CREATING REGIONS: THE 1975 REFORM OF LOCAL GOVERNMENT IN SCOTLAND*

Robert Eyestone**

INTRODUCTION

The new Scottish regional authorities that took office in 1975 are, with their associated districts, general purpose local governments that replace all previous governing bodies. Their creation is particularly significant because of the intense political interest produced by the wholesale reform of structures. At the same time, however, the Scottish case raises general issues such as representativeness, effective government, and the sharing of power among levels that must be confronted whenever reformers contemplate the creation of regional governments.

These and similar issues were cited in the creation of the Royal Commission on Local Government in Scotland (the Wheatley Commission) in 1966, but it may not be an exaggeration to suggest that local government reform throughout Britain responded to growing popular dissatisfaction with remote and ineffective local governments. Thus the reason for reform was ultimately a political one, and reform proposals had to prove themselves politically acceptable in addition to meeting the "rational" criteria imposed by experts in local administration.

My concern is threefold: to describe the rationale for local government reform, to examine the impact of political pressures on the initial reform proposals; and to present some early results of the Scottish local government reorganization, with special reference to planning. The data base for this paper is newspaper and news weekly reports, government documents, parliamentary debates, and a series of interviews with government officials in Scotland conducted in 1974 and 1976.

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**Associate Professor, Department of Political Science, University of Minnesota—Twin Cities.
THE ROYAL COMMISSION'S APPROACH

Discussion of local government reform in Scotland extended over a considerable period in the 1960s, but the beginning of effective debate may be assigned to June 1966, with the appointment of the Royal Commission on Local Government in Scotland (the Wheatley Commission). Despite being unable to consider local government finance or possible future devolution of power from London to St. Andrew's House, the Wheatley Commission produced a comprehensive plan for reform [24] that was published in 1969, enacted in modified form as the Local Government (Scotland) Act 1973, and put into effect in 1975. This section describes the old system and the Royal Commission's approach to its reform.

The Old System

The Scottish local government map in June 1966, when Wheatley was commissioned, comprised an accretion of administrative units whose general features would be quite familiar to any observer of the American local government scene. There were a total of 430 units of five distinct types: 21 large burghs, 176 small burghs, 37 counties or counties of cities, and 196 districts. The counties and the four counties of cities—Aberdeen, Dundee, Edinburgh, and Glasgow—were the only all purpose units, with lesser powers granted to the small and large burghs by statute. The large burghs exercised all powers except education and valuation. Small burghs and districts exercised statutory powers and any additional duties the counties might choose to give them (or be persuaded by the Scottish Office to give them). Generally for the small burghs this meant housing, minor roads, sewerage, street cleaning and refuse collection, parks, and regulation of retail establishments. For the districts it meant maintenance of public ways and concurrent powers with the counties in parks and a host of minor functions.

A notable feature of this system was the marked difference in number of effective units from one function to the next. There were 35 education authorities, for instance, 56 health authorities, and 234 housing authorities. Planning authorities (generally the counties and large burghs) were swelled in number to 59 by the addition of the small burghs of St. Andrews and Thurso, the only small burghs of the total of 176 to have been given planning responsibilities by their respective county councils.

The burghs served small, compact areas. The central government discouraged extension of burgh boundaries beyond built-up land, regarding such extension as being done at the expense of the counties. This policy, in conjunction with effective planning control (at least in the negative sense) and the dependence of most industrial and residential development on some measure of government financial assistance, resulted typically in a sharp line of demarcation between urban burghs and their natural areas for expansion.

Under the old system all Scottish local government units of a given type were on a nominally equal footing. Over the years, however, the Scottish Office had attempted to fill the emerging gap between the scope of local government
responsibilities and the size of local government units with a variety of ad hoc solutions. Joint provision of some services by adjacent authorities, suggested or required by central government, was the most common approach. Thus, with 56 statutory policy and fire authorities in Scotland at the time of Wheatley, there were only 20 police forces and 11 fire brigades. In the planning sphere, the counties of Midlothian and Peebles, Moray and Nairn, Perth and Kinross, and Renfrew and Bute had joint planning departments. Similarly, Moray and Nairn, and Perth and Kinross, were joint education and health authorities.

Prior to reform each of the 430 local government units had its own representative council. County councilors were ex officio members of their local district councils. In addition, the large and small burghs sent representatives to the county councils since the counties were regarded as performing specified functions within the burgh boundaries. These representatives were empowered to speak only on questions affecting their burghs.

