similarities and differences to the Scottish situation. Councillors in Ontario face elections every three years (as opposed to the four-year cycle now present in Scotland). Unlike most areas in Scotland, councillors usually stand without formal political party identification and councils are not formally organized along party lines. The extent of this difference should not be exaggerated. Many councillors do have open connections with a political party and do have political party support in running local election campaigns (Tindal and Tindal, 2004: 315-31). Moreover, as indicated above, there is an extensive (if declining) independent tradition within Scottish local government (Lynch, 2001: 211-6).
Local government decision-making structures vary across Ontario. In most cases, however, the central decision-making features are the full council, council committees and the head of council (usually the mayor). As in most Scottish authorities, the council committees are important, particularly in terms of monitoring the work of local government departments. Also as in Scotland, however, final decision-making authority rests with the full council. Unlike the Scottish situation, there are elected mayors but these positions carry little extra political power. The mayor may be the most publicly recognized member of the municipal government (and mayoral elections do attract the greatest attention during municipal elections), but this does not translate into a guaranteed leadership role for a mayor (Sancton, 1994).

The size of local councils is a final point to note about local government organization in Ontario. On average, Ontario local authorities are much smaller than their Scottish equivalents. Toronto City Council, for example, serves a population of approximately 2.5 million and has 45 elected councillors. The Highland Council in Scotland has a population of approximately 200,000 and yet has 80 elected councillors. Glasgow City Council with a population of close to 700,000 has 79 elected councillors.

Overall, the position of local government in Ontario is not identical to that of local government in Scotland. This is not entirely unsurprising. All political systems are to some extent the product of unique histories and subject to unique influences. There are, however, sufficient similarities between the two local government systems to make a comparison worthwhile. Local authorities in both systems are, for example, the subject of, and participants in, similar debates about the organization of local government and the most appropriate role of citizens in local government decision-making (see Fenn, 2002).

The most significant debate for the purposes of this paper concerns the place of local government within the larger political systems. A key question evident in both settings is the extent of local government significance within their multi-level political systems and whether local authorities can influence decisions that affect them.
(4). THE SIGNIFICANCE OF LOCAL GOVERNMENT

The earlier summary of the major features of Scottish local government indicates that devolution has already had an impact on local authorities. There continues, however, to be disagreement about devolution’s long-term practical implications for local government’s place within the polity. The Scotland Act itself provides little information about the relationship between local government and the Scottish Parliament and Executive. Scottish local councils participated in the Constitutional Convention that was established in 1989 and did contribute to the Convention’s two reports, which formed the basis of the Scotland Act (Scottish Constitutional Convention, 1990; 1995. See also Bogdanor, 1999: 196-8). Although by no means the main subject of the Convention’s work (which drafted concrete proposals for devolved government in Scotland), the Convention did touch upon the subject of the relationship between a future Scottish Parliament and local authorities. In so doing, the Convention argued that this relationship should be co-operative, and one where local authorities were given responsibility for dealing with local issues. The 1998 Scotland Act, however, left the content and nature of the relationship between the Scottish Parliament and Executive and local government to those actors to develop once the Parliament was established (see Lynch, 2001). As such, there was room for ambiguity.

One view suggests that the creation of the Scottish Parliament benefits local government. According to this perspective, devolution will likely be matched by the provision of greater freedom of discretion for local governments (particularly in contrast to the years of central control experienced under the Conservative government). One reason for this expectation relates to an argument expressed in support of the

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4 The Constitutional Convention was established in 1989 by a number of groups with the intention of giving substance to demands for Scottish devolution. The key participants in the Convention were the Labour and Liberal-Democratic parties (the Conservatives refused to participate, and the SNP made only a marginal contribution). Other participants included local government representatives, church groups, and the voluntary sector.
establishment of a Scottish Parliament. Thus, the argument is made that a Scottish Parliament brings government closer to the people and therefore creates a government that is more responsive to the population’s demands. In this way, the creation of the Scottish Parliament promotes democracy (see Paterson, 1998). To the extent that this view is expressed at the Scottish level, it is difficult to deny that it is also applicable at the local level (McKenna, 1998: 254).

