

A NEW BRITAIN:

RENEWING OUR DEMOCRACY AND REBUILDING OUR ECONOMY

Report of the Commission
on the UK's Future



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Introduction

Every country faces a crisis this winter.

But the crisis we face in Britain is not just short-term – it is deep-seated.

The immediate crisis has been caused by the aftermath of Covid, the war in Ukraine, energy price rises, and inflation.

But it is also a crisis made in Downing Street, with economic mismanagement condemning us to recession, the biggest cut in living standards for fifty years and the return of austerity.

And there is also a long-term crisis that arises from an incompetent and ideologically driven government that has failed to deliver acceptable levels of investment, economic success and good paying jobs.

At the root of this failure is not just an outdated neo-liberal economic dogma, but also an unreformed, over-centralised way of governing that leaves millions of people complaining they are neglected, ignored, and invisible, all too often left to feel as if they are treated as second class citizens in their own country.

When we should be unleashing the potential for growth and opportunity in every part of our country, the continuing over-concentration of power in Westminster and Whitehall is undermining our ability to deliver growth and prosperity for the whole country.

This is a vicious circle. The more we lag behind economically the more people feel abandoned by an unresponsive system of government. So what is bad for our economy is also bad for our democracy.

Yet what Britain has been offered is cosmetic change when Britain needs real change.

This report offers a fresh start - with proposals to create a virtuous circle where spreading power and opportunity more equally throughout the country - with the right powers in the right places – unlocks the potential for growth and prosperity in every part of the country, and in doing so revives people's faith that we can all benefit from a responsive and accountable system of government.

Those who build the present in the image of the past will miss out entirely on the challenges of the future. But recent economic and political failures have left our country ill-equipped for the huge challenges of a fast-changing world - the digital revolution, the medical revolution, and the green revolution – and for the response to climate change, supply chain shortages, global conflict, and automation.

Our economy needs a massive increase to its growth rate. Our health service needs to meet a backlog running into millions of patients and the complex needs of an ageing population. Our education system needs to equip our young people for a radically changing world of work.

Every part of our society needs to find new ways to work together to meet the existential threat of climate change for this generation and the generations to come.

But the way our country is run is preventing us from making the changes we need for that better future.

A Country of Potential

Things need not be this way.

For everywhere you travel in the United Kingdom you can see potential waiting to be tapped, talent yet to be developed, and ability still to be realised.

Go to Leeds and see the potential of the city's booming tech start-ups which have nearly doubled the capital they've raised in just a year.

Go to Glasgow and visit the £1bn Queen Elizabeth University Hospital and imagine how, with encouragement and investment, the city's precision medicine revolution could change the life chances of millions in just a few years' time.

Go to South Wales and see the new innovation hub which aims to create a global cyber security cluster - a 22nd century sector, never mind a 21st century one.

Go to Stoke or Grimsby and admire the way in which two towns are working to re-invent themselves through exploiting the opportunities of advanced manufacturing and the green revolution.

Go too to Prescot to see Shakespeare in the North, to Scotland's National Book Town of Wigtown, or consider the National Theatre's recent staging of Dylan Thomas' *Under Milk Wood* and you will see a United Kingdom whose common cultural heritage is endlessly reimagined and reinterpreted by communities its length and breadth, with our very diversity a source of pride.

And these are just a few illustrative examples of the potential that exists outside of the South East of the United Kingdom. Later in the report we identify clusters of inventors, entrepreneurs and skills which, with a supportive environment locally delivered, can create tens of thousands of new well-paid jobs and a new sense that we are all in this together.

We start from basic strengths built on the ingenuity of the British people. Our universities are among the best of the world. Our inventiveness - from Tim Berners-Lee's development of the World Wide Web, to recent cutting edge advances in vaccines - is world beating. Our research institutions are admired in every continent. And English is the most used language in more countries than any other.

The Scourge of Inequality

Despite this promise, the truth is that we remain a country where too much potential is untapped, too much talent unrealised, too much innovative capacity underdeveloped, and too much creative impulse left with no outlet.

Because, for too long, we have developed only some of the potential of some of the parts of our country, not of everyone, everywhere in the country. Talent is everywhere, but opportunities are not equally spread.

Our Commission was shocked by internationally recognised evidence from Professor Philip McCann. Half the UK population live in areas no better off than the poorer parts of the former East Germany, poorer than parts of central and Eastern Europe. He showed us that that half the population lives in areas where people are poorer than the US states of Mississippi and West Virginia and the quality of life is no better than in Tennessee and Alabama - some of the poorest states in the USA.

But despite the commitment to the pooling and sharing of resources to meet needs where they exist across the United Kingdom, regional economic inequalities have undermined the lives of millions in places cut off from the chance of a better future - and this is reflected in far shorter lives, worse health, far lower wages for the same jobs, and far fewer educational opportunities in some parts of the country than in others.

Today, London and the South East attract 72% of new R&D-intensive jobs, and 45% of all private investment, and enjoy double the average UK infrastructure spend per head. And in the absence of new investment, only London out of every major city has higher than average productivity.

We must stop leaving half the country out of our economy, and we must stop flying on only one wing. Everyone in the South as well as the North loses out from an unbalanced economy, with, congestion, higher housing costs and accelerating inflation in one part of the country, and underemployment, people forced to leave where they grew up for opportunity and often depopulation in another.

So instead of developing only some of the potential of some of the country we must now develop all of the potential of every part of our country.

And to achieve that Britain needs not only an irreversible shift in opportunities across the country - but an irreversible shift in prosperity. It requires a bigger vision than 'Levelling Up' – because it is not enough to move a deprived area up from the bottom rung of the ladder to the second bottom rung.

The potential of the British people - of all these towns and cities and many others across the United Kingdom – to contribute to our continued technological, cultural, and industrial re-invention is immense and with the right support limitless.

In this report we show that the New Britain we want to build will be an equal opportunity economy – where, with the right powers in the right places, every community can play their full part in delivering national prosperity.

The equal opportunity economy will be a balanced economy, ending the debilitating long term divide between South and North. Because we will address supply chain bottlenecks, skills shortages and underinvestment, our equal opportunity and balanced economy will no longer be the inflation prone economy we see today.

So Britain needs an irreversible shift in opportunity, income and wealth across our whole country. But that will only be guaranteed through an irreversible shift in power, outwards to people across the country. To deliver security and prosperity for all parts of the United Kingdom we must change not only who governs but the way we are governed.

The Loss of Trust

In our research we set out to find how people in all parts of the United Kingdom felt about their future. A poll conducted for this Commission found that by huge majorities of 70-80% people feel invisible to their political leaders.

The further we went from the centre of our country's political power - Whitehall and Westminster- the stronger the sense of neglect and the deeper the loss of trust.

“Whoever in London thought of that?” was a common refrain when people expressed their frustration at mistakes of policy and failures in delivery. Millions of our fellow citizens do not think democracy works for them. We found that:

- A clear majority – more than 50% of adults - in all places and supporters of all parties currently believe it doesn't matter who you vote for, nothing will ever really change in Britain.
- Even more – a figure consistently above 60% - believe that Britain has a ruling class who will always rule the country no matter what happens.
- By a majority of two to one millions today think that their local economies are held back by Westminster.

- And while individual MPs do important and respected work, national politicians as a class are today the least trusted people in Britain.

Perhaps more worryingly most voters feel that 'Britain does not care about their future.' It is a tragedy if the British people who care about Britain feel that those who govern Britain do not care about them.

These sentiments don't just threaten Britain's economic prospects: they threaten the very existence of the United Kingdom.

They undermine the well-documented desire for national unity and people's desire to feel they are part of something bigger than just themselves - part of a common endeavour and 'in this together'.

The Change Britain Needs

Nobody who cares about the future of the United Kingdom can ignore the glaring injustices that remain unaddressed across the country, and the clear flaws in the way we have been governed.

For too long we have put the power and resources needed to rebalance our economy and improve people's lives all over our country in the hands of a small number of people in Westminster and Whitehall.

The UK is the most centralised country in Europe. Too many decisions affecting too many people are made by too few. The deadening, controlling hand of central government is, as we will show, stifling initiative and development throughout the country. The standard right-wing Conservative answer to leave everything to the free market will not work either. Instead we must put more control in the hands of people nearest where they are in every area of the country. Indeed, the challenges we face are now so complex - and the needs of our country are so diverse - that no matter how well-intentioned the powers-that-be are, the one size fits all solutions of the past, imposed from the top, cannot work to the benefit of people everywhere.

So while many of our immediate economic problems can be fixed by pursuing better policies, by stopping the race to the bottom in our economy, Britain, needs change that runs much deeper - giving the people of Britain more power and control over our lives and the decisions that matter to us.

Changing not just who governs us, but how we are governed, will address a system of government that the British people perceive is broken.

All the evidence from recent experience is that putting too much power and control in the hands of a few leads to bad decisions and bad outcomes.

- It led to austerity because we were told by the centre that “there was no alternative”.
- It led to the failure to deliver a coherent UK wide industrial strategy to support British jobs.
- When Covid hit, our faulty wiring was exposed – with central government and local government too often at odds with each other and local leaders rightly complaining that centrally imposed uniform decisions were not founded on an accurate understanding of local needs.

Cutting off too many communities from economic growth and shutting out too many of our people out from the political process are not just flaws in the way that system is operated: they are in the nature of the system itself.

Brexit has not delivered the control people were promised. Britain hasn't taken back control – Westminster and Whitehall have.

And our over-centralised system has shown itself to be open to abuse –the conventions of our unwritten constitution ignored; conflicts of interest allowed to fester; the use of patronage intensified, and ethical standards - and advisers on ethics - swept aside, ignored by a conservative political class that has tried to act without constraint.

Meanwhile, decisions of vital importance to communities - including the allocation of funds under Levelling Up - are made for increasingly naked party political reasons, further undermining trust.

All of this makes the case for a radical devolution of power to locally elected and locally accountable representatives best placed to identify the needs and opportunities in their own areas, and to unleash the potential that exists everywhere throughout the country.

Our aim must be to put power and resources in the hands of communities, towns, cities, regions and nations, to make their own decisions about what will work best for them.

Our vision must be to ensure that no matter which party is in government, and no matter where they reside, all people and all areas can enjoy the same access to opportunity and prosperity and right to be listened to. Our aim can be summarised as equality of opportunity for all, unfair privileges for no one.