Functions exercised by the districts were financed by district "requisitions" on their respective counties. County provided services in the burghs were financed through county requisitions on each burgh for which services were provided. Every local government authority received, in turn, a rate support grant from the Treasury. During the Wheatley period the grant averaged 57 percent of total expenditures at the local level, ranging according to formula from a maximum of 89 percent (in the Shetlands) to a minimum of 45 percent (Edinburgh).

The Rationale for Reform

In general, reform of local government may manipulate the size of units, the distribution of powers among local government levels, and the power and authority relationships among units. These are only means, however, rather than ends in themselves. Reform proposals must seek to establish links between these parameters and the ultimate goals by which a greater or lesser disruption of existing patterns may be justified.

The goals advanced to justify local government reorganization tend to be similar (and similarly broad) from one system to another. One of the earliest American statements [31] gives equal weight to liberty, equality, and welfare, with efficiency added as a residual category. Similarly, Murphy and Warren [18] place equity, efficiency, and citizen access and control within a framework of legitimacy, and counsel the assignment of equal weight to the first three values. The Advisory Commission on Intergovernmental Relations argues for economic efficiency, equity, political accountability, and administrative effectiveness, but explicitly says that political processes should be allowed to weight these values differently from one local area to another [2].

In the case of Wheatley four interrelated qualities of local government were put forward as the goals of reform: power, effectiveness, local democracy and local involvement. These goals structured the rationale offered for specific reform proposals although the Commission gave no source for them and did not use them explicitly to identify reformable problems in the old system.
Because Wheatley was mandated to produce concrete suggestions for change it took criticisms of the current local government arrangements at face value and moved directly to an outline of the new system. The analysis proceeded from two directions, first identifying communities around which governments could be formed and then assigning various governmental functions to units of the most appropriate size according to the special characteristics of each local government function.

The Commission report does not describe the exact procedures used to draw the boundaries ultimately recommended, but it does discuss in some detail the various kinds of information available to the Commission when those decisions were made. Four levels of community emerged from a kind of central place analysis. Central places themselves were identified from data on retail trade volume, travel (typically meaning road and public transportation links), and the local availability of public services. Trade and travel-to-work data outlined the hinterland associated with each center; local newspaper circulation, telephone exchange links, and natural migration data were also used to some extent. The Commission apparently regarded the resulting hierarchy of central places and hinterlands, prima facie, as a four level hierarchy of communities. The four levels were:

(a) the parish: a small village and its surrounding area, with facilities only for the everyday needs of the people--there were roughly 800 of these in Scotland;

(b) the locality: a small burgh or market town serving a fairly clearly defined rural area from which weekly or twice weekly visits are normally made for shopping, business and entertainment--somewhere between 100 and 250;

(c) the shire: a relatively self-contained area, usually centered on a large burgh, with a general hospital, secondary school, multiple stores, and significant employment--37 of these;

(d) the region: a division of Scotland as a whole rather than an aggregation of smaller units, characteristically focused on a city--5 to 10 of these.

In addition to the community study the Commission had other kinds of evidence at hand. A study of costs showed that the small burghs devoted a high proportion of their total expenditures to administration and that they could expand service expenditures considerably without proportionate increase in overhead costs. The Commission interpreted these results as evidence for potential economies of scale that could result from larger unit sizes.

Local government manpower surveys persuaded the Commission that staff resources, quality, and morale could be improved to meet the requirements of new larger units. A study of local taxation concluded that the feasible alternatives to present methods of local government finance--local income and sales taxes rather than the property tax--would all require very large areas for effective administration. (New taxes have not been added.)
Finally, a survey of community attitudes turned up results that the Commission described as "mainly negative." The survey showed that Scots lacked any great desire for change in local government and that their self-identified community was generally smaller than the local authority area in which they presently resided. Bureaucrats rather than elected councilors were the points of access to local government favored by most citizens, but a substantial percentage of people interviewed could not identify any specific service provided by their local government. The Commission dismissed these results as a sign of ignorance of local government among the general public, and it concluded that reorganization could proceed without fear of disturbing local political ties because these were established at levels that would inevitably be amalgamated under any reform.

With regard to service efficiency, the Royal Commission gathered testimony from government departments and operating professionals on the minimum and optimum unit sizes for the various local government functions. These estimates were usually based on expert guesses at optimum staff sizes, which were then translated into supporting population through assumptions about the local tax base. For instance, an ideal police force of at least 500 officers translated into a minimum supporting population of 250,000 people.