A second reason for expecting a positive relationship between the Scottish Parliament and local government is the belief that the Labour government is prepared to contemplate a less controlling attitude towards local government, and that this will carry over in a Scottish Parliament that has a significant Labour representation. The final factor is that the Scottish Parliament and Scottish Executive contain a large number of members with local government experience (Bennett et al, 2002; Lynch, 2001). Again, there is reason to expect that this makes the Scottish Parliament and Executive sympathetic to the interests of local government.

A counter argument is that the creation of the Scottish Parliament limits the role of local government in Scotland (Bonney, 2002). First, the very creation of a new Parliament based in Edinburgh detracts from the public visibility of local government. Second, it is possible to suggest that the new parliament will result in the centralization of power in Edinburgh (rather than London). According to this view, it is inevitable that the Parliament and Executive will actively involve themselves (through legislation and enquiries) in issues that are the responsibility of local government. This will occur because the Scotland Act devolves power to the Parliament in precisely the policy areas that concern local government, whereas Schedule 5 of the act bars the Parliament from acting in other areas. As a result, it is now the Scottish Executive that has the power to intervene in the work of local government rather than the UK government. Such intervention is already evident. Under the terms of the Local Government in Scotland Act (2003), for example, the Scottish Executive has the power to intervene in local
government service provision if it is centrally-determined that a local authority is not providing the “best value” to its population. The Scottish Executive also has the power to intervene in the setting of council tax rates if it is determined that local authority spending is “excessive and unreasonable” (Hebert, 2003).

The place of local government within Scotland is thus a matter of debate. The intention now is to examine what the experience of local government in Ontario indicates about the significance of local government in a multi-level political setting, and therefore what it suggests about the Scottish debate. Two measures of local government significance are examined: public perceptions of local government, and the extent of local government policy influence over decisions taken affecting them (which includes examining the attitudes of senior levels of government towards local government). Taken together, these two elements provide a sense of local government’s importance within a political system.

4.1 Popular Opinion

An examination of popular perceptions of local government in Ontario presents a mixed picture of local government’s importance. According to some opinion surveys, local government is often more trusted than the provincial or federal levels of government (Cameron, 2002: 307). The 2003 annual survey carried out by the Centre for Research and Information on Canada found that 45% of respondents felt that local government should be given more power as compared to 32% who felt the provinces need more power and 14% who felt the same way about the federal government. 60% of respondents from Toronto felt that their city council should be given more political power (CIRC, 2003).

A different picture emerges, however, when the public is given the opportunity to participate in municipal politics. On these occasions, the public demonstrates limited interest in local politics. Municipal elections are the most noteworthy evidence of this, as
voter turnout is low and is declining over time rather than increasing (Kushner et al, 1997). Voter turnout has averaged less than 50% in municipal elections since 1982 and was only 40.18% in the 2003 elections (www.yourlocalgovernment.com). As identified by Kushner et al, turnout is highest in the smaller municipalities and lowest in the larger municipalities. The voter turnout in Ottawa in the 2003 elections, for example, was 32%. Even in the smaller municipalities, turnout is rarely higher than 60%. Although voter turnout has been declining at other electoral levels, the rate for local elections is lower than for any other Canadian elections.