Our Plan for Reform

So to ensure Britain can enjoy the system of government it deserves, we need radical change. In this report we set out a vision of a New Britain founded on a new relationship between our government, our communities, and the people.

A New Britain that gives the British people the power and respect they and their communities want and rightfully deserve to build their own futures.

Over the last two years, our listening exercise has led us to hear the voices of people right across our country. Whether they voted Labour or Conservative, Leave or Remain, Yes or No, they are telling us the same story.

In Scotland, England, Wales and Northern Ireland, there is a united voice across communities demanding change - one that is aimed squarely at realising Britain's untapped potential and giving everybody a fair and equal voice in our politics.

And it is not change at the edges, tinkering here or there.

The individual changes that we recommend are in our view, common sense reforms that have widespread support across party and geographic lines, but taken together they add up to a radical blueprint for the significant and serious change that people the length and breadth of this country have told us that they want to see.

Firstly, we propose a New Britain of shared purpose.

The purpose of the New Britain should be grounded in the shared values and aspirations that unite the people across our country and to make that possible we need to build new constitutional foundations.

Our constitution should guarantee rights and ensure opportunities - offered by the UK to all its citizens so that all individuals in every place can benefit equally from our shared resources.

And our proposals offer the chance to pursue faster change within a reformed country that treats us all as partners.

Secondly, at the centre of our reinvigorated democracy is ensuring the right powers are in the right places.

Our starting point is a modern system of decision making that does not start from the top - but starts from the people and is grounded in new ways of consulting, participating, and deciding.

Thirdly, we propose a root and branch reform of our centre of government.

To create a new and more responsive centre we must clean up Westminster, rooting out unearned privilege and addressing unaccountable power.

That is why we put forward detailed proposals for abolishing the current undemocratic House of Lords, the fundamental reform of which has been the official goal of successive governments for a century, and replacing it with a democratic chamber that is permanently closer to the British people because it is more representative of the nations and regions of the United Kingdom.

But this is not in itself enough to clean up the centre. We need new rules to make politicians more accountable for their behaviour. We need new protections against unacceptable influences on our democratic process, and free our politics from the excessive influence of wealthy donors and in particular the use of foreign money.

We need to prevent the overriding of constitutional conventions that the most previous administrations have accepted as the norm.

We also believe that as part of our new constitutional settlement, there must be a safeguard to ensure that change is permanent as well as profound. This we believe, can be achieved by a smaller, more representative, and thus more legitimate and trusted second chamber- a democratic Assembly of the Nations and Regions - capable of ensuring that power cannot be clawed back to the centre by future governments.

Fourthly, empowerment of our towns, cities and regions.

To enhance our democracy and to improve our economy we must empower towns, cities and regions and nations so that they can make decisions not just about their social priorities but about their economic renewal closer to home.

Across England, we recommend that every town and city is given the powers needed to draw together their own economic and social plan and take more control of their economic future.

In particular we believe that by empowering Mayors, Combined Authorities and local government in new economic partnerships, we can create and advance a supportive environment for the dynamic new clusters in the digital, medical, environmental and creative industries in a new pro-growth strategy, and make every part of our country more prosperous. Enabling our cities, regions and nations to be economic powerhouses in their own right is essential to deliver fairer and more equitable UK-wide economic growth.

Fifthly, a new voice and new status, and new powers, for Scotland, Wales and Northern Ireland as valued parts of the United Kingdom. Our recommendations will give the people of Scotland, Wales and Northern Ireland a new opportunity to benefit from not only a unique and mutually beneficial combination of self-government and shared government but from a new status we propose each of these nations can enjoy within the United Kingdom.

We recommend embedding this new principle of shared government in the way Westminster and Whitehall works – giving each part of the Union a respected voice in joint decision making, and creating new ways to drive better co-operation.

We recommend strengthening the powers that deliver self-government in the devolved nations of Scotland, Wales, and Northern Ireland – based on the principles that devolved self-government should be permanent, expansive, and each elected body held in equal esteem.

There is of course always going to be a role for government at the centre in ensuring an equitable allocation of resources throughout our country, without which we can never be a United Kingdom where all feel treated fairly. But that is not the same as the centre micro-managing and directing what happens in every community. That must change and the balance of power must be reversed.

So our proposals represent a radical rebalancing of power between the centre and those it serves, between the local and national, thus securing a better balance between the local autonomy people desire and the cross-national cooperation that we know we need. Our approach is: as much autonomy as possible, as much cooperation as necessary.

A Reunited Kingdom

Taken together, we believe these reforms can strengthen the United Kingdom for the challenges ahead and bring the peoples of our constituent nations and regions far closer together – connecting our financial centre with new clusters of industry and technology; reconnecting our towns with our cities and our devolved nations with Westminster; and reconnecting our politics with the needs and voices of our fellow citizens.

The economic message is clear. The United Kingdom that built the modern world was not a trickle-down nation: it was a country where innovation and growth rose up from ports, factories and warehouses across every part of the land. To succeed in the modern world and to realise the United Kingdom's vast potential, we must once again harness the talents, skills and resource of every nation, region, town and city in the land.

Our first industrial revolution was built around mobilising every city and region of the country, backed by the great global city of London. We will only achieve success as a country by rebuilding Britain's cities and regions as new economic powerhouses spread across the nation.

Not one part moving forward at the expense of the other but all moving forward together, all communities partners in progress, built on the central proposition that in every area of the country we deliver equality of opportunity and fairness of outcome.

The recommendations in this report will help to achieve the irreversible shift in opportunity, wealth and power that we believe that our country is ready to support. This will, help bring a fractured and divided country back together.

Summary of recommendations

Our first set of recommendations set out how we deliver our vision of a New Britain. Our aim is that each citizen as a member of our country can expect government

- to treat all parts of the UK fairly,
- to guarantee rights and ensure a minimum level of living standards,
- to respect the decisions made by local and devolved authorities.

But today, none of these ambitions gives rise to a legal duty.

Our first recommendations, therefore, seek to embed in law these common understandings and duties of Government:

1. The political, social, and economic purposes of the UK as a Union of Nations, which the overwhelming majority of people in the country already accept, should be laid out in a new constitutional statute guiding how political power should be shared within it.
2. The common desire for more local control should be reflected in a legal requirement, to require decisions to be taken as close as meaningfully and practicably possible to the people affected by them, so putting power and opportunity closer to each citizen.
3. There should be a constitutional requirement that the political, administrative and financial autonomy of local government should be respected by central government.
4. There should be an explicit constitutional requirement to rebalance the UK's economy so that prosperity and investment can be spread more equally between different parts of the UK than it is today, thereby equalising living standards across the country over time.

5. There should be new, constitutionally protected social rights – like the right to health care for all based on need, not ability to pay - that reflect the current shared understanding of the minimum standards and public services that a British citizen should be guaranteed.

Our second set of recommendations ensures the right powers in the right places in England so that every town and city can take control of its economic future and have its fair share of resources to play its part in creating prosperity open to all.

There is now an overwhelmingly strong economic, social and political case for ensuring the right powers are in the right places:

- New regional clusters of connected industries can provide the high-paying good jobs we need and increase demand and wages in the everyday economy. To deliver this it is necessary to bring cities, towns and other areas together as part of a coordinated economic strategy.
- Local and devolved decision makers are already substantially more trusted than central government to make decisions in the best interests of their area. There is also clear evidence that people want more of a say on the issues that affect their lives, meaning we need double devolution – pushing power as close as possible to people and communities.

Giving England's towns, cities, regions, and nations the right powers and resources to make a full contribution to the UK is thus a central part of our recommendations. We need a locally-owned and fairly-resourced prosperity plan for growth in every part of the country, under which cities, towns and communities will take power from the centre and use it in their communities. Our recommendations are:

6. Towns and cities across England should be given new powers to drive growth and champion their areas.
7. The UK needs a radically reformed suite of place-based, innovation-led R&D programmes, with Mayors and local leaders in all parts of the UK playing a key role in design and delivery. This should include the replacement for EU regional funding, and future support for the Strength in Places Fund.
8. The UK Infrastructure Bank should be given an explicit mission to address regional economic inequality in the provision of infrastructure.
9. The British Business Bank should be given a new remit to promote regional economic equality in access to investment capital. It should do this by bridging the equity finance gap outside of London and the South East, and should be renamed the British Regional Investment Bank to reflect this change.
10. There should be an economic growth or prosperity plan for every town and city to contribute to our shared prosperity, owned by Councils, Mayors, towns and cities working in partnership.

11. 50,000 civil service jobs should be transferred out of London, saving at least £200m per year, and more Agency and Public Bodies Headquarters moved out of London. We identify the first dozen of possible candidates.
12. Local government should be given greater long-term financial certainty to enable them to invest more confidently in their areas' futures.
13. Local government should be given more capacity to generate its own revenue with new fiscal powers.
14. Local leaders should be able to take new powers from the centre, through a new, streamlined process to initiate local legislation in Parliament.
15. There should be "double devolution" that pushes power closer to people – giving them and their community the right to have more of a say on the issues that affect them, the services they use and the places they live.

Our third set of recommendations concerns Scotland, Wales, and Northern Ireland. The Commission's blueprint is intended to give the people of Scotland, Wales and Northern Ireland a new opportunity to benefit from the unique and mutually beneficial combination of self-government and shared government that their nations enjoy: the opportunity to pursue faster change within a reformed UK.

We have listened to the voices of people in Scotland and Wales and understand the deep sense many have of being morally and politically abandoned by the present UK government and the desperation for greater agency – feelings shared equally across much of the UK.

We have accepted the challenge that those who believe in the UK as a positive force have to and will offer a better and more trustworthy prospectus for change than independence. The alternative we put before the people of Scotland and Wales is better than either costly and destructive independence and a stagnating status quo: change within the United Kingdom that can entrench self-government in Scotland whilst improving shared government across Britain and we believe that our recommendations offer not just faster and safer change, but fairer change.

In the past, governments have answered the desire for change in Scotland and Wales by announcing a shopping list of powers, but then practicing a policy of 'devolve and forget', which has led to division and resentment. The way forward is to consider all measures that are best to reinforce self-government within the United Kingdom without losing the benefits that co-operation on concerns common to us all can bring.