With a little trimming and squeezing, the Royal Commission arranged local government functions into two broad categories. Transportation, education, social work, health, police, fire, and strategic planning all seemed to require a minimum population of 200,000 and could be managed at levels of 500,000 or more. Local planning, local environmental concerns, libraries and the like appeared to be manageable at population levels of 100,000 or somewhat below. Public housing, a highly significant local government responsibility in Scotland (53 percent of all housing units), seemed to be ambiguous. The Commission recommended splitting housing improvement (more local) from housing construction (more broadly based).

Briefly, the Commission's reasoning went along these lines. Strategic planning and protection services demand a large regional scale. The personal social services would be optimally provided by units of 300,000 to 400,000, but because there is no set of such units reasonably related to natural communities the social services must go to the regions. Housing, because of its close ties with social services, must also then go to the regions, and this leaves enough work for only one sub-regional level of government. The locality level, while adequate for environmental and amenity functions, would be too small for local planning; consequently "district" authorities must be established at the shire level. These conclusions, calling for 7 regions and 37 districts, formed the Royal Commission's recommendations on units and functions.

The Scottish case contrasts markedly with American recommendations for local government reform. Working from the same basic principles—that local governments should be large enough to raise revenue equitably, cope with problems effectively, and take advantage of scale economies—the ACIR, the Committee for Economic Development, and the National Commission on Urban Problems all converged on a figure of 50,000 as a reasonable minimum size for local governments [1, 15, 19]. Several reasons account for this difference.
The American analysts did not give serious consideration to a two-tier structure. For the most part they were trying to avoid the suburban fragmentation made possible by the proliferation of special districts, and this goal dictated the recommendation of relatively simple structures. They also were keenly aware that any success they might have depended on voluntary action at the local level, consequently they did not propose radical or sweeping changes. Finally—and this reason must probably remain in the realm of speculation—the Scottish reformers may have been accustomed to a higher level of service delivery than the American reformers, and if this is true it would be natural to expect larger supporting populations for more complex services. It is true, in any case, that Scottish local government handles a variety of health and welfare responsibilities that fall to the counties in the United States, and American reformers have often excluded these functions from their purview.

THE WHITE PAPER AND PARLIAMENT

The Government's Perspective

The Royal Commission was created by the Wilson government and reported to it in September, 1969, but it fell to the Heath government to issue the White paper [23] that finally became law. This White Paper, appearing in February, 1971, added little to the criticism of existing local government. Changes in emphasis indicated that the government had found some Royal Commission arguments more persuasive than others, however. Discussing both the aspects of efficiency and democracy, and explicitly accepting Wheatley's criticisms, the Conservative government nevertheless attached more significance to problems of government remoteness, lack of independence among levels, and inadequate powers at the lowest level. In a word, Conservative criticisms (of both the current system and of Wheatley) were more clearly political than those of the Royal Commission.

The most obviously "political" concern of the Royal Commission had been that the creation of two tiers of local government would not produce superior and inferior units. Carried to its fullest logical extent their recommendation would have created two independent sets of local government authorities, each exercising the functions most appropriate to it according to size and the principles by which the unit boundaries were drawn. In practice two kinds of problems prevented the complete implementation of this logic, and the White Paper attempted to respond to these difficulties.

First, some functions given to the regions had a necessary logical relationship to those given to districts. The regions acquired de facto coordinating powers over the districts through the exercise of regional strategic planning, especially as it related to infrastructure expenditures. A further consequence of the regions' coordinating role was that district boundaries had to be articulated with those of the parent regions--no district could conveniently be split between two regions if it had to clear district policies at the regional level.

Second, practical geographic limits complicated the allocation of functions
in peripheral areas. Outside the populous central belt the recommended regions stretched over vast sparsely populated land areas without encompassing even the minimum population levels identified in testimony before the Royal Commission.

The government's response to these problems in the White Paper took two forms. In the first instance it sought to increase the districts' political significance by giving them full responsibility for housing. This change forced the government to argue, somewhat lamely, that the regions would be able to use housing construction in support of regional growth and settlement strategies while the actual responsibility for housing provision was exercised at a lower level. Further, the White Paper created 14 new district units largely to bring district boundaries into coincidence with existing counties and build on their political identity.

