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REVITALISING LOCAL DEMOCRACY IN SCOTLAND

A Manifesto Challenge

The Mercat Group


enlighten
Scotland's independent
think tank

THE MERCAT GROUP

The Mercat Group is an informal network of former Chief Executives of Scottish Councils. It is non-political and offers considered, evidence-based insights to stimulate debate and promote the revitalisation of local democracy. Its full range of work can be found on [The Knowledge Hub](#).

Each paper is authored by one or more members and moderated by the others to provide the agreed-upon views of the Group. **Keith Yates** is the lead author of this report, which is the fourth in a series of contributions to Enlighten. These include: [Improving Local Democracy in Scotland: Parliament or Council? 25 years of evidence by Bill Howat](#); [Restoring Local Democracy in Scotland: A Call for Action by Bill Howat, George Thorley, Gavin Whitefield and Keith Yates](#); and [Why Improving Local Democracy is Vital by Bill Howat](#).

Mercat membership:

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David Hume (Scottish Borders) - deceased June 2025
Phil Jones (Dumfries and Galloway)
John Mundell (Inverclyde and Orkney) - joined Aug 2023
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ENLIGHTEN

Enlighten is a public policy institute which works to promote increased economic prosperity, opportunity for all, and more effective public services. Enlighten is independent of political parties and any other organisations. It is funded by donations from private individuals, charitable trusts and corporate organisations. Its Director is Chris Deerin and Alison Payne is the Research Director. Both work closely with the Trustee Board, chaired by Lord Jack McConnell, which meets regularly to review the research and policy programme and carry out their legal responsibilities.

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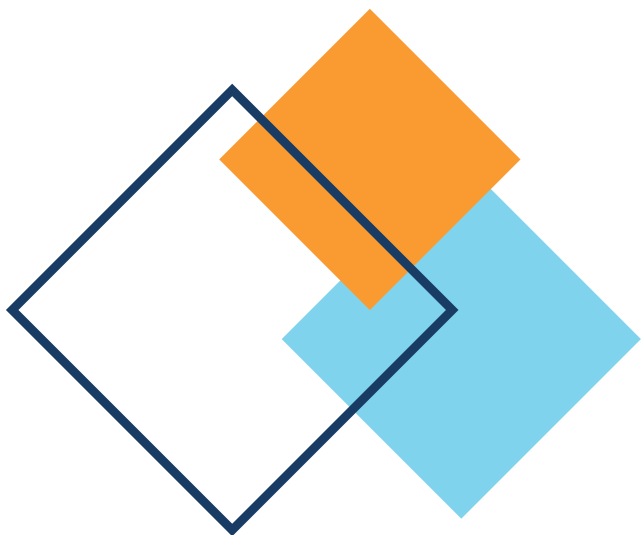
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FOREWORD

Scottish local government is not in a healthy state. Powers have been centralised to Holyrood, budgets are inadequate, and opinion polls show that trust in local democracy is in decline.

Both Enlighten and the Mercat Group believe that decision-making should be devolved to the most local level possible, to communities that best understand their local problems and opportunities and that can identify and agree measures to tackle the specific challenges they face. This cannot be done from Edinburgh – one-size-fits-all simply does not work.

It is past time for Holyrood to address this matter. The debate has gone on for too long without any real change, and Scotland's local democracy is withering as a result.

As this paper points out, a key objective should be to increase the participation of people and businesses in governance, and give them a real say over how their communities are run. With a devolved election looming, we hope that the suggestions contained on the pages below are carefully considered by the political parties as they prepare their manifestos. This cannot be yet another missed opportunity for meaningful reform.

Chris Deerin, Director of Enlighten

A handwritten signature in dark ink, appearing to read 'C. Deerin'.

INTRODUCTION

There is a broad consensus that local democracy in Scotland is much diminished from the crucial part it played in the development of the nation in the 19th and 20th centuries. Local Democratic bodies- cities, burghs and other municipalities- played a vital role in introducing and transforming public services and releasing the fruits of the Scottish Enlightenment for the common weal. They helped create Scotland's reputation for innovation, a civil society and the development and spread of what we now call public services.