By itself, the low turnout for municipal elections does not demonstrate a complete popular indifference to local politics. As identified by a number of scholars, there are other factors that contribute to low turnout for municipal elections. These include the sometimes greater complexity of local government ballot papers, the fact that a number of municipal seats are uncontested, lower levels of media attention, and the ongoing process of municipal amalgamations that may have broken some people’s attachment to local decision-making structures (see Kushner et al, 1997; Tindal and Tindal, 2004: 301-3). It is also the case that there are additional ways for citizens to participate in local government in Ontario. Municipal governments increasingly engage in public consultation prior to council decision-making. Following the 2003 election, for example, the Toronto City Council conducted seven city-wide public consultation sessions in a “Listening to Toronto” exercise (www.city.toronto.on.ca/listeningtotoronto/index.htm). In addition, as of April 2000, municipal governments in Ontario can have local populations take decisions through the use of a local referendum. Results of such referendums become binding if a majority votes in favour provided that over 50% of the local electorate vote (Tindal and Tindal, 2004: 334).

Further research is required to identify the impact of these types of public participation on local government decision-making. The evidence so far, and from elsewhere, however, indicates that some caution is needed before it can be suggested that
they allow for a radically different, more public style of local decision-making. The use of referendums in Ontario has thus far been limited and, in any case, their impact is constrained by the necessity that over 50% of the electorate vote for a decision to have effect, and by the fact that only councils, not citizens, can set the questions asked. Consultation exercises are also limited by the fact that they may be dominated by local elites who do not necessarily represent the views of the local population as a whole (see Hamel, 2002). The “Listening to Toronto” consultations referred to above attracted only 1000 participants out of a possible population of 2.5 million. Such self-selected sample groups are not guaranteed to reflect the diversity of the local population. Indeed, one study of public consultation measures in British local government found that upper socio-economic groups and business representatives are over-represented (Bonney, 2004).

The experience of local government in Ontario does not, therefore, suggest that the new multi-level governance setting for local government in Scotland will result in a massive revival of public interest in local government. Electoral turnout for local elections in Scotland already parallels that in Ontario insofar as it has consistently been below 50% since 1976 and has been considerably lower than the rate for national elections. At the same time, it is inaccurate to claim that the addition of a new layer of government above the local councils will by itself result in reduced public interest in local government. Public opinion polls indicate that people in Ontario do continue to see local government as important, even if this does not necessarily translate into a willingness to participate in local government decision-making. In the Scottish case, the decision to hold local elections at the same time as Scottish Parliament elections may result in increased electoral participation in local politics, as was the case in 1999 when the holding of simultaneous elections resulted in a 59% turnout rate for the local elections (an increase of over 10% from the previous local elections).
4.2 Policy Influence

A second measure of local government’s importance within a political system is the extent of its policy remit and the extent to which local authorities have discretion over policy decisions within this remit free from interference from other levels of government. It has already been established that local governments in both Ontario and Scotland have similar, though not identical, policy responsibilities. It has also been noted that the underlying constitutional setting for local government is the same in both systems. In both cases, the next level of government has the authority to change fundamentally the structure, financing and policies of local government. The position of local government in Ontario has not become more constitutionally secure over time, in spite of local government demands for an enhanced position (FCM, 2002). The major urban centres, in particular, have pressed for a new constitutional deal that recognizes their importance, and which acknowledges that their population base is larger than that of many provinces (see Graham et al, 1998: 8). In spite of these demands, the provinces, including Ontario, have been reluctant to accept any developments that challenge their constitutionally established control over municipalities. This was evident in the 1970s, for example, when opposition from the provincial governments limited the work of a newly-created federal Ministry of State for Urban Affairs (1971) and ultimately led to its abolition in 1978 (Feldman and Milch, 1981; Tindal and Tindal, 2000: 229-33).

The example of Ontario also indicates that provincial governments are prepared to intervene actively in the organization and functioning of local government and that they are prepared to do so in spite of opposition from the municipal level. The recent process of amalgamation provides an example of this. As examined in detail by a number of scholars, the Ontario provincial government legislated through the 1990s to amalgamate (or consolidate) local governments (see Williams and Downey, 1999; Sancton, 1996; 2000a). In the period between 1996 and 2001 the provincial government reduced the number of municipalities by 40%. One of the most notable examples of this process was
the creation, as of 1 January 1998, of the City of Toronto, the “mega-city”, by the then Conservative Ontario Government. Similar amalgamated municipal governments have also been established in Ottawa, Hamilton and Sudbury, replacing two-tier structures, which contained multiple municipalities. These amalgamations occurred in the absence of demands from citizens or local authorities, and in the face of local opposition (Sancton, 2000a; 2002). Thus, the creation of the City of Toronto faced opposition in all the affected municipalities, as well as a court challenge. None of this affected the provincial government’s capacity to force the change through. As Williams and Downey (1999) note, the Ontario government pursued a top-down approach to reforming the structure of local government and demonstrated only a limited concern for local government cooperation.

