**Local Government Vince Mills**

**Progressive Municipalism**

Right across Europe, including Scotland, some local governments are seeking to limit the reach of neo-liberalism by using their spending power to advance what might broadly be termed social justice and environmentally sustainable projects, mainly through ‘progressive procurement’. The sums of money are considerable. In the UK £290 Billion is spent on public procurement[[1]](#endnote-1) and 2000 billion euros in the EU.[[2]](#endnote-2)

The attempts at using procurement for a progressive agenda in the EU have been instructive in light of the proposed changes in the UK mentioned later, because although since 2014 it has been easier to construct tenders that make the social impact of contracts central, nevertheless in the EU “…55% of procurement procedures still use the lowest price as the only award criterion. The public procurement directives leave public buyers entirely free to opt for purchases based on cost-effectiveness, quality-based criteria.”[[3]](#endnote-3)

Open Democracy[[4]](#endnote-4)cites three examples of progressive city leaderships in the EU - Naples, Barcelona and Grenoble seeking to use public procurement to keep multinationals out in favour of smaller local businesses and co-ops, with the obvious benefit that such procurement will keep money and jobs in the local economy. All three have experienced difficulties with EU rules and regulations. EU interventions to prevent progressive procurement range from attempts to stop progressive local authorities from excluding companies from tendering because of their human rights violations, disallowing tenders that oblige the service provider to protect poor consumers from having their electricity cut off, opposing requirements that school canteens should use local, organic food - under EU public procurement law it is illegal to include geographical criteria in public tenders.

Interestingly, the UK example of progressive municipalisation that Open Democracy cites seems to have managed to avoid the inhibiting rules and regulations whether EU or UK based, at least so far.

The UK-EU Trade and Cooperation Agreement (TCA) agreed last Christmas eve, continues to ensure that state aid is heavily policed. This of course includes procurement and as noted above there is evidence that in the EU attempts to use procurement in a progressive way have been hampered by EU rules.

Also there is the Tories’ Internal Market Act 2020. It concentrates all powers over state aid and competition policy in the hands of the Westminster Parliament taking away the powers delegated to the Scottish Parliament by the 1998 Scotland Act. This is equally true for Wales and the English regions.

And finally, and most recently, there is the Subsidy Control Bill[[5]](#endnote-5) now going through the houses of parliament. While it “will give public authorities the freedom to act swiftly in providing subsidies” it also “introduces a number of prohibitions to prevent public authorities granting subsidies with distortive or harmful economic impacts.” This would suggest a regime operating very much like that developed by the EU, admittedly with perhaps fewer bureaucratic constraints than at present.

Preston is the leading local authority of progressive municipalism in the UK and has given its name to the ‘Preston model’. Its approach is based on five principles of Community Wealth Building: 1. Plural Ownership of the Economy; 2. Progressive Procurement of Goods and Services; 3. Socially Just Use of Land and Property; 4. Fair Employment and Just Labour Markets; and 5. Making Financial Power work for Local Places.[[6]](#endnote-6)

Preston applies a weighting system for tendering which includes criteria like commitment to apprenticeships, attitudes to skills and training, local labour recruitment, approach to sub-contractors, length of supply chains and environmental protection.

As noted, it has not, so far, fallen foul of EU and UK procurement law. It has split large contracts into smaller contracts which allows smaller, local companies to bid. This may also mean that it has not been subject to the same intensity of regulation that large contracts require.

The Council is developing co-operatives based on the Mondragon model to fill gaps in the supply chain and it cooperates both with UK councils pursuing similar strategies - there are currently around 15 – as well as working with international partners. The Mondragon Co-operative Corporation (MCC) is a business-based group of cooperatives which was developed in the Basque Country. [[7]](#endnote-7)

Matthew Brown, Preston’s Labour Council leader and an avowed socialist, hopes eventually, once the cooperatives are up and running, to create a new people’s bank for the northwest, on a cooperative basis.[[8]](#endnote-8)

Of the money that Preston has managed to repatriate using this strategy, 80% came from London based multinationals.[[9]](#endnote-9) Although, it should perhaps be noted that multinationals do employ local labour, although not necessarily in the locality of the council concerned. The redundancies announced by the multinational company Pladis at McVities in Glasgow, illustrate the point that ultimately only full control of the economy can guarantee economic justice.