Our proposals are therefore intended to combine self-government and shared Government:

- To entrench the constitutional status of self-government across the nations of the UK;

- To ensure Scotland and Wales have, with Northern Ireland and the cities and regions of England, a permanent voice not just in the House of Commons but in a reformed second chamber, an Assembly of the Nations and Regions, charged with safeguarding the institutions of self-government;
- To secure the benefits of co-operation between Scottish, Welsh and UK institutions, because we can achieve more within our islands working in partnership than ever we can achieve working on our own;
- To broaden the powers held by the Scottish and Welsh governments to help improve public services and prosperity.

So, our proposals take us beyond today's binary debate that has focused too long only on which powers are held by whom without thinking of the benefits of co-operation to all. So we set a path for how Scotland, Wales and Northern Ireland, alongside the towns, cities and regions of England can be respected voices in Britain regardless of which party is in Government, and how shared objectives can be delivered by shared institutions.

In Wales, our proposals strengthen self-government for a new era, but we are mindful that the Welsh Government has set up an independent Commission to make recommendations on constitutional issues. We know that we can rely on the Welsh Labour Government to publish its Plan for Wales that employs to the full the powers of the Senedd and, at the same time, maximises the benefits from co-operation across the United Kingdom.

In Northern Ireland, our proposals can help restore and strengthen devolution, consistent with the principle of consent and the commitments of the Good Friday Agreement and at the same time, improve the prospects for economic growth and good employment prospects for the people of Northern Ireland.

In Scotland, we propose economic, social and constitutional innovations that can make the UK work better for the Scottish people and ensure the people of Scotland are more comfortable with a reformed and more equitable United Kingdom.

By showing the path to reform in both Scotland and across the United Kingdom, we end the debilitating dilemma of the Conservative years - between independence under the SNP and an embattled status quo under the current Government.

Our proposals form the basis of a new way forward for Scotland and the UK – greater power to enact economic and social change through the Scottish Parliament but also within a permanently reformed UK that shares social and economic objectives for better jobs, better public services and shared prosperity.

As a result of these recommendations, a future Labour government in Scotland can deliver new social and economic measures more rapidly and with much less risk and upfront cost than the SNP's current prospectus for independence, which would see

years of Brexit-style negotiations, currency chaos, and immense pressure on Scottish jobs and public services.

Our recommendations strengthen the powers of self-government in the devolved nations, to manage their public services and economies and ensure a distinct voice on the world stage.

Scotland

16. Enhanced Protection: Scottish devolution should be constitutionally protected by strengthening the Sewel Convention and protecting it from amendment through the new second chamber.
17. Enhanced status internationally in devolved areas: the Foreign Affairs reservation should be amended to permit the Scottish Government, with the agreement of the Scottish Parliament, to enter into international agreements and join international bodies in relation to devolved matters.
18. Enhanced status for MSPs: Members of the Scottish Parliament should enjoy the same privileges and protections as Members of Parliament in relation to statements made in their proceedings.
19. Enhanced local control: there is a strong case for pushing power as close as possible to people in Scotland, and consideration should be given to establishing new forms of local and regional leadership, such as directly elected Mayors.
20. Enhanced opportunities for co-operation to mutual benefit: there should be not only enhanced self-government for Scotland but strengthened cooperation with the UK Government to address the challenges Scotland faces today.
21. Enhanced access to economic resources for Scotland: the British Regional Investment Bank should maximise support for innovation and investment in Scotland, in conjunction with the Scottish National Investment Bank and the European Investment Bank.

Wales

22. Enhanced protection: Welsh devolution should be constitutionally protected by strengthening the Sewel Convention and protecting it from amendment through the new second chamber.
23. Enhanced role for Members of the Senedd: the Welsh Senedd's members should, if desired, enjoy the same privileges and protections as Members of Parliament in relation to statements made in their proceedings.
24. Enhanced powers: new powers should be made available to the Senedd and Welsh Governments, including embarking upon new powers over youth justice and the probation service.

25. Enhanced access to economic resources for Wales: the British Regional Investment Bank should maximise support for innovation and investment in Wales, in conjunction with the Welsh Development Bank and the European Investment Bank.

Northern Ireland

26. We support devolution in Northern Ireland, consistent with the principle of consent and the commitments made in the Good Friday Agreement and wish to see it restored and strengthened.

27. Enhanced access to economic resources for Northern Ireland: the British Regional Investment Bank should maximise support for innovation and investment in Northern Ireland, in conjunction with Invest NI and the European Investment Bank

Our fourth set of recommendations focus on our institutions of shared government. By giving each part an equal and respected voice in joint decision making and creating new institutions to drive better co-operation we will embed in Westminster and Whitehall a new culture of cooperation in pursuit of shared goals across the UK.

Despite the success of self-government, there has, since the dawn of devolution, been too little shared government. So it is time to reform how the political centre works to make ours an enabling state that encourages and realises the talent and energies of people in all parts of the UK. Our recommendations, therefore, fulfil the desire for local power while recognising the need for national co-operation.

New, legally mandated Councils of the Nations and Regions and of England will replace the present Joint Ministerial Committees and will now include not just devolved administrations but local leaders from within England in shared decision making, so never again can central Government treat communities in the high-handed way we have seen too much during Covid and at other times when local Government has been ignored:

28. There should be a 'solidarity clause', a legal obligation of co-operation between the different levels of Government and institutions across the UK.

29. The UK need a new and powerful institution to drive co-operation between all its governments – a Council of the Nations and Regions.

30. The structures of co-operation and of central government and Parliament should respect and recognise those areas of decision making that are England-only.

31. Joint policy initiatives in areas of common interest, from climate change to security, should embed co-operation between different levels of government.

32. International trade policy should be made more inclusive of devolved leaders across the UK and have an explicit focus on reducing the UK's regional economic inequality.
33. UK-wide departments and public bodies should, as a matter of course, be obliged to make space in their governance and oversight arrangements for national and regional representation.

Our fifth set of recommendations will start the process of cleaning up our politics – making politicians more accountable for their behaviour and fighting back against the excessive influence of donors.

Any change cannot succeed without restoring trust in our political system through new rules and more effective enforcement of the rules governing Ministers' and MPs' behaviour:

34. We must clean up our politics with new rules for politicians and civil servants, new powers to clamp down on outside earnings for MPs, new laws to eliminate foreign and corrupt money from UK politics, and powerful new institutions to enforce these, to replace the current institutions that have failed.
35. There should be a greater role for the public in making and enforcing the rules followed by politicians.
36. There should be a powerful new anti-corruption Commissioner to root out criminal behaviour in British political life where it occurs.

Our sixth set of recommendations will clear out the indefensible House of Lords and replace it with a smaller, more representative and democratic second chamber to safeguard the new constitutional basis of the New Britain.

The unelected House of Lords is completely indefensible today. Our country requires a new, democratically legitimate second chamber. That second chamber should perform a function that a second chamber is best able to do: ensure that the constitutional limits on government power are obeyed, that power is truly shared with the devolved legislatures and across England, and give voice explicitly to the different nations and regions of the United Kingdom.

37. The House of Lords should be replaced with a new second chamber of Parliament: an Assembly of the Nations and Regions.
38. The new second chamber should complement the House of Commons with a new role of safeguarding the UK constitution, subject to an agreed procedure that sustains the primacy of the House of Commons .
39. The new second chamber must have electoral legitimacy, and should be markedly smaller than the present Lords, chosen on a different electoral cycle – with the precise composition and method of election matters for consultation.

Our final recommendation is on taking these changes forward.

All of our recommendations can be delivered and have an impact within a single Parliamentary term, and the evidence suggests there could be strong popular support for our proposals for change and reform.

But the British people are the most important stakeholders in the conversation about the future of our country, and we believe these recommendations should form the start of a conversation about a New Britain and require public consultation and further development.

40. We recommend that the necessary consultation and preparatory work should begin now, and this should include a ground-up conversation with the people of Britain.

Chapter 1

The State of Britain Today: A Country in Crisis and Falling Behind

In this chapter we set out the mood of our country, as we face a multitude of crises under a UK government incapable of dealing with them or of delivering the change that people repeatedly have said they want. Our economy is falling behind and our public services struggling. The people of Britain are losing their faith in the ability of our political system to deliver for them. Only a serious and deep rooted plan for the future can reverse Britain's decline.

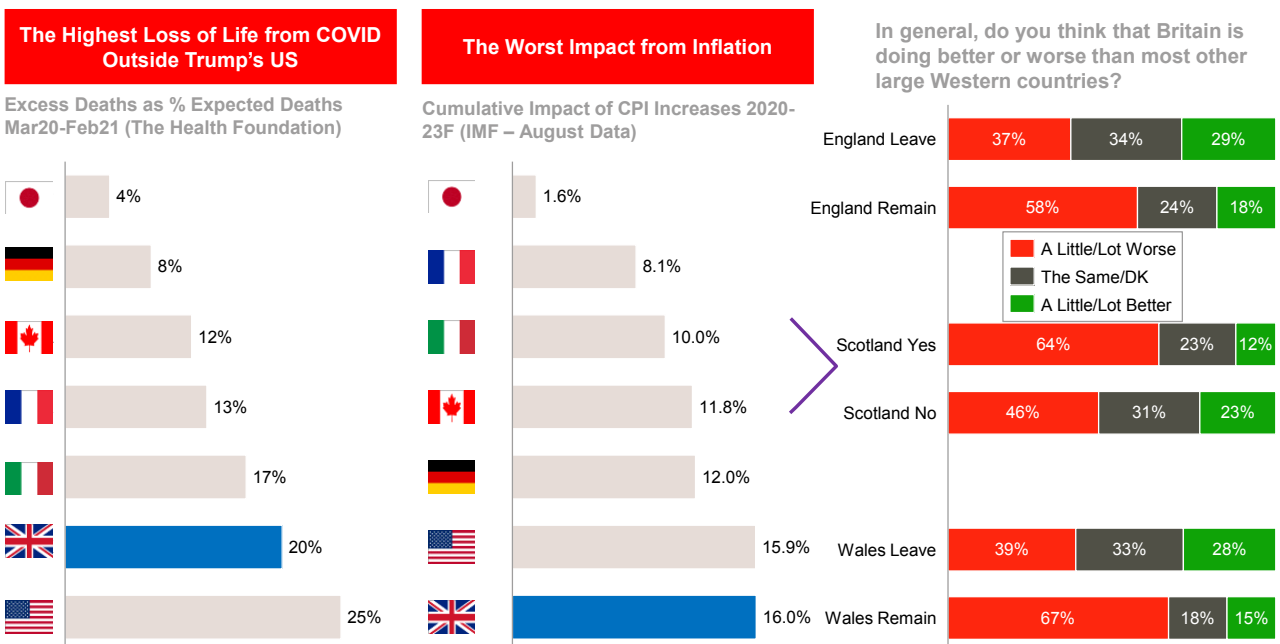
Any serious plan for change must begin with an unsparing assessment of where we are.