In the second instance, the White Paper confronted the difficulties of sparse population in the peripheral regions by making explicit exceptions to Wheatley's assignment of functions. The Orkneys and the Shetlands became two new "most-purpose" authorities having responsibility for all functions except fire and police, which they provided cooperatively with the Highlands region. The Borders became a separate region rather than the large district that it had been in the Royal Commission report, but in the Borders, Dumfries and Galloway, and Highlands all planning activity was assigned to the region rather than being split between region and district. Table 1a summarizes the changes made by the White Paper.

The Comprehensiveness of Reform

It is instructive to compare the reform efforts in Scotland with developments in the United States and Canada. The most basic contrast is that of mandated and voluntary reorganizations. In Scotland, the creation of the Royal Commission implied a firm governmental commitment to some kind of change, and this commitment was honored despite the governmental turnovers of 1970 and 1974. Central initiatives in the United States have been limited to various kinds of encouragement that fall far short of an effective mandate for change. In metropolitan areas, for instance, councils of governments have been encouraged by the stimulus of federal grant money. COG approval is required, through the A-95 review process, before local governments can apply for certain kinds of grants, most notably in the areas of housing and the acquisition of recreational land. Yet it seems that COG's do not, as a rule, make much selective use of their powers.

State level activity in the United States has also been in the voluntary mold for the most part. State legislation dealing with city-county consolidation has generally been permissive, or it has followed the emergence of local reform movements rather than leading them. Some states have moved effectively into coastal zone management, partly because of federal encouragement, but this reflects an attempt to protect unincorporated land or to impose a broader perspective on local land use decisions rather than a movement toward reorganization of local government. Similarly, few states have moved into the area of land use regulation to any substantial degree; to the extent that they do so they may eliminate much of the reason for local government reorganization [13, 14].
### TABLE 1: Boundary Changes Between the Royal Commission Report and the Local Government (Scotland) Act

<table>
<thead>
<tr>
<th>Description</th>
<th>a. in the White Paper</th>
<th>b. in Parliament</th>
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<tbody>
<tr>
<td>District shifted to a different region to reflect community of interest</td>
<td>6 cases</td>
<td>5 cases</td>
</tr>
<tr>
<td>New district created to reflect natural community boundaries</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>New district created to reflect existing county lines</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Boundary realigned to join hinterland and central city</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Boundary realigned to achieve compactness or reflect community of interest</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>20 Cases</td>
<td></td>
<td>33 cases</td>
</tr>
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The Scottish reforms were also distinctive in that they involved a two-tier structure imposed (with the minor exceptions noted) uniformly across Scotland. Two-tier structures are rare in the United States although they are found in Canada; no pattern of regional government in the United States or Canada extends much beyond the boundaries of a metropolitan area. Indeed, in North America the regionalism movement has been seen as a solution to the problems of metropolitan governance. Regionalism in one form or another has been an expedient solution to certain specific problems, but not a general principle of local government reorganization.

In structure and powers, the new Scottish regions combine aspects of the "Toronto-type" federation (also to be seen in Winnipeg) and the "state-supported umbrella regional council" [2, 3, 22]. They are upper-tier, service-providing units, similar to the Toronto metropolitan government, but in their relationship with the lower-tier districts they resemble the umbrella council, particularly the Twin Cities Metropolitan Council. Like the Metro Council created in 1967, the Scottish regions are the mandatory invention of central government (the state in the American case), and they exert a major influence on local policy through coordination, review, and approval procedures as much as through direct action. Politically the Scottish regions are more independent than Toronto or the Twin Cities Metro Council, however; where Toronto is governed by representatives of the lower-tier units and the Metro Council is appointed by the Governor of Minnesota and is responsible to the state legislature, the Scottish regions are governed by regional councils elected directly from constituencies that do not coincide with the lower-tier unit boundaries.

Parliament and Local Politics

Reading the parliamentary debates on Scottish local government reorganization one would hardly realize how fundamental the changes were. Despite a complete redrawing of the map and a significant expansion of local government responsibility, nearly all political discussion revolved around the delineation of boundaries. Parliamentary questions tabled during this period neatly summarize the parochial interests of legislators (Table 2). Who one's neighbors would be deemed much larger than the specific powers that any group of citizens might be able to exercise through a duly constituted local government.