The first council in Scotland to seek to develop the highly successful Preston model was North Ayrshire Council. It is no coincidence that North Ayrshire is also led by a socialist, Joe Cullinane, and he made clear his radical intentions when announcing the Community Wealth Building Strategy on the Scottish Labour Party website last year:

“Rather than be beholden to capital, which has no loyalty to place, our Community Wealth Building strategy will utilise the untapped economic power of the local state to shape a new collaborative, inclusive, sustainable and democratic local economy…

Capital flight has been a key cornerstone of the neoliberal economy, with jobs transferred across the globe in pursuit of the lowest employment conditions and maximum profits. But Community Wealth Building emphasises the need to place control over wealth in the hands of communities.”

There is no conceivable argument as to why the left would not pursue such a strategy or indeed why any Labour council looking to make progress after endless austerity now exacerbated by Covid 19, would not embrace the Community Wealth Building model. The Scottish Labour movement should use every effort to promote it.

**The Need for Further Challenge**

No doubt those most committed to this approach/strategy would be the first to say it, but on its own, Community Wealth Building cannot address the consequences of almost perpetual austerity and rules that are rigged at state level in favour of big business. Nor can it withstand the, sometimes undemocratic, shifts by central government - in Scotland that means Holyrood – in favour of something perceived to be a priority for that government. This is particularly so because many of the anchor institutions on which Community Wealth Building depends - such as the NHS and further and higher education institutions - are themselves dependent on public funding.

According to the Scottish Labour Party, the Scottish Government has cut councils’ non-ringfenced revenue funding by £937.3 million in real teams between 2013-14 and 2021-22.[[10]](#endnote-10) Non-ringfenced funding is the money that the local authority actually controls. For example, nearly half of the increased funding in 2019/20 was to fund the expansion in Early Learning and Childcare.[[11]](#endnote-11) Whereas this is obviously a worthy source for the funding, extensive ringfencing limits both the strategic and operational capacity of local authorities.

This means that we need to continue the struggle for proper funding of local government, but if local authorities are to get the resources and powers they need to develop radical strategies, we also need constitutional change that guarantees local government autonomy and forbids the absorption of local government areas of responsibility into Holyrood

The list of functions being sucked into Holyrood gets ever longer. Most recently, SNP plans to create a new National Care Service have been attacked by COSLA as an exercise in centralisation:

“The Consultation launched today cuts through the heart of governance in Scotland – not only does it have serious implications for Local Government – it is an attack on localism and on the rights of local people to make decisions democratically for their Place.  It once again brings a centralising approach to how decisions which should be taken locally are made.”[[12]](#endnote-12)

This follows similar concern about the SNP’s interventions in education. Writing in the Red Paper publication of 2019 Michael MacNeil notes:

“It cannot be ignored that running alongside the devolution rhetoric, the Scottish Government has been introducing the means to shift control to the centre. For example, centralised control over the curriculum (see Curriculum for Excellence), the development of a ‘National Improvement Framework’ and school performance indicators, the introduction of new accountability mechanisms via Education Scotland (central inspectorate) and the advent of regional structures.” [[13]](#endnote-13)

Further Education, once run by Local Councils, is now funded centrally; the Fire and Rescue service has been centralised and so have Scotland’s Police Services. Indeed, a cynic might argue were it not for local government’s usefulness as a whipping boy, the SNP might have abolished it some years ago. Clearly this and its financial dependence, (see below) makes local government pliant in relation to central government demands.