To many people, it feels that Britain today is a country in permanent, constant crisis. The cost of living crisis, exacerbated by the war in the Ukraine and following close on the Covid Crisis, is creating the greatest squeeze in living standards for the last 50 years. Today we live in a Britain that none of us ever expected to see. Child poverty is rising inexorably. Lower and middle income families are struggling to pay their bills. Nurses and other frontline workers are forced to rely on foodbanks to feed their families. For too many people, an honest day's work no longer pays the wages they need to have a decent life.

Many of the roots of these crises are global, but Britain has managed them less well than most other Western developed countries.

Exhibit 1

Britain's Real and Observed Failure When Confronted With the Crises of the 2020s

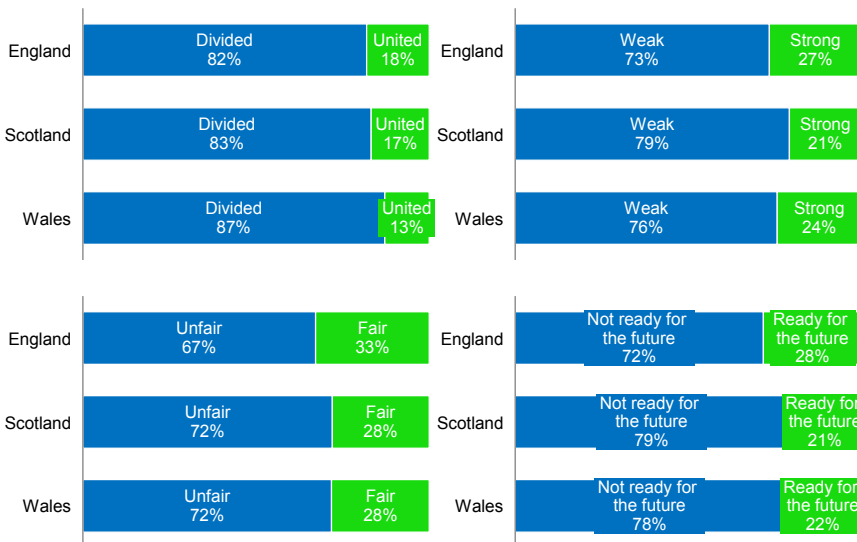


This is not just our view. According to extensive polling done for this Commission, across the entire geographic and political spectrum, Britain’s citizens feel that under the current government, our country is weak, divided, unfair and not prepared for the future.¹

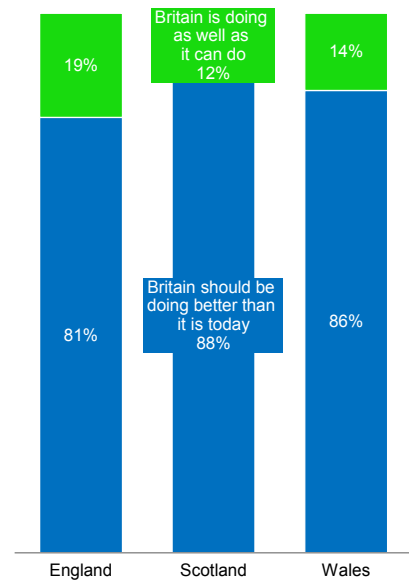
Exhibit 2

People Overwhelmingly See Britain as Not Set Up for Success Today

Complete the Following Sentence – Britain Today Is...



Which Statement do you most agree with?



We must learn serious lessons from recent experience. The next decade will undoubtedly throw up more crises to navigate. Some like climate change are already with us; others will come out of the blue, as did the Ukraine war and the new threats posed by nuclear weapons. If we are to be a prosperous, healthy, and successful country we need to rebuild the strength of our economy and to ensure that happens we need to improve the quality of our government.

These Crises Follow a Decade of Stagnation

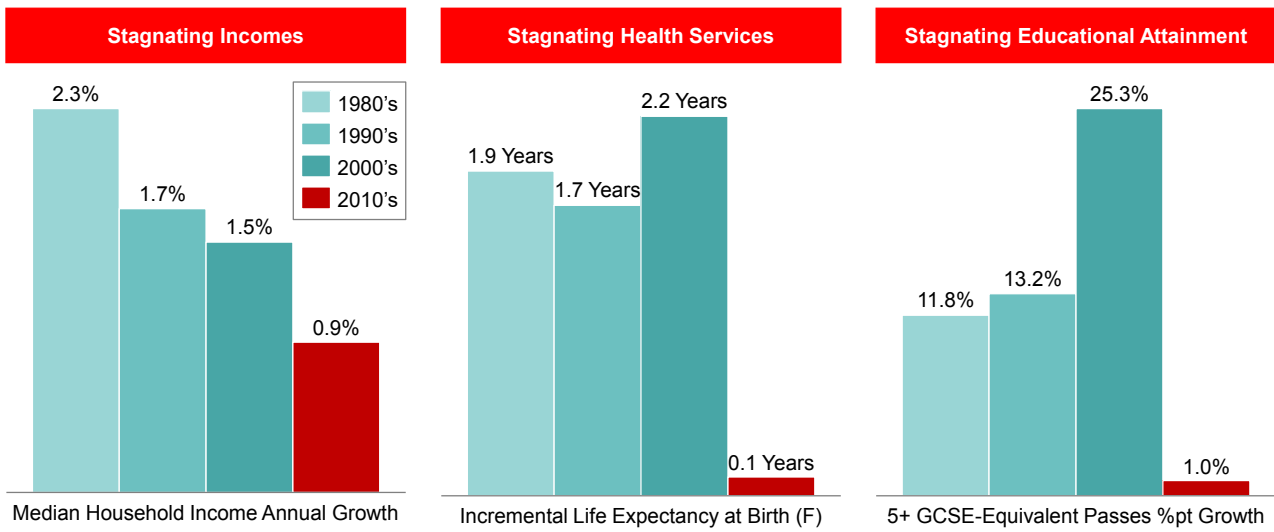
The British people have shown that we can lead the world in addressing some of the world’s greatest challenges, as the innovative research flowing from our universities and best companies recently demonstrated. Britain funded and developed the first Covid vaccines. Britain has made more progress than most countries in reducing our carbon footprint. But we cannot let these and other successes blind us to the reality of British life for most of its citizens. The most common feeling about Britain in the last decade is not success, but stagnation.

Incomes have stalled, and people’s financial security has worsened, with home ownership down from 70% to 65% and household savings declining. Public services have stagnated too.

¹ Polling conducted by the think tank Our Scottish Future – referenced from time to time throughout

Exhibit 3

Britain's Decade of Stagnation



Britain's decade of stagnation can be characterised in three ways, each mutually reinforcing and together overwhelming Britain's political economy:

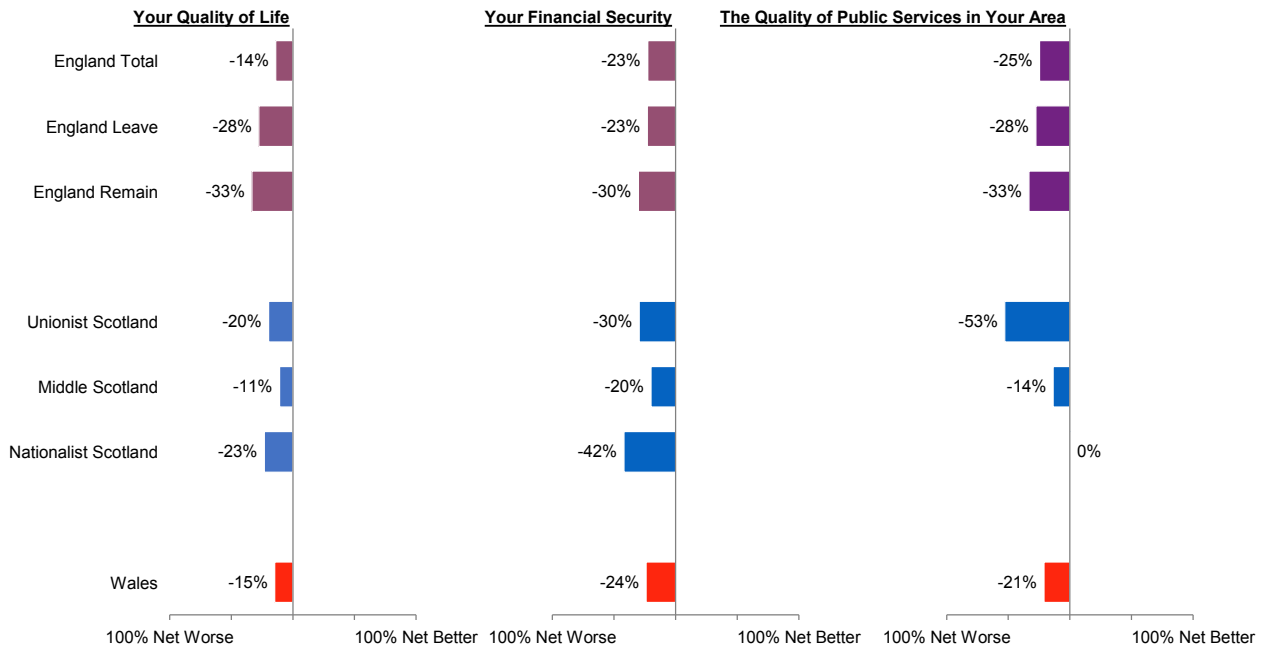
- Weak economic growth, driven by low productivity
- Deteriorating public services, accelerated in part by a policy of austerity
- Declining trust in politics, exacerbated by poor standards in public life.

This all adds up to a situation where people feel deeply pessimistic about their future quality of life, public services and financial security.

Exhibit 4

Today, people across the UK are united in fearing for their future quality of life and financial security, and access to public services...