The process of amalgamation has been paralleled in Ontario by debates on the appropriate policy responsibilities of local government as compared to the provincial government’s responsibilities (the disentanglement debate), and on whether the financing of local government is adequate for their responsibilities (Downey and Williams, 1998; Tindal and Tindal, 2004: 186-95). The political system in Ontario, therefore, contains within it the propensity for disagreement about the appropriate responsibility of each level of government, and the degree to which municipalities should have autonomy over their affairs (Siegel, 2002). Similar debates are already apparent in the context of the devolved Scottish system. This is particularly evident in the field of local government finance, where there have been a number of calls to reduce the extent to which Scottish local authorities are reliant on Scottish Executive grants (see Bailey, 2003). As in Ontario, local governments are themselves strong proponents of the need for a guaranteed and independent source of local government income, such as would be provided by a local income tax (Bailey, 2003; Toulin, 2002)

The Ontario example suggests that there is no guarantee that Scottish local governments will emerge from the debate about their functions and financing with greater
scope for autonomous action. In Ontario there is an ongoing competition between demands for local autonomy and pressures for central direction (see Graham et al, 1998: 177). The 2001 Municipal Act, for example, suggests that municipal governments will have more autonomy in their day-to-day operations (Tindal and Tindal, 2004: 2000). Likewise, David Siegel argues that reductions in provincial grants to municipalities have left municipalities with more autonomy over their financial decisions – although he also states that not all municipalities are pleased with the consequences of this development (2002: 51). At the same time, the provincial government has by no means abandoned all interest in the work of the municipalities. This has already been demonstrated to be the case with respect to the amalgamation of municipalities in Ontario. It is also the case that provincial governments, of whatever political complexion, have the power to intervene in almost every aspect of municipal service delivery. Andrew et al., for example, argue that although the provincial government has been intent on downloading responsibilities onto municipal governments (under the guise of disentanglement), it has “asserted centralized control over policy and, in many cases, mandated the level and specifics of how services are to be delivered” (2002: 10-1). Andrew further suggests that the disentanglement exercise has much to do with the provincial government’s desire to reduce its expenditures (which in turn resulted from cuts in federal government transfers to the province) rather than being based on a provincial belief in municipal government’s capability to deliver services more effectively (Andrew, 2001: 102). Andrew Sancton also points to the extent to which the provincial government retains a powerful voice in the activities of municipalities. He suggests that the combination of constitutional power and the importance of municipal issues in Canadian life make it unlikely that provincial governments will refrain from intervening in municipal affairs (Sancton, 2000b: 440. See also Sancton, 1992).

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5 Lidstone presents a more critical interpretation of the 2001 Municipal Act and the municipalities’ capacity for independent action (2004).
The Ontario example points to the probability that Scottish local authorities should expect to see the Scottish Executive interested and involved in their activity even in the event of formal agreements to grant local authorities more autonomy. This is already evident in some of the measures introduced by the Scottish Executive. As noted earlier in the paper, the Scottish Executive’s Local Government in Scotland Act 2003 grants local governments more discretion to promote the general “well being” of their areas. At the same time, the Executive can intervene in the activities of local government if they feel that local authorities are not providing their residents with adequate services. The can also intervene to limit local property tax rates if it is deemed that local government tax increases are unreasonable, and, under the terms of the Scottish Local Government (Elections) Act 2002, can force local authorities to adopt new electoral methods. Local politicians and officials have acknowledged the significance of the relationship with the Scottish Executive (see Bennett et al, 2002).