It is most surprising that this attitude carried over to strategic planning, a new local function and one with great potential for altering the entire character of local government. Comments during the debates in both Commons and Lords suggest great skepticism about the real independence that would be allowed to local planners. Critics of the government's proposals said, in effect, that strategic planning powers would not be very significant because any really important decisions would always be made by central government. Ironically it was Labour MP's that raised these criticisms and the Conservative government normally thought to be much less favorable toward central planning than Labour--that had to defend itself.

Apparently many MP's felt that the Scottish Office would still play a dominant role regardless of the structure of local units, and they therefore concentrated their attention on minimizing the political damage that might result
TABLE 2: Parliamentary Questions on Scottish Local Government

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</thead>
<tbody>
<tr>
<td>Delays in government proposals</td>
<td>4</td>
<td>2</td>
<td>11</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Specific local powers</td>
<td>2</td>
<td>1</td>
<td>6</td>
<td>4</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Local consultation</td>
<td>1</td>
<td>6</td>
<td>10</td>
<td>12</td>
<td>1</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Specific boundaries</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>10</td>
<td>5</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Staffing</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Constitutional implications of reform</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Totals</td>
<td>7</td>
<td>13</td>
<td>31</td>
<td>32</td>
<td>10</td>
<td>4</td>
<td>12</td>
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*There were no questions on local government reform in the 1973-74 session.
from redrawing boundary lines. Most of this effort revolved around the political interests of the Glasgow suburbs. With housing given back to the districts, the suburbs resisted annexation by the Glasgow district because this would mean that public housing from the central city could be moved into the upper income suburban enclaves that benefitted from the old pattern of metropolitan fragmentation. In the end nearly all the suburbs did manage to escape, splitting the 11 districts in Wheatley's West region into 19.

Another substantial effort was directed toward preservation of the ancient Kingdom of Fife as a separate region. Fife MP's managed to pressure the government into creating a Fife region, going directly counter to the Royal Commission's principle of estuarial planning where the Firth of Forth, the Clyde, and the Firth of Tay would be the spines of new local government regions rather than boundaries between them as they had traditionally been. This principle survived intact only on the Clyde, where the Strathclyde region still encompasses both banks of the river. In the 1973 Act the Forth now forms the boundary between Fife and Lothian regions, and the Tay divides Fife from Tayside (see Figure 1).

The Royal Commission was popularly supposed to have implemented the concept of the city region, although they never admitted to any single consistent design principle. The original recommendations appeared to confirm this belief; they fell short of the city region concept only where Scotland lacked substantial urban centers. Of the seven Wheatley regions, four centered on cities and included 87 percent of Scotland's population.

Government modifications in the 1971 White Paper have already been described. The further amendments imposed by parliamentary action (summarized in Table 1b), while bringing few changes at the regional level, did contribute marginally to the abandonment of the city region. Presently, 79 percent of Scotland's population lives in the four city regions put in place in 1975, with the remainder scattered among eight other "upper-tier" authorities. The regions ultimately adopted can be described as follows:

1 metropolitan conurbation, population 2,578,000
3 city regions, populations 742,000; 437,000; and 397,000
1 interstitial region (centrally located, but lacking a central city), population 263,000
2 peripheral regions (defined by national boundaries and lacking a central city), populations 175,000 and 144,000
2 sentimental regions (corresponding to traditional areas and lacking a central city), populations 328,000 and 99,000

To these may be added the three islands authorities (populations 17,000, 18,000, and 31,000), which are defined by their geographical isolation and consequent cultural difference rather than by any obvious design criterion (see Figure 1).
FIGURE 1. SCOTLAND’S NEW LOCAL AUTHORITY BOUNDARIES
SOME EARLY RESULTS

New Structures and the Old Rationale

The two-tier pattern of regions and districts spread across Scotland's 29,900 square miles and 5.2 million people set 65 new elected councils in place of 430 old ones. It reshuffled all local functions, leaving the nine regional councils with strategic planning, education and social services, police and fire protection, and transportation while the 53 district councils got local planning and zoning, urban redevelopment, housing, and a wide variety of lesser amenity and local environmental responsibilities. The three "most purpose" islands authorities were given all powers exercised by the regions with the exception of police and fire services. How well do the new Scottish local government regions achieve the goals of local democracy and involvement and of service effectiveness set out by the Royal Commission? In every instance there are definitional ambiguities and measurement problems that are hard to surmount, but some inferences can be drawn from available evidence [12, 16, 17, 21].