Over the next 5 years, so you think the following things will get better or worse? (Net Better/Worse)























Low Growth because of Low Productivity

Economic growth creates the financial security for families to live comfortably, the opportunity for individuals to get on in life, and the prosperity to invest in better public services. Every extra percentage of growth can increase the money available for public services by £10bn a year. But Britain’s real growth over the last decade of just over 1% has been less than half of that in the two decades before the financial crisis, and lower than our competitors.

Britain Falling Down the Growth League Table

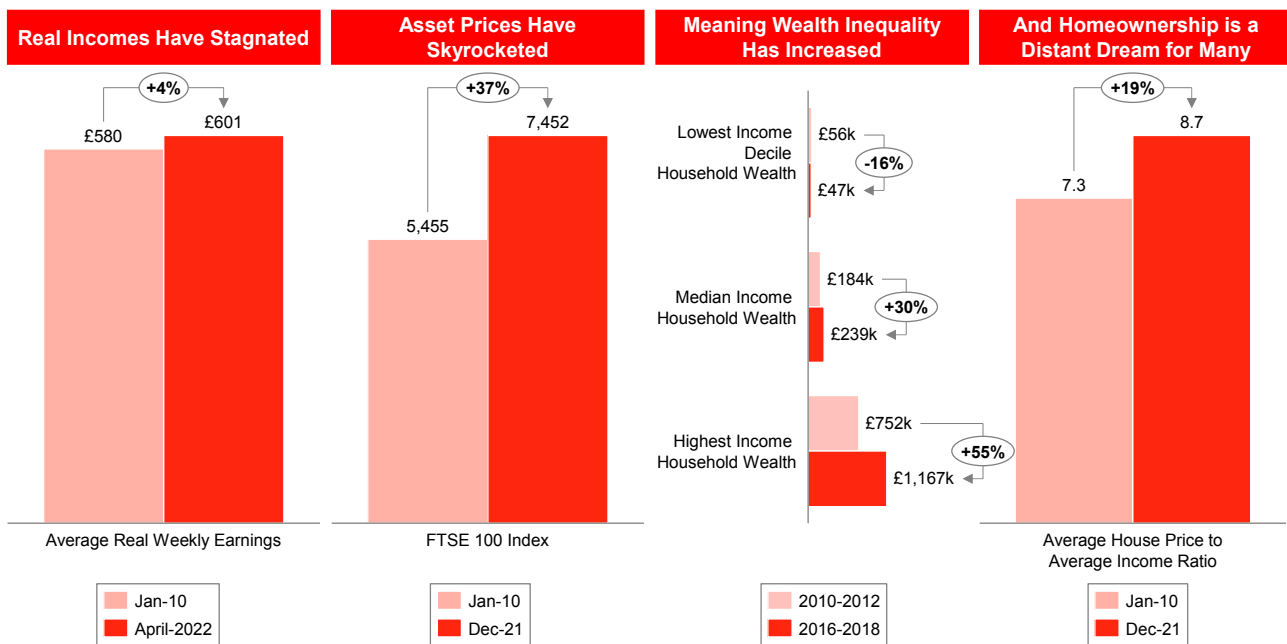
Annual Growth in GDP per capita, PPP (constant 2017 international \$)

G7 Rank	1990-00	2000-07	2007-21
1 st			
2 nd			
3 rd			
4 th			
5 th			
6 th			
7 th	Nb no comparable data for Canada pre-1997		

The value created by an hour of labour has barely risen in the last decade, after 50 years of steady growth. It is this *productivity* crisis that explains why Britain has fallen behind. In the ten years after 1997 UK productivity grew by 1.9% a year, the second highest in the G7. In the next decade, it was the second lowest at 0.7%. So pay and living standards for most people in Britain have not improved, and taxes have risen to pay for worse public services, making this a lost decade for British families.² In 2007 the median British household was better off than those in the Netherlands, France, Germany, Denmark and Ireland. Today the same household is poorer than all of them. It has been a lost decade for workers, not because they work less hard, but due to long-term underinvestment - in capital asset formation, skills, and infrastructure. In contrast, the value of assets - mostly owned by the few - has enormously outperformed incomes. For the top 10%, the last decade has brought windfall gains. For everybody else it has never stopped being tough.

² According to the ONS, just before the crisis, a full 39% of hours worked in the UK were done in industries that created less than £25 of value for that hour, with over 70% of those hours creating pay of less than £15, often with insecure working conditions.

A Lost Decade for Workers



Britain’s economic model of the 2010s – with prosperity unevenly spread throughout the country and thus an unbalanced economy – reduces overall demand and if we are to break with the stagnation of recent years and generate the prosperity we need, it starts with improving growth and productivity in every area across the UK, bringing into play the potential of every region and nation.

Deteriorating public services

As our economy has failed to keep up with the rest of the world, so too have our public services. Many, like the NHS, that were once the envy of the world, have fallen behind. NHS performance has gone from world leading to merely average. The UK has dipped from a consistently being first amongst 11 Western countries to fourth in 2019. Health inequalities have got much worse as outcomes have stagnated.¹ The UK has seen lower increases in life expectancy and higher rates of healthcare inequality than other high-income countries. Even before Covid the NHS waiting list had grown from around 2.5 million to over 4 million, putting the entire service under stress.²³ Now it has nearly doubled yet again. Public satisfaction with the service is the lowest in 25 years.⁴

The story is often worse in other public services, most of which saw big real-terms cuts over the decade. Social care is severely rationed. Deprived of any rise in real terms spending per pupil, schools have seen no meaningful improvement in performance despite a decade of top-down reforms. And now even the basic administrative functions of state – like passports – are in disarray.

We find that across England, Scotland and Wales there is now a clear perception among the people of the country that the government is not working – not dealing with poverty and the cost of living crisis, cutting crime, creating good jobs or ensuring fairness. The Government’s recent spending plans are unlikely to improve performance.

Exhibit 7

People See Britain’s Government is Not Working

How well do you think Britain today is doing in...?

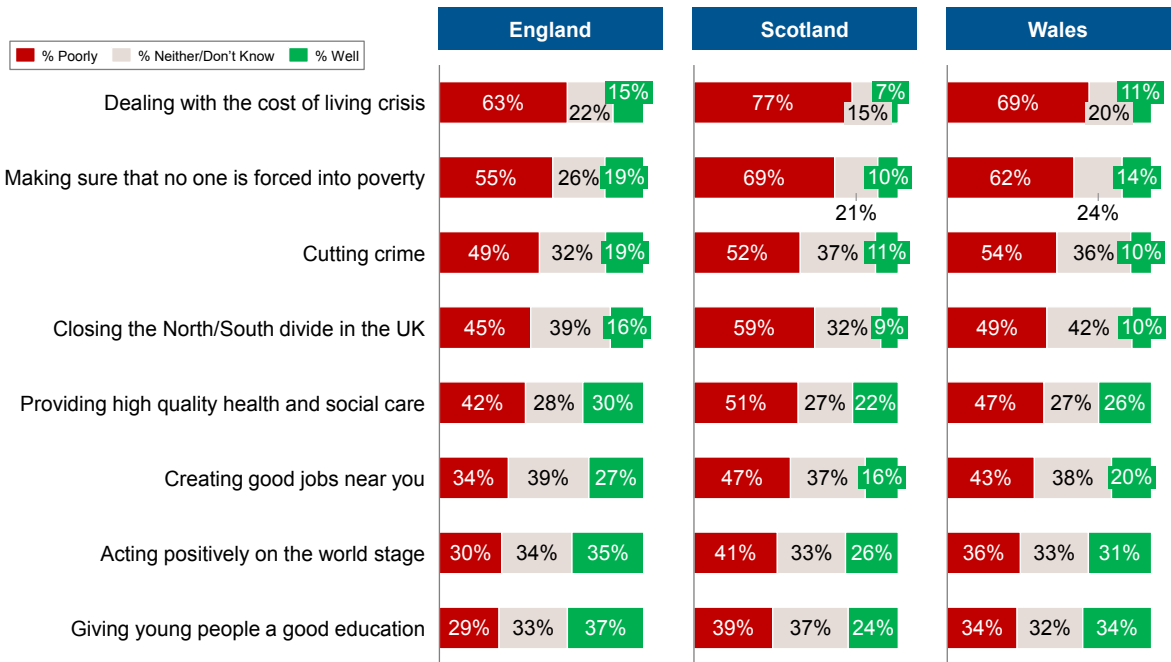


Exhibit 8

Experts Have Put The UK’s Public Services On Red Alert

Service	Performance on the eve of pandemic vs 2009/10	Ongoing direct impact of Covid on working practices	Current performance vs 2019/20 performance	Funding adequate to return performance to 2019/20 level	Workforce adequate to return performance to 2019/20 level
General practice	Red	Amber	Amber	Amber	Red
Hospitals	Red	Red	Red	Red	Red
Adult social care	Red	Amber	Amber	Red	Red
Children's social care	Amber	Green	Green	Red	Amber
Neighbourhood services	Amber	Green	Amber	Red	Amber
Schools	Green	Green	Amber	Red	Amber
Police	Amber	Green	Amber	Green	Green
Criminal courts	Amber	Amber	Red	Red	Red
Prisons	Red	Amber	Red	Red	Red

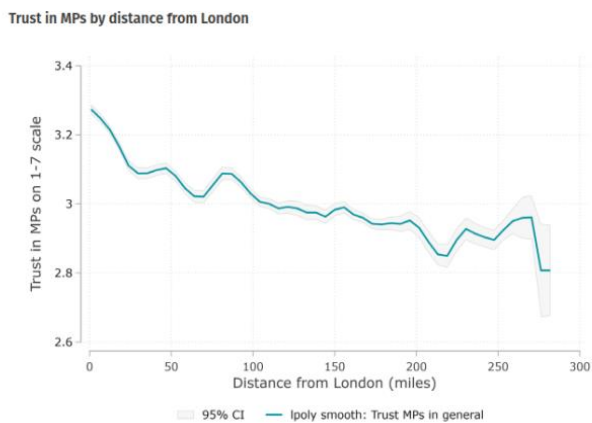
Source: Institute for Government analysis, supported by CIPFA.