Civic Scotland was a flourishing collaboration of municipalities, scientists, universities, merchants, industrialists and philanthropists. Locality partnerships were responsible for establishing water supply, sewage treatment, police forces, fire brigades, schools and colleges, libraries, gas and electric works, public transport, public baths, social housing and care services. Their determination to improve conditions for the localities was coupled with a willingness to adopt radical inventions and new ideas. The first Police Authority was established in Glasgow in 1800 and became an exemplar of local accountability, adapted and retained across most of Europe. Most of the life-changing innovations for people and places were designed and built by our municipalities. They had complete responsibility for services and were free from the tentacles of control, inspection, and edicts of central government that is too distant to be effective in managing or delivering public services. Scotland flourished not from government initiatives but from the wellspring of local practical experience that was freely shared amongst municipalities.

FIFTY YEARS OF CENTRALISATION

Before 1975, Scotland had a hotchpotch of 430 local democratic bodies: counties, cities, large burghs, small burghs and districts. Although they were sterling custodians of civic pride, the majority lacked the organisational capacity or the financial resources to respond to the scale of modernisation required after the war. This was the justification for the Wheatley reforms of 1975 that created 9 regional councils, 3 island councils and 53 district councils. This was an effective upgrade of the arrangements, but the underlying tensions between District and Regional Councils and the steady privatisation or centralisation of public services during the 1980s and 1990s began to hollow out local democracy. This was exacerbated by significant reductions in government funding and the aborted attempt to introduce the community charge (poll tax). Scotland's developments became increasingly dependent upon funding programmes from the EU.

The 1996 local government reforms were meant to simplify and eliminate a tier of local democracy by creating 32 unitary councils to replace the 65 existing regional and district councils. The parallel creation of new government agencies and bodies, there are now 113 quangos in Scotland, has meant that many local public services have lost their democratic agency. These newly badged agencies were intended to provide greater economies of scale, but they made place management more complex and slower. There were now more tensions between councils that had lost many services like colleges, careers, water, sewage and transport and the new bodies that took over these public services. Other services like police, fire and the assessors became joint boards, semi-detached from councils. The reform effectively replaced a tier of local democratic government with a raft of appointed boards. It became more difficult for councils to act corporately and cohesively, and restricted their ability to resolve issues, implement new developments and support community endeavours.

In 1999, the creation of the Scottish Parliament may have been one giant step for Scottish devolution from Westminster, but it was one step backwards for local democracy. As well as 32 Councils, Scotland added a cast of non-democratic bodies, each of which established priorities for their own functions. More services were centralised, more agencies created, and more decisions were taken away from local communities. Finance was restricted by ring-fencing and the freezing of council tax. Whilst the unitary councils made significant progress in streamlining services and reducing costs, they had to cope with austerity and a cluttered landscape of new bodies and agencies. Their priorities often clashed with the priorities of the local democratically elected councils. It is a reason why many local developments have suffered long delays or have been dropped from programmes. Councils have been less able to support their communities in providing local facilities and services, or assisting their businesses to play their part in reinvigorating the Scottish economy. Community Planning and Local Outcome Agreements were introduced to improve partnership working, but were not always able to establish common priorities that an embedded local democracy would provide. Since 2020, the UK and Scottish Governments have provided £3billion for 12 City Deals that focus on economic growth initiatives for city regions involving councils and key partner organisations. Whilst welcomed, they added another batch of partially democratic bodies to the already crowded landscape of Scotland's public services.

REBUILDING TRUST AND RESTORING LOCAL POWER

Opinion polls have repeatedly found that trust in democracy at both national and local levels has been steadily declining. In 1999, trust in the Scottish Parliament stood at 81%; this had dropped to 47% in the 2023 Scottish Social Attitude Survey. The latest Scottish Household Survey found that trust in local councils had declined to 53%. After 25 years of the Scottish Parliament and 50 years since Wheatley, the last comprehensive review of public services, it is surely time for Scotland to think again.