With respect to local democracy, the significance of the reforms is that 99 percent of Scots--omitting only the 66,000 residents in the three islands authorities--are governed by a general purpose regional council. Eight percent live in districts with truncated powers, but their "missing" local planning responsibilities have merely been transferred to regions that would not by any means be outlandish if they were districts. Thus if the prospects for local democracy are improved by the shift from special purpose to general purpose authorities (one of the few broadly applicable principles in the reform literature [31]), democracy has been served by the reorganization.

Even though governmental unit size has increased, representation of localized concerns has been maintained. The electoral divisions returning region and district councilors are small—the all-Scotland average regional council constituency contains 12,000 people and the average district constituency is only 4600. Every 900 people in the three islands authorities elects a councilor. Even in the Strathclyde region, whose population of 2.6 million forced a certain moderation in the size of the regional council, the average constituency is only 24,000 people. Schemes for non-statutory community councils, which district authorities are required to prepare, will provide a yet more local level of participation to soothe the feelings of small burghs and suburbs swallowed by the reforms [26]. By the summer of 1976 community council schemes had been approved for four districts, 51 more were awaiting approval, and only one district (Edinburgh) had refused to make provisions for the selection of community councils. Optimists predicted that as many as a thousand councils might eventually be formed, a major revival of the Scottish "parish".

Economies of Scale

The general criticism of the old units of local government was that they were too small to provide adequate service levels [23, 24, 27]. But in many cases they were not themselves the service providers because of the ad hoc
consolidation discussed earlier. To have economies of scale in the provision
of services one must first have the scale from which economies supposedly flow;
in varying degrees this scale had already been achieved before local government
reorganization. True, the 35 former education authorities have been replaced
by 12, and the 234 housing authorities have become only 53. But the 20 police
forces and 11 fire brigades of the old days have been replaced by nine, and the
56 old local planning authorities have been supplanted by 43 new ones.

Are there scale economies here? There may be, but several factors suggest
that they are limited. First, a subtle change of attitude on staffing levels
occurred between the Royal Commission report and the 1971 White Paper. Wheatley
referred generally to the inefficiently small units prevailing in Scotland, but
the White Paper expressed criticism of their ineffectiveness instead, and it
stated the need to protect the interests (meaning jobs) of the staff of the
old local authorities. By 1972 the official government position was that
"reorganization should not materially affect the number of local government
employees, but in time it should result in their being deployed more effectively"
[20]. If this statement meant what it said, the new local government units will
simply absorb any realized scale economies in expanded services.

Second, the possibility of expanded local government services was explicitly
offered as a reason for reorganization. Strategic planning, in particular,
was presented as a significant new power at the local level [24, 28]. Where this
task has been taken seriously by the new regions, no reduction in overall staffing
levels has occurred. This is what would be expected from the North American
experience. The ACIR concludes, for instance, that metropolitan centralization
of any type tends to increase total service costs and to strengthen overhead
services such as budgeting, management, and personnel [2]. More extensive over-
head might improve service quality, and if it did there would be no easy way
to assess economies of scale.

There is one possible source of scale economies remaining, and that is the
reduction in overhead expenses that might come from replacement of limited
purpose governments by general purpose bodies in which the boundaries of service
areas coincide for nearly all major functions. Having a single authority in
charge of education, health, police, fire, roads, sewerage, and water within a
given area must be at least marginally easier to manage than the situation
where separate authorities handle these distinct functions. In the absence
of any concrete evidence, however, marginal is the appropriate word to use
for these supposed savings. Three of the nine mainland regions fall below
the 200,000 minimum size identified by the Royal Commission. These small
regions may have achieved economies of scale, but they will definitely not
exhaust the possibilities in this regard.

In any event, the Scottish expectations seem optimistic in view of the
empirical studies in this area. Hirsch concludes that most of the traditional
urban services will not display significant scale economies. Only the vertically
integrated services like water, sewage, and electricity will do so [10, 11],
but in Scotland these had been consolidated into special district authorities
of regional scale or larger even before local government reform, hence any
scale economies had already been achieved.
The Planning Function

The Royal Commission, appointed during the Labour government's enthusiasm for central planning in the mid-1960s, emphasized the centrality of strategic regional planning in its recommendations for local government reorganization. While this emphasis was not universally approved, the concept of strategic planning was implemented by the reforms in essentially the form Wheatley proposed. The effectiveness of regional planning remains to be tested in many respects, but some tentative conclusions can be offered [12, 16, 17, 21].