Falling trust in the political system

Against this background it is hardly surprising trust in British politicians has declined rapidly over the last decade. According to detailed research by IPPR, over 60% of people in the UK now think that British politicians are merely out for themselves. Only 5% believe that politicians are trying to do their best for the country.⁵ This loss of trust is more deeply felt outside London and the South East: and in particular trust in central government institutions declines the further away communities are from Westminster and Whitehall.⁶

Exhibit 9

Trust in Politicians Declines with Distance from London



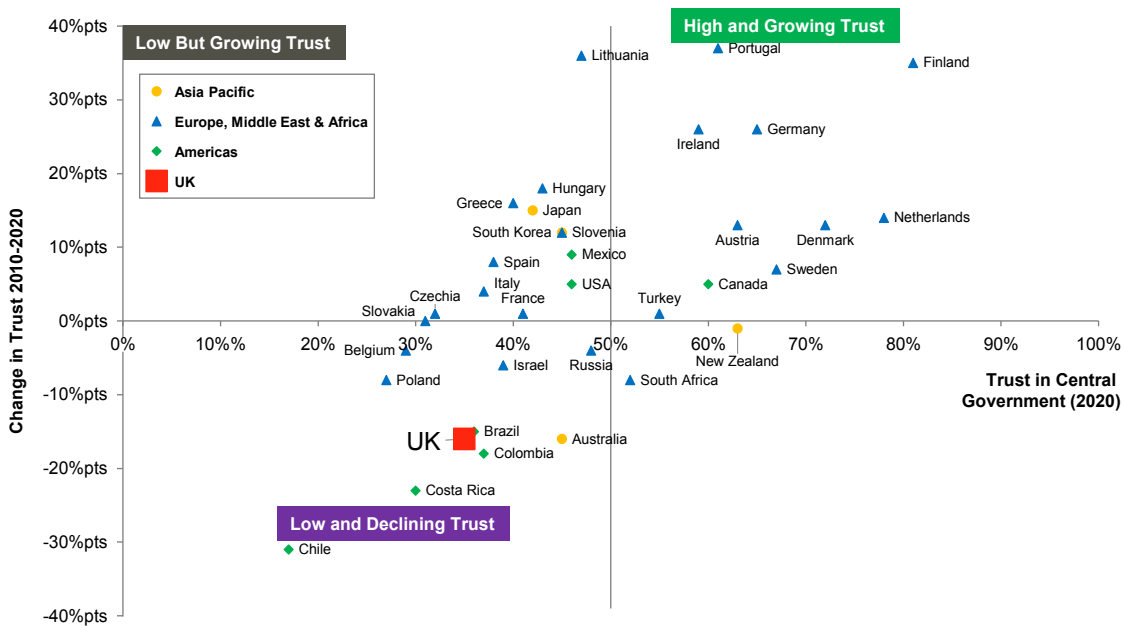
When it comes to telling British people the truth, politicians and government ministers are now trusted by only 12% of British people - a figure that is less than any other profession polled, including advertising executives, estate agents and bankers.⁷

This lack of trust goes much deeper than in most other countries. Trust in UK central government is among the lowest in the 40 OECD developed countries, and the lowest by far of the G7. And the downward trend over time is even greater in the United Kingdom. Ten years ago 50% of Britons said that they generally trusted central government - now only 35% do. This is not mirrored by low trust in state institutions in general; British people trust the police, the civil service and local politicians as much as the citizens of most European nations - the problem is the hostile sentiment towards government at the centre.

Exhibit 10

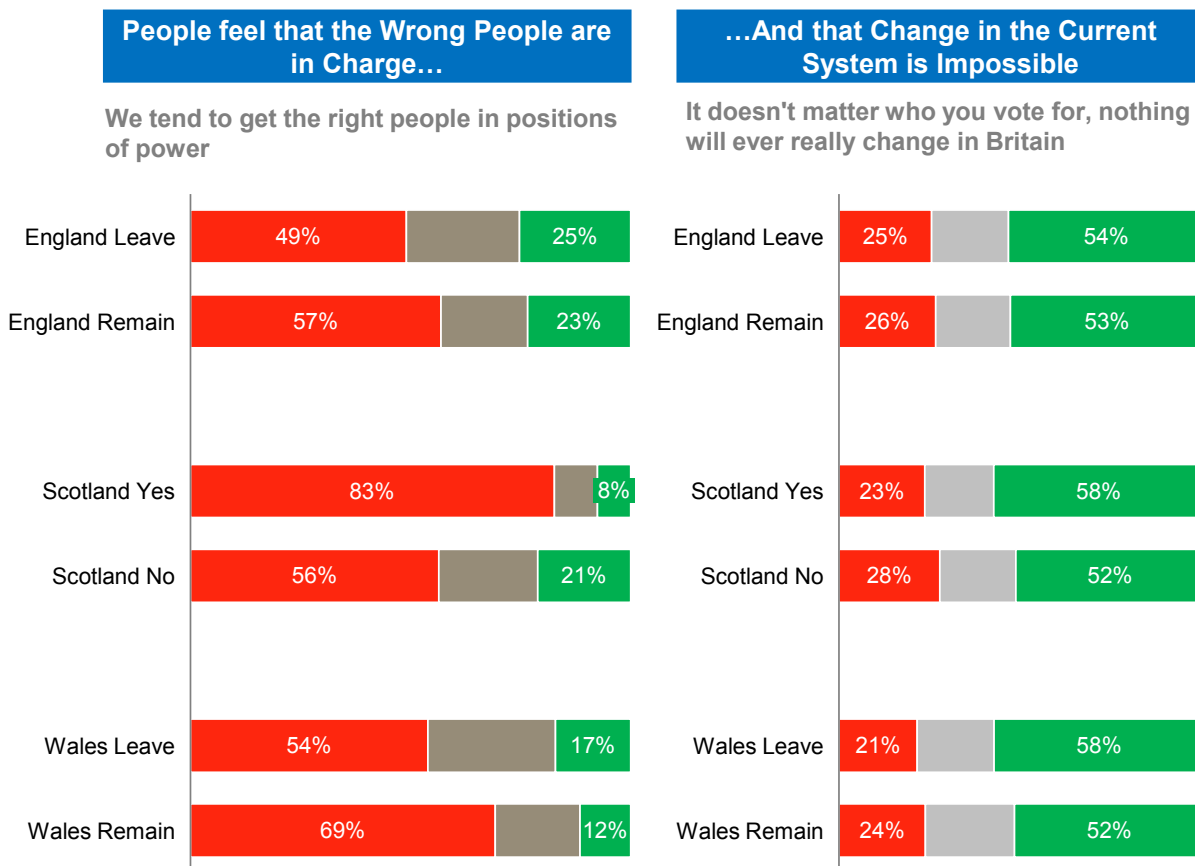
The UK's Trust Problem

OECD Trust in Government Benchmarks, 2010-20



This has serious implications for our future. Over half of people across England, Scotland and Wales agree *'it doesn't matter who you vote for, nothing will ever really change in Britain'*, a damning indictment of a political system that is failing to deliver.

Exhibit 11



Standards in Public Life

The behaviour of politicians has not helped. Since the MPs expenses scandal, regularly made promises of a clean-up - of more integrity, more transparency, more accountability and more professionalism - have come to little. Conflicts of interest, cronyism and tolerance for poor personal standards continue to recur. For example, £14bn was spent on PPE through what was called the VIP lane which has led to legitimate questions about proper accountability.

Research into Lords nominated since 2001 concluded that “lifetime appointments to Britain’s Upper House are being sold to wealthy donors”.⁸ Fifteen of the last sixteen Conservative party treasurers have been offered a seat in the House of Lords, and each has donated more than £3m.⁹ Recent Conservative Governments have broken almost every rule of ministerial propriety. The Ministerial Code has been ignored and Ministers guilty of unacceptable conduct remain unpunished. Two Prime Ministerial ethics advisers have resigned in despair. Something has to change.

The Commons is not immune from scandal. Well publicised cases show that not enough has been done to remove conflicts of interest. Second jobs are banned in the American Congress, but a quarter of Conservative MPs had second jobs. In 2012 over 200 MPs received earnings on top of their £65,738 salary. Many were small payments

for journalism or the like, but additional earnings as high as £1m were recorded, which means significant time and effort spent on non-parliamentary business.¹⁰

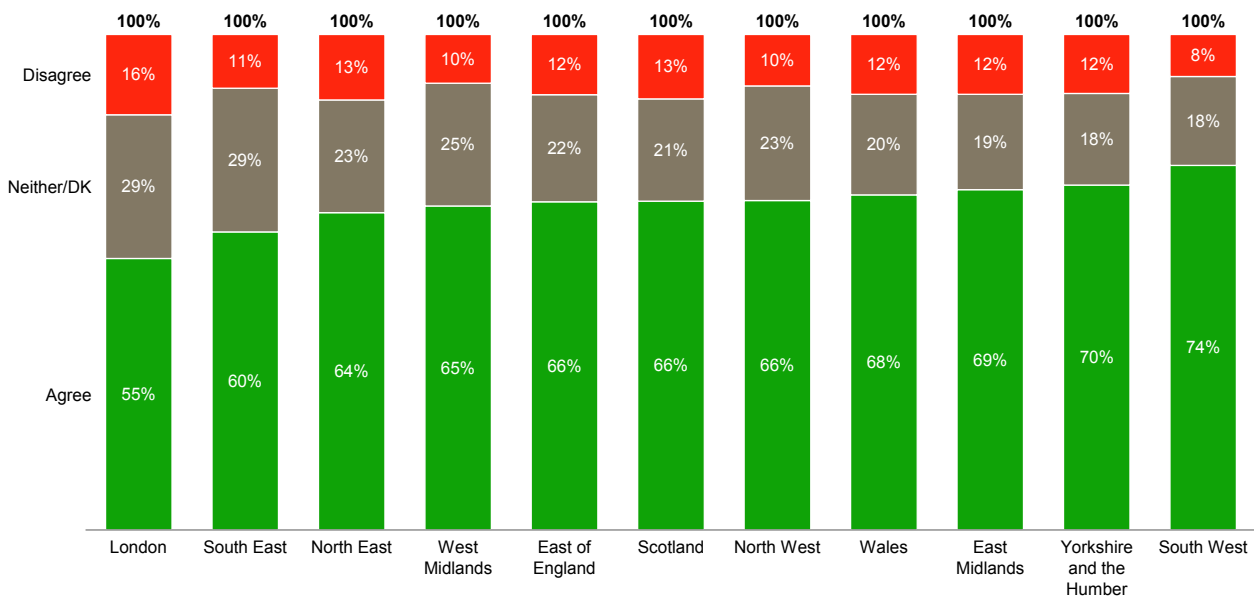
A UK-wide consensus for change

The Brexit vote sought to take back control, but this promise of greater control has not been delivered. There is a strong sense that local government is being sidelined, that central government remains remote and unaccountable, and that citizens are not listened to and taken for granted.