In both Ontario and Scotland, therefore, the next immediate tier of government is of paramount importance to local governments. The Ontario example, and Scottish experience, indicates that this is unlikely to change. The Ontario example also indicates, however, that Scottish local governments should not neglect the other major level of government: the UK government. The Canadian constitution provides no formal institutional communication between the federal government and the municipalities. Nevertheless, there are a number of reasons why local governments are interested in the activities of the federal government. First, federal-level decisions directly impact on local authorities in Ontario (and elsewhere in Canada). This is evident in a number of policy areas, including transportation, the environment, and infrastructure (see, for example, Andrew and Morrison, 2002; Berdahl, 2002; Fowler and Siegel, 2002; Price, 2002). Second, federal legislation also indirectly affects local government through its impact on the provinces. Federal budgetary decisions, for example, often impact on the local level through their implications for provincial budgets. It is frequently claimed, particularly by
local politicians and officials, that the Ontario government has reduced the level of provincial grants to local government as a result of federal cuts in transfer payments to the provinces (see FCM, 2002; Andrew, 2001). Third, the federal government’s funding decisions directly influence the localities. Thus, since the 1990s the federal government has developed a number of programmes that provide direct financial benefits to local authorities. The most notable of these are in the field of infrastructure development. After its 1993 election victory, the Liberal Government established the Canada Infrastructure Works programme, which pledged over $2 billion for local infrastructure projects (Tindal and Tindal, 2000: 233).

There are, then, a number of reasons why municipal governments in Ontario are interested in the federal government’s activities and why they seek to influence policy decisions at that level. In spite of this, there is no constitutionally guaranteed mechanism that allows for the voicing of local government opinions in the process of federal government policy-making. There are irregular tripartite meetings involving the federal government, provinces and local governments. For the most part, however, local governments seek to influence federal policy-making using a variety of less formal mechanisms. Local governments lobby the federal government, publicly and privately, directly and through paid consultants, in an attempt to influence federal policy proposals. Local governments engage in this lobbying process either individually or in association with other local governments, acting for example, through the Association of Municipalities of Ontario or the Federation of Canadian Municipalities.

It is also the case that the federal government aims to develop a relationship with local level authorities. In recent years federal politicians have pointed to the necessity of constructing a new financial deal for municipal authorities, which would result in stronger links between the federal and local levels. The former Prime Minister, Jean Chretien, demonstrated an interest in local, predominantly urban, issues. In May 2001 he established a Liberal Party Caucus Task Force on Urban Issues, which produced its final
report in November 2002 (Prime Minister’s Caucus Task Force on Urban Issues, 2002). One of the central conclusions was that there needed to be a stronger working relationship between the federal government and the municipalities: “Strong urban partnerships and tripartite agreements should be developed between and among all orders of government as well as with the private sector. Provincial and municipal leaders need to be involved in decisions that affect them...” (ibid: 6). To this end the task force recommended that a “designated Minister be given the responsibility to coordinate the Government of Canada’s efforts in urban regions and provide a ‘voice’ for the urban regions in Cabinet” (ibid: 8).

Similarly, the current Prime Minister, Paul Martin, has publicly stated that Canadian cities should receive a “new deal”, including the possibility of a share of the federal gasoline tax (Smith, 2003: A4). In addition, he argued that there would be a necessity for the federal government to work closely with the municipalities: “We cannot as a nation, remain isolated inside the old silos that prevent partnership between the orders of government. If we do so, we risk sacrificing the path ahead for some kind of nostalgia” (ibid). The result of this commitment to a new deal has so far been a 2004 decision to provide municipalities with a goods and services tax refund.