Wheatley held out for large regions because of the perceived importance of large scale for regional economic planning. With the exceptions already discussed, this battle has been won, most notably in the government's success in beating back attempts to split the sprawling Strathclyde region. Among other compensatory inducements the government promised that local plans would no longer need direct Scottish Office approval, a process that usually took several years and resulted in an objectionable amount of central government interference in zoning matters viewed by local authorities as purely their own [27]. Instead, regional structure plans will be approved by the Scottish Office and local plans will be in conformity only with the structure plans [25].

There are no structure plans as yet, but the early evidence shows the regions to be powerful units precisely because they already control development strategies in a manner more effective than the ad hoc regional expedients adopted and encouraged by the Scottish Office prior to local government reorganization [6, 7]. Within its first year of operation each region was required to prepare and submit to the Secretary of State for Scotland a regional report identifying main problems in the region, suggesting alternative strategies, identifying total resource needs for each strategy, and collating the existing development plans for various parts of the region.

The regions rose to this challenge to think in a corporate and strategic fashion, and the reports have in several instances generated significant policy decisions several years in advance of the timetable for formal submission and approval of regional plans. Strathclyde, for instance, proposed scrapping the Stonehouse new town and diverting its development costs (separately funded by central government) into urban renewal [29]; the Secretary of State for Scotland indicated early approval for this priority change. Virtually every region used its report to lobby for more central government financial assistance. The difference is that aid is now being sought to finance more-or-less carefully worked out regional strategies rather than the uncoordinated ambitions of the past.

The most criticized aspect of the local government reorganization has been the granting of housing powers to the districts. Critics fear a continuation of the competitive house building activities of the old local authorities, against which the Scottish Office had struggled with only partial success for many years. But the regions, through their strategic planning activities and capital expenditure agreements with central government, now can bring housing under effective control for the first time even though they do not themselves exercise housing functions.
An example from Strathclyde suggests how this can be done. Districts in North Ayrshire have been pushing for construction of a new regional sewer rather than housing in order to increase the number of jobs in the region. Since sewerage is a regional function and the phasing of capital expenditures in this area is the subject of specific agreement between the region and central government, district ambitions are effectively held in check without the necessity for any direct confrontation between the region and its districts. In this example the Scottish regions can be seen to be most similar to an umbrella council. The Twin Cities Metropolitan Council, perhaps the most notable case in the United States, has statutory power to approve the capital budget and capital improvement plans of the Metropolitan Transit Commission and the Metropolitan Sewer Board. It appoints Sewer Board members and also has the power to approve sewer plans of the individual municipalities in the metropolitan area. Its A-95 review powers extend the parallel with the Scottish regions, whose structure and economic planning responsibilities give them a pervasive influence over local government activity [2].

This example raises a final question with regard to planning in the new regions—whether of their internal balance. The reorganization did away with cities but did not subdivide them even though they are all significantly larger than the ideal size for a district. The effort to draw a district boundary around each city and the continuously urbanized zone associated with it (where it survived parliamentary and partisan politics) has "internalized" many of the usual city-suburban spillover problems. At the same time it has exaggerated the political imbalance on the regional councils between the new metropolitan districts and the remaining exurban and rural ones. The city-suburb coalitions, given structural reinforcement in this fashion, may be able to gain the lion's share of regional capital expenditure unless the region adopts a clear policy of rural renewal. In fact, only the exclusively rural regions emphasize the problems of rural areas in their regional reports [4, 9, 30]. Those regions with any substantial urban concentration [8, 15, 29] give primary weight in their strategies to typical city and metropolitan problems such as urban renewal, jobs, and social services for poor urban populations.

So the hinterland areas have been submerged by sheer weight of numbers except where they constitute independent regions, and there it could be argued that they have an undeserved prominence. This problem (if problem it is) goes beyond the realm of local government, however, and into the constitutional question of central-local relations. The very high levels of central government 'revenue sharing' aid, accounting for more than two-thirds of local expenditures in Scotland, guarantee that balance among the regions will be considered as a central government problem. Internally the regions, even the smallest ones, are all workable local government units with at least as much power as any of the former local authorities. Devolution (if it comes) may threaten some of the prerogatives newly given to Scottish local government, but in the meantime the new regions have made a good start despite the changes forced on them as the price for abolishing the old system.
REFERENCES