Despite devolution, Scotland is one of the most centralised democracies in Europe. There is an irrevocable need to repurpose local democracy, but how? The question for the political parties standing for the Scottish Parliament is whether they are prepared to heed the advice of Canon Kenyon Wright, the Convener of the Constitutional Convention, in his foreword to *Reshaping Scotland? The People Speak*.

“The strong desire for a better society and community is constantly linked with the need for greater participation and partnership in power. Improvement needs empowerment.”

The McIntosh Report (1999) echoed these sentiments in advocating the principle of subsidiarity, making decisions at the lowest appropriate level. The Christie Report (2011) called for the reversal of top-down decision-making, urging the involvement of citizens and communities in the planning and delivery of services. Both reports advocated a stronger role for local government, and as a senior civil servant for local government said, “the experts are there”. Despite these studied findings, the Scottish Government has continued to centralise and de-democratise.

If Scotland wishes for a more open and participative democracy, one approach would be to identify bite-sized governance issues and engage Scottish citizens and businesses to shape how they are advanced. Citizens’ or People’s Panels have proved effective in generating ideas and proposals that are more radical than politicians are comfortable with. This would be a less comprehensive approach than the Mercat Group proposal to establish a Scottish Civic Convention to reframe the way that all public services in Scotland are organised, financed and delivered. It would reprise how the Constitutional

Convention, drawn from civic society, paved the way for the Scottish Parliament. However, it would be a long process, and the Scottish Parliament would ultimately be responsible for approving the proposals. Parliaments tend to be protective of their domains and shy of shedding powers.

The aim should be for decision-making at the most local level, consistent with sound democratic and financial accountability. The devolution settlement always saw devolution extending to the most appropriate level. The Scottish Parliament has, so far, assumed a top-down approach, and local democracy has perished in its wake. Many other bodies have made similar observations on the demise of local democracy and advocated a change of direction. There is a compelling need to set out actions that might be taken. The key objective should be to increase the participation of both people and businesses in the governance of Scotland. Both councils and communities have become less involved in shaping their futures as more decisions are taken centrally. The consequence has been the loss of trust in both Councils and the Scottish Government.

A NEW DEMOCRATIC SETTLEMENT FOR 2026

The Scottish Parliament has achieved some significant achievements since its inception a quarter of a century ago. Land Reform and the Right to Roam, free bus travel for the elderly and young, the smoking ban, free personal care, abolition of poindings and warrant sales, and a more progressive tax regime have been introduced by governments from different political parties. While they have been acclaimed by many, the economy is static, the NHS has failed to keep up with demand, school performances are in decline, and drugs are a national problem. The Scottish Parliament, despite the fine ambition of its objectives of wisdom, justice, passion and integrity, is perceived by many as too tribal, putting party before country and failing to evolve by collaboration and constructive dialogue. This has been mirrored in Councils where ever tighter budgets have led to closures, diminished services, and have sparked a parallel wave of tribalism amongst political parties anxious to escape the opprobrium of declining services.

The First Minister stated in the celebrations of the first 25 years of the Scottish Parliament that he wished Scotland to be a beacon of enlightenment. A worthy ambition, but for this to happen, it is time for Scotland to become less tribal, more radical and disruptive at both the national and local levels of

governance. The art of disagreeing agreeably has become a popular mantra in recent years. It is time to go further by listening to its citizens and start agreeing through constructive dialogue between the parties.

As we approach the 2026 elections, Scottish political parties should forego their heady promises and corrosive criticism of opponents and set out their proposals for improving governance and devolving responsibilities to local communities. The garnering of power and more responsibilities for the government and its phalanx of agencies since devolution has not played well. The political parties should be examining key reforms that could engage communities and businesses in the improvement of both public services and in advancing the Scottish economy. Scotland's political parties need to incorporate in their manifestos for the next parliamentary session actions that will address the decline of local democracy.