To establish autonomy, the system, powers and functions of local government should ultimately be enshrined in a written constitution as part of a UK wide federal settlement, but as soon as possible they should be embedded in Scottish legislation passed by the Scottish Parliament.

The abstract endowing of autonomy would mean very little, however, if the vast bulk of local government funding still comes from central government. Currently the block grant to local authorities from the Scottish government makes up around 85% of their net revenue expenditure, with the remainder coming mostly from the council tax. Consequently, as part of a new arrangement there would need to be a re-assignation of levels and forms of taxation.

This extension of democracy downwards, is the best defence local government has against either UK or Scottish governments acting to make local services, heavily used by the least well off in our society, an additional source of income for corporate capital. This defence would be greatly strengthened by the extensive use of strategies like Community Wealth Building, especially if such strategies were increasingly bottom up in design, giving local communities and council workers through their trade unions, not only the financial benefits of the collective ownership of assets, but democratic control of the kind and quality of the services and employment they need.

We must accept, however, that such a radical shift will have to be won in the face of opposition from big business and its political supporters. We have seen how big business uses EU rules to limit radical approaches at local level in some EU countries. We can expect that and more in the UK given that through the TCA we will still have an EU legacy as well the Tories’ own centralising efforts to secure a neo-liberal approach to procurement. The SNP government in Scotland is hardly any better. It pines for membership of the EU, with the privileges that affords corporate capitalism, and it opposes the centralising efforts of the Johnston’s Tories because it wants to continue in Scotland with its own centralising of local government in Scotland.

If we want to move to a radical, democratic settlement that can provide the material basis for transformational change in our society away from the dominance of corporate, global capitalism, radical federalism is an approach that offers the possibility of autonomy, equality, democracy and solidarity. In the meantime, we should use the powers that the Scottish Parliament already has, to shift the balance of wealth and power in favour of working people in Scotland using strategies like Community Wealth Building and embedding autonomy for local government in Scottish legislation.

1. https://www.gov.uk/government/news/procurement-teams-must-consider-wider-benefits-of-public-spending [↑](#endnote-ref-1)
2. https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/618990/IPOL\_BRI(2018)618990\_EN.pdf [↑](#endnote-ref-2)
3. Communication From the Commission to The European Parliament, The Council, The European Economic and Social Committee and The Committee of The Regions: Making Public Procurement work in and for Europe (2017) [↑](#endnote-ref-3)
4. https://www.opendemocracy.net/en/oureconomy/how-eu-rules-are-getting-in-the-way-of-progressive-public-policy-and-how-cities-are-fighting-back/ [↑](#endnote-ref-4)
5. https://www.gov.uk/government/publications/subsidy-control-bill-2021-bill-documents [↑](#endnote-ref-5)
6. https://cles.org.uk/community-wealth-building/what-is-community-wealth-building/ [↑](#endnote-ref-6)
7. https://geo.coop/blog/mondragons-corporate-model-workers-have-power [↑](#endnote-ref-7)
8. Progressive Protectionism –An Oxymoron or a Viable Development Strategy for Europe? Julia Eder, Department of Politics and Development Research, Institute of Sociology, Johannes Kepler University Linz, working paper (2019) [↑](#endnote-ref-8)
9. Op Cit [↑](#endnote-ref-9)
10. https://www.heraldscotland.com/news/19331327.financial-sustainability-scots-councils-at-risk-without-funding-rethink-warns-audit-body/ [↑](#endnote-ref-10)
11. https://www.audit-scotland.gov.uk/uploads/docs/report/2021/nr\_210126\_local\_government\_finance.pdf [↑](#endnote-ref-11)
12. https://www.cosla.gov.uk/news/2021/cosla-response-to-consultation-on-national-care-service [↑](#endnote-ref-12)
13. Michael MacNeil *Democratising Education in Scotland* in “Time for a Radical Scottish Parliament”, Red Paper publication, March 2019 [↑](#endnote-ref-13)