Exhibit 12:

People Everywhere Feel Invisible to Politicians

To What Extent Do You Agree With This Statement: *I Feel Invisible to Politicians In Britain*



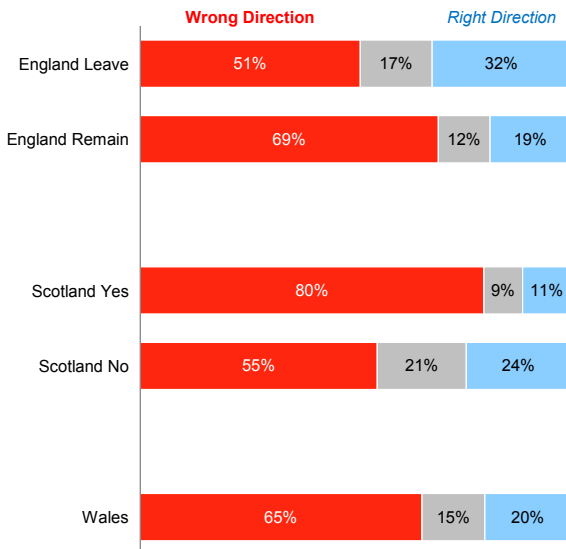
The evidence from Scotland is that Whitehall and Westminster seem as remote as they were when 45% of the people of Scotland voted for independence in the 2014 referendum. But the sense that central government is remote is felt in every part of the United Kingdom.

While the country may, on the face of it, appear to suffer from intractable divisions, there is in fact a strong consensus everywhere that Britain is going in the wrong direction and that radical change is needed in how money and power works here. Whether they voted Leave or Remain, people agree that radical change – not cosmetic or gradual change – is needed in how political power and public money are distributed in the UK.

The Consensus for Radical Change

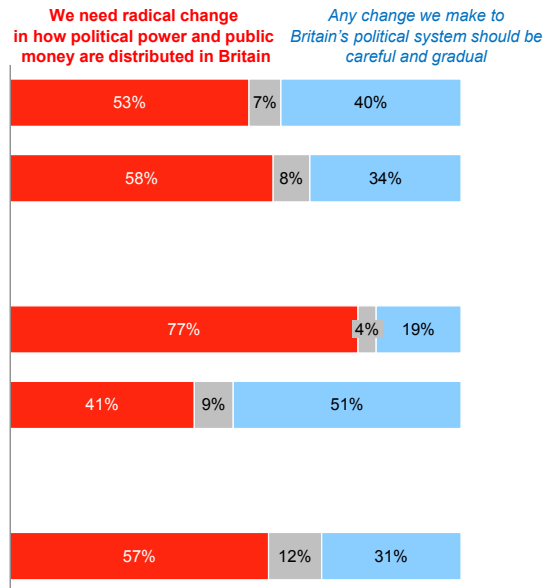
People Agree Britain is headed in the Wrong Direction...

Do you think Britain is headed in the right direction or the wrong direction?



...And that Radical Change is Needed

Which of these Statements do you Most Agree With



The evidence we have accumulated suggests that the British people want real change. They want more opportunity spread more widely across the country. They want a fairer society where the fruits of growth are distributed more equally. But they also want their voices to be heard with more decisions made locally near where they are, and closer to the services they want to see improved.

And so the challenge for decision makers today is to reach out to citizens who are clearly demanding real change, to listen to their experiences, and to provide them with a realistic, fair way forward. The Commission therefore looked for ways Britain can be rewired so the whole country can benefit, measures that taken together can:

- **Restart** our economy to create prosperity and opportunity for working people everywhere
- **Rebuild** trust in politics
- **Reunite** our country through our shared missions and values.

Chapter 2

Getting to the Root of the Problem: Britain's Unbalanced and Unfair Economy

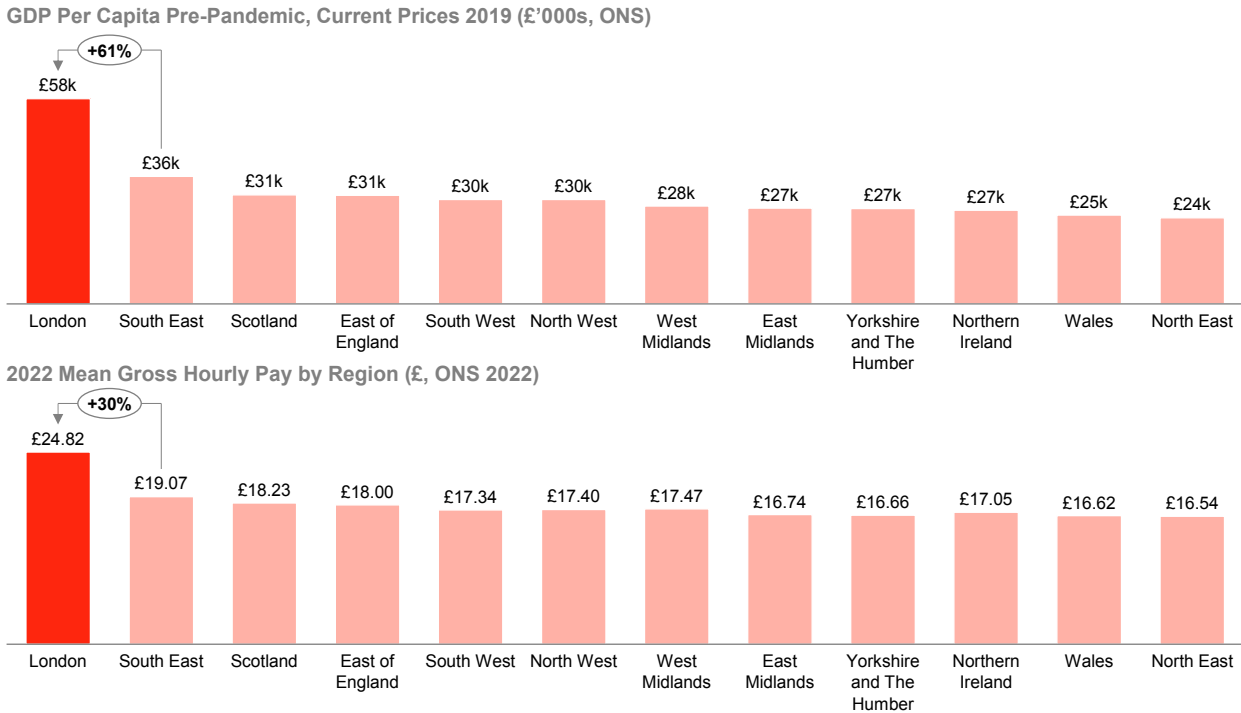
In this chapter we argue that whilst there are there are many immediate reasons for the low growth, deteriorating public services, and low political trust that bedevils Britain, each share a common underlying cause in the inherent, unique imbalance in the UK's economy which sees growth and prosperity concentrated only in London and the South East of England. Any attempt to restart the UK economy and rebuild trust in its politics must therefore address this imbalance.

Britain has a uniquely unbalanced economy that prevents most people from enjoying both economic opportunity and financial security.

Economic inequality in Britain is increasingly embedded in our society. Many people in Britain feel – with good reason - that where they get to in life is as much a function of their parents' hard work as their own. Pre-pandemic, Britain was already the most unequal country in Europe on wealth and income. After 10 years of austerity – when the wealth of the top 10% in society grew from over four to over five times that of the bottom 50%, today's crises are widening the gap yet further. Already we hear that the top 1% of income earners banked 10% pay rises ahead of the inflation crisis, whilst everybody else went without.¹¹

Although economic inequality is a feature of many countries, what is unique and most damaging in Britain is its geographic dimension. Britain's financial centre and the areas around it dominate the economy in a way that is unique in any major country. In 2019, GDP per capita in London was £58,000 – 60% higher than the surrounding South East of England on £36,000, and almost 90% higher than the Scotland and the East of England on £30,000.¹² Wages in London are 30% higher than anywhere else in the country.

The UK's Regional Imbalance in GDP and wages



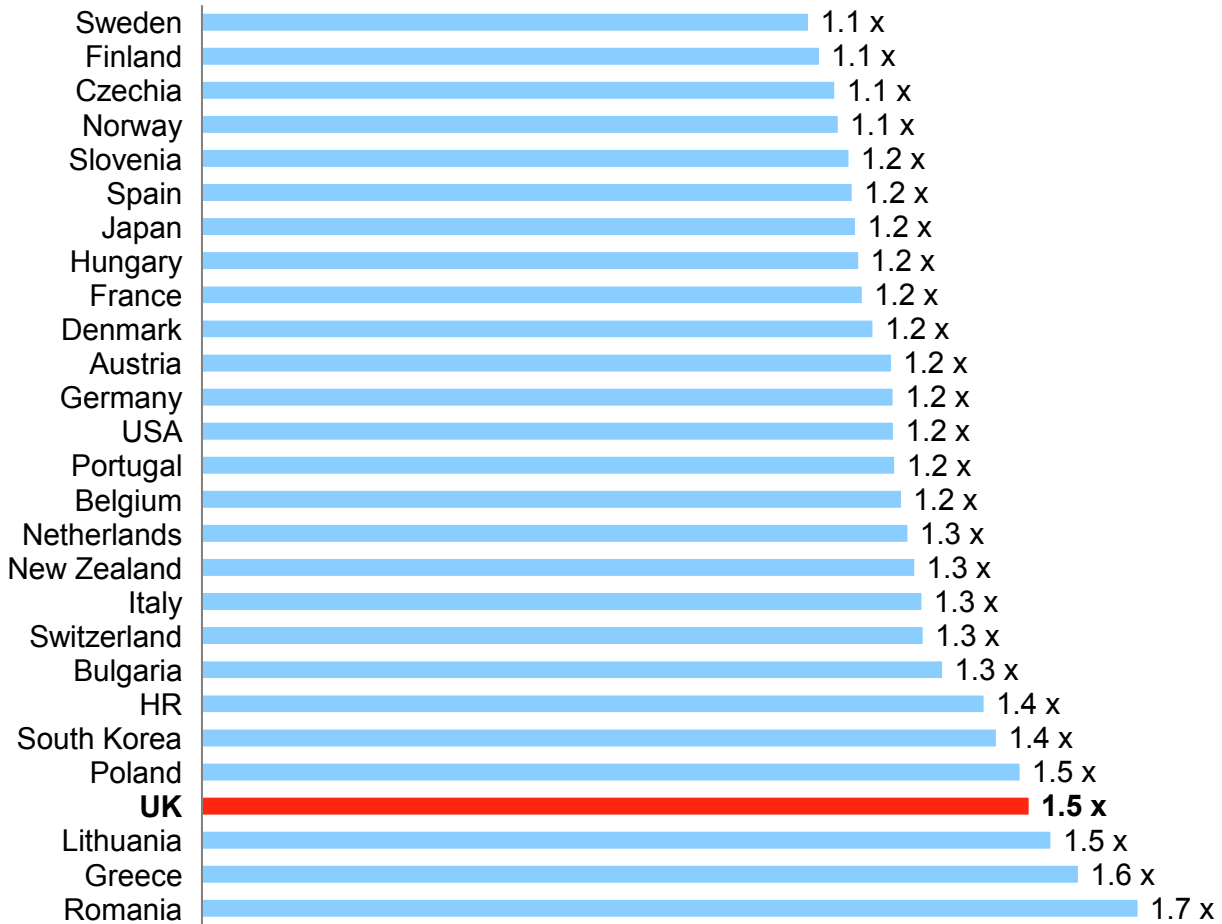
According to Professor Philip McCann, no other large, developed country has as an economy that is geographically unequal as the UK's on so many measures.¹³