SOME NOTIONS FOR POLITICAL COLLABORATION AND ACTION

Complete the intent of the devolution settlement to devolve public services to the authorities closest to the citizen and embed local government in a written constitution for Scotland. This would be consistent with the 1985 European Charter of Local Self-Government that protects the right of Councils to regulate and manage a substantial share of public affairs in the interests of the local population. The powers given should be as defined in the Charter and not limited by the Scottish Parliament.

Re-examine the 1996 reform of local government that created 32 unitary councils. It requires some adjustment of boundaries and amalgamations to create Councils that provide the best fit with the spheres of influence of work and social networks, so that planning and public service provision are managed for coherent areas that should be embedded in a written constitution. With the advantage of Geographic Information Systems, the variety of boundaries adopted for the non-democratic bodies and agencies should also be revised to eliminate the spaghetti of discordant boundaries. They have hampered the planning and delivery of public services and have been the cause of delays and cost overruns on new developments.

Identify and repatriate the public services that would be more effectively managed as a corporate whole by local councils rather than the myriad of agencies and bodies that have proliferated since the last reorganisation. This would reinforce the importance of placemaking, allow more effective engagement of citizens and local businesses and give agency to local knowledge and priorities. This includes a re-examination of how to restore the triangulation between communities, councils and the police that was ruptured by the creation of Police Scotland in 2013.

Reinvigorate our local communities by fusing community councils with local development trusts. Whilst there have been some spectacular successes, they often operate as competing organisations, with community councils responsible for consultations and trusts developing and managing local projects. Triggering the latent energy and commitment of communities is a game-changer that has been undermined by austerity and the complexity and lethargic speed of responding to funding bids. Communities should have the power to develop and run some services and to animate community ambitions by using the tools of participatory democracy, like people's assemblies. They should also retain the right to be consulted on proposals from Councils and the Scottish Parliament.

Re-engage local businesses with local democracy. In the Scottish Enlightenment, municipalities, educational institutions and local businesses were the driving force for the creation and improvement of public services. The transfer of business rates to the Scottish Office in 1992, the centralisation of colleges and the transfer of careers to the Enterprise network severed the links between councils, local businesses, further education and training. If Scotland is to energise and grow the economy and SMEs at the local level, there is a need to bring careers, further education providers and local businesses closer to the melting pot of local democracy.

Tune the Council Tax. There has been much criticism of the Council Tax since its introduction, but no workable alternatives have been brought forward. As a property-based tax, Council Tax is a reliable form of taxation with high collection levels. A revaluation is long overdue, as properties are still based on 1991 valuations. The Scottish Government has been reluctant to address this issue, which would be unpopular with the affected households. Grasping the nettle would provide scope to make Council Tax more progressive by adjusting the bandings after a revaluation.

UK Tax Reform. The National Audit Office reported earlier this year that the UK tax system is too complex and costs businesses £15.4 billion annually to comply with it. The Institute and Fiscal Studies and the Resolution Foundation concur with this analysis and have made the case for a drastic simplification of VAT and bringing together Income Tax, National Insurance and Capital Gains Tax. These reforms would reduce the burdens on businesses and working people and the scope for tax avoidance. The UK would have a more coherent, progressive and simpler tax regime. As Scotland largely depends upon these taxes, some nudging of Westminster by the Scottish Parliament would be a legitimate request and provide opportunities for the further devolution of taxation within Scotland.

Local Taxes. There are other potential sources of taxation which are locality-focused and could provide funding for Councils to replace the reduced government grants and the freezing of Council Tax for 11 years since 2008. The Land and Building Transaction Tax (LBTT), which replaced Stamp Duty in 2015, is a Scottish-wide tax. It is set higher than stamp duty, and there is evidence that it has dampened the housing market and the building of new houses. Increasing the rate of house building would increase the income from Council Tax. A Land Development Tax (LDT) could fund councils to improve infrastructure and provide local services required as a consequence of developments. It would tax the increase in value of land accruing to the land owner when planning permission is given for housing, or commercial developments, including wind and solar farms, forestry operations and power distribution pylons. A Land Development Tax could be set and collected by the local council, within parameters agreed by the Scottish Parliament. It would need to be integrated with the current Section 75 agreements under the 1997 Planning Act. Recent legislation allows Councils to charge a local visitor levy that can be charged at a rate of up to 5%. Edinburgh, with the benefit of year-round tourism and 2 million bed nights, has already introduced the charge. Other councils are examining their introduction at rates up to and including 5%.