Within the federal system, then, there is recognition that some of the major policy problems facing Canada will demand a stronger relationship between the federal and local levels. This matches the long-standing demands from the local level for a more firmly entrenched constitutional position and more effective policy-making relationship with the federal government. Local politicians and officials engage in a number of negotiations with the federal government over public policy issues. Ongoing discussions about transportation links between the United States and Ontario are one example of this. Thus, as explained by Tindal and Tindal, there is a federal-local relationship, the need for which “derives from the very considerable influence which the federal government exerts over Canadian municipalities” (2000: 231-2; see also Fowler and Siegel, 2002: 14). It is
also the case, however, that local authorities are the junior partner in this relationship. There is no guarantee that the federal government will consult with local authorities. Nor is there any guarantee that if consulted, local authorities will be able to influence federal decisions.

In the case of Scotland local authorities also need to be aware of the work of the UK central government. As in Ontario, there is no longer a formal relationship between Scottish local authorities and the UK government. The UK government can, however, impact on local authorities through its financial decisions as they affect the Scottish Executive (see Midwinter, 2002). In addition, UK initiatives with respect to local government have thus far had an impact in Scotland as they have found their way into Scottish Executive proposals. This is evident, for example, in measures designed to encourage citizen participation in local government (see Bonney, 2004). The interaction between UK government and Scottish Executive initiatives is perhaps likely to continue for so long as the Labour party remains the dominant force at both the UK and Scottish levels (see Fawcett, 2003: 448).

(5). CONCLUSION
The example of municipal government in Ontario points to the importance of the relationship with both senior levels of government for the municipalities. Of the two, however, the constitutional structure dictates that the provincial government has the greatest impact on the work of the municipalities. The municipalities operate in a setting that is controlled by the provincial government, and the provincial government has the opportunity to take unilateral decisions that fundamentally affect the work of the municipalities. At the same time, however, it is not the case that the provincial government inevitably ignores the municipalities or invariably imposes its decisions on
the municipalities. The municipalities are consulted by the Ontario Ministry of Municipal Affairs and Housing, and they do have various routes that can be used to lobby the provincial government. The possibility of cooperative decision-making is highlighted by the 2001 Municipal Act and the associated Memorandum of Understanding (Association of Municipalities of Ontario and the Province of Ontario, 2001). The memorandum indicates that the provincial government is “committed to cooperating with municipalities in considering new legislation or regulations with a municipal impact” (ibid: 2).

The position of municipal government within Ontario is not straightforward. Municipalities are not the major political actors but nor are they always marginal to political life in Ontario. Instead, their role within the policy-making structure varies from issue to issue and from time to time, with an important determinant being the attitude and policy agendas of the senior levels of government. The experience of devolution in Scotland thus far leads to a similar conclusion. Two major surveys of local government in Scotland indicate that local politicians are broadly supportive of devolution and its impact on local government (Bennett et al, 2002; Jeffery, 2002). The major reasons provided for this are: the increased accessibility to decision-making that devolution provides for local government, the greater openness of decision-making at the Scottish level, and the willingness of the Scottish Executive and Parliament to include local government in decision-making (see Bennett et al, 2002: 43; Jeffery, 2002: 4). At the same time, local authorities also highlight that while the Scottish Executive may be prepared to consult local authorities, it is not consistently prepared to listen to them (particularly over decisions relating to local government finance).

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6 It should also be noted that disagreements do not necessarily pitch all municipalities against the provincial government. Given the diverse municipal structure, it is not surprising that not all the municipalities inevitably agree with each other. Instead, divisions exist along a number of fault lines including between rural and urban and large and small municipalities.
The Scottish experience and the example of Ontario therefore do not provide complete support for either of the extreme views on local government in Scotland following devolution. They do not suggest that local government is set to become irrelevant in the context of devolved Scottish politics but neither do they provide overwhelming weight to the prospect of a reinvigorated local level of government. They point instead to a middle position where local government will remain constrained by decisions taken at the next level of government as a result of a constitutional structure that vests control over local government in the hands of the Scottish Executive and Parliament.

REFERENCES


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