Inequality between and within regions has grown. In pure GDP per capita terms, half the UK population live in areas no wealthier than the poorer parts of the former East Germany, poorer than parts of central and Eastern Europe, and poorer than the US states of Mississippi and West Virginia. On the multidimensional OECD study, the Midlands and North of England are seen to offer a lower quality of life than Alabama – one of the poorest US states.

Other countries show how things can be different. Germany, faced 30 years ago with the challenge of reunifying a prosperous west and a poverty-stricken East today has a more regionally balanced economy than the UK does. Thanks to a deliberate policy of economic rebalancing and regional solidarity the Gross Value Added (GVA) per worker in the former East Germany is now within 20% of the West German equivalent. Even the United States teaches us lessons about how things can be different – where, unlike London, the global connectivity provided by New York has enabled cities like Boston and Philadelphia to reinvent themselves around the industries of the future.

UK Regional Inequality in International Context

GVA per Worker (2016-20 Average) – Ratio of 80th to 10th Percentile
OECD Countries with at least 10 NUTS3 Regions



Our unbalanced economy is a barrier to equality of opportunity

Britain’s unequal economy leads to an unfair society. The gap between the richest three and the poorest three regions impact entire lives. Our country is not offering equal life chances to its citizens. Those who are born and stay in rich areas – regardless of relative poverty – will live longer, have better education, better health, safer communities, and better pay than those born in poor area.

- The healthy life expectancy of a child born today in one of the three regions of England with the lowest GDP is four years shorter than in the three with the highest.¹⁴
- After their schooling, a child on free school meals in one of the three less wealthy areas is less than half as likely to go onto higher education than one on free school meals in London.¹⁵

- As they grow up they are 20% more likely to be obese¹⁶ and more than twice as likely to be killed by a drug overdose¹⁷.
- If they don't move from their home region their median hourly pay will be roughly 25% lower, and even adjusting for sector mix they can expect to earn less for the same hours worked.¹⁸
- They are 20% more likely to be the victim of a violent crime.

Furthermore, it is clear that the bellwethers of community pride – high streets up and down the country – only thrive when the local economy is strong and productive, providing sufficient wages to encourage people to shop and enjoy themselves. That is why a strategy of direct investment in the high street at the expense of other productive industries is destined to fail.

The impact of our unbalanced economy is felt everywhere across the UK, and not just the North. IFS analysis show wages being (like-for-like) around 25% higher in London than the North East, but disposable incomes roughly the same due to the substantially higher housing costs in the South.¹⁹ Our unbalanced economy also caps overall growth potential. This extreme imbalance in the UK economy is forcing families up and down the country to choose between a life of limited economic opportunity or one of limited financial security, when any healthy economy should be able to guarantee both. Indeed, the impact of this lack of financial security on many families and children in London cannot be underestimated.

We cannot get Britain firing on all cylinders again and solve our productivity and growth crisis unless we ensure the whole of the country plays its part. London and the South East do not have the capacity to grow much faster. Our major cities and towns all have huge wasted resources that, if invested in properly, could drive up growth and quality of life for everyone.

Our unbalanced economy further reduces trust in politics

Inequality between the wealthier and more deprived areas of the UK is considered a more serious problem by more people than any other form of inequality - including racial, generational, gender, and income.²⁰ Polling conducted for the Commission showed most people across England, Scotland and Wales believe that where you live is more important than your innate talents in determining how well you do in life.

Everybody Knows That Where You Live Has a Huge Influence On How You Get On In Life

Which of the following factors do you think are most important in deciding how financially successful someone is in Britain?
Ranked by % in Top 3

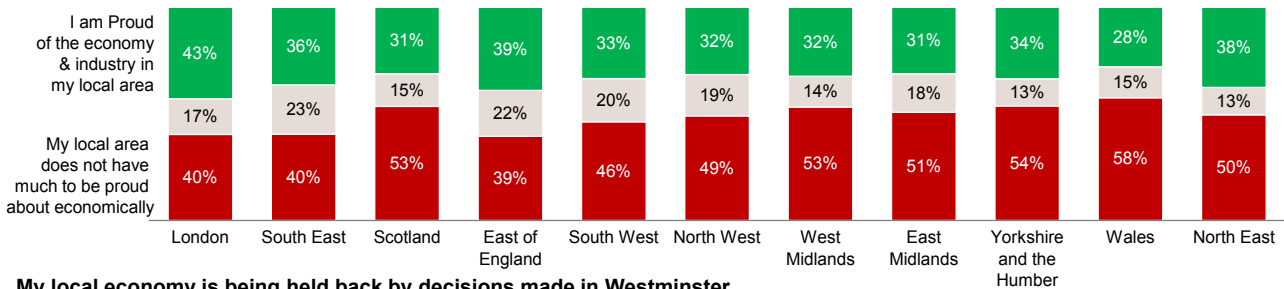


The evidence also suggests that Britain’s regional inequality is a key underlying driver in the declining public trust in both Westminster and the British state. Polling by IPPR has shown lower levels of trust in MPs correlated directly with distance from Westminster²¹, and polling done for this Commission shows that places outside London feel that the British state is in general not invested in their future, and that their local economy is not something to be proud of – instead being held back by decisions made by Westminster government.

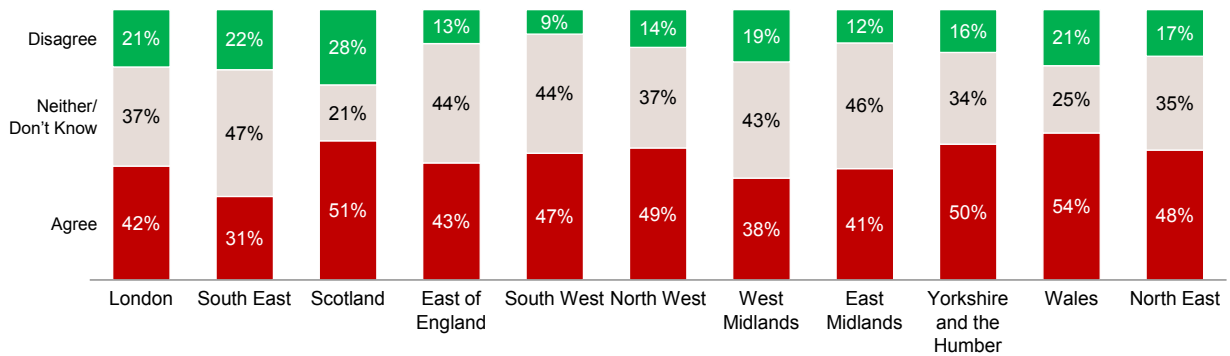
Exhibit 17

Many People Feel Held Back by Westminster, and Unable to Feel Pride in Their Local Economies

Which best describes how do you feel about your local economy?



My local economy is being held back by decisions made in Westminster



As our polling shows, people do not believe that they are getting a fair opportunity and feel held back. It is this erosion of trust we must address.

Exhibit 18

People feel that the British State does not Value Them and Their Aspirations

Is Britain Invested in Your Future?
Centre for Policy Studies Poll



Chapter 3: Over-Centralisation and Westminster and Whitehall's Power Grab

In this chapter we set out how the UK's extreme and unfair economic imbalance is exacerbated by the concentration of power in Westminster and Whitehall, which our unreformed constitutional arrangements make possible.

The shocking economic imbalance between the different parts of the United Kingdom is at the heart of why we are failing to reach our country's economic potential. It is a significant cause, also, of deep distrust in Westminster which people all across the country feel. It is our view that this economic imbalance itself is exacerbated by the gross over-centralisation of the UK state – a system of government where power and control are hoarded by a few people in Whitehall and Westminster.

This over-centralisation of power poisons almost every aspect of our political system. It bedevils the relationships between central government and the devolved institutions of Scotland, Wales and Northern Ireland, with Whitehall seemingly unable to respect their separate authority or work coherently to improve co-operation in areas of shared interest. It allows nationalist parties like the SNP to weaponise grievances, helping them in their campaign to break up the country. It cripples local government, removing initiative from different parts of the country, with councils forced to bid against each other for limited resources. It creates the conditions for failed, trickle-down economic policies, with central government indifferent to where growth happens, thereby reinforcing Britain's imbalanced economy.

In no comparable democracy do so few people at the centre make decisions so far away from so many. Other countries of similar size to the UK spread political and economic power across different levels of government. With multiple centres of power, initiative and influence across the whole country, communities can see administrations more responsive to their needs.

Our diagnosis therefore is that for Britain to start fulfilling its potential as an economy and a society, and in doing so rebuild a politics of trust, we must radically rewire how power is distributed in this country.

The UK is more centralised than any comparable country

The UK is a