Scotland introduced its National Entitlement Card in 2006. It was developed by local authorities funded by the Scottish Executive Modernising Fund. Whilst it is usually perceived as a travel concession card, the proposals from local authorities were that it should become an entitlement card for local services such as libraries, payment for school dinners, and access to sports facilities. It was also proposed that a citizen account would allow the sharing of data between Councils, the NHS and other public services, something that could be vital for child protection and the provision of health and social care.

This was opposed by the Scottish Government in 2007, believing it would become a national ID scheme. Identity cards are far more liberating than this; they can give access to the whole range of public services, provide voting ID and can be used by councils to provide access to a wide variety of local services. Digital Identity Cards have been introduced in 28 countries in the European Economic Area. Across the world, 70 nations have adopted identity cards as their benefits become essential in the digital age. The new generation of digital identity cards enables governments to implement online applications, giving citizens access to public services with the reassurance of robust security. Scotland was ahead of the curve in 2006, with the introduction of its Entitlement Card. It is time to build on this experience and join the rest of Europe.

Scotland's net zero emissions target is 2045. Houses and buildings constructed in the life of the next Parliament will still be around in 15 to 20 years. It will be imperative that building regulations are updated to ensure that houses and buildings meet the Scottish Government's net-zero target. A large proportion of Scotland's ageing population is housed in older properties with poor insulation and high heating costs. There is a need to plan and develop houses for the elderly and disabled across communities that achieve net-zero standards. This would release older, larger properties for modernisation by younger households. Residential Care Hubs, where Health and Social Care and warden services are provided, have been successfully developed in a number of Scottish communities. They provide security and safety for the frail and disabled and also provide respite care. They make a significant reduction in bed blocking in NHS hospitals, which is currently running at 2000 patients daily.

Voting Reform. Whilst Scotland has been radical in reducing the voting age to 16, turnout rates for local elections are running at 45% and for the Scottish Parliament at 65%. These low rates have changed little over recent years, and, if the objective is to raise participation and engagement rates, would it be worth examining the benefits of compulsory voting as carried out in 20 countries? Scotland also suffers from a surfeit of different voting systems for Westminster, the Scottish Parliament and Councils. Regional list and multi-member wards have made voting more complex, difficult to understand and created tension between elected members. Do we need some standardisation?

Has Scotland become too Edicentric? Since 1999, Edinburgh and the Lothians' population has grown by 21%, and Scotland by 9%. It is indubitable that the siting of the Scottish Parliament in Edinburgh accelerated its development as the political, financial, cultural, transport and media hub of Scotland. Edinburgh was already growing rapidly, but building the Parliament in Edinburgh for £414m, part-funding the Edinburgh Trams, £1043m, and funding the Queensferry Crossing for £1.35bn has supercharged the growth of the Lothians. Only the Queen Elizabeth University Hospital in Glasgow and the Dundee Waterfront have had projects approaching these magnitudes. Edinburgh has also attracted significant private investments; it gained £2.5bn of visitor spending in 2024, and a 5% visitor levy was introduced before the festival this year. Whilst this has benefited growth in the Lothians and therefore Scotland, the rest of Scotland is lagging. It is widely acknowledged that the dominance of London as the political, financial and cultural centre of England has restricted the growth and prosperity of other cities and regions. Scotland must nurture all its communities; the A9 isn't the only project that is on hold as Edinburgh blossoms.

CONCLUSION

The biggest challenge for all of the political parties in the Scottish Parliament is whether they are prepared to be progressively disruptive. Will they collaborate, debate and agree on actions that engage citizens and businesses, increase the pace and synergy of decision-making and deliver a new deal to revitalise local democracy? Maybe it would restore some trust in governance at all levels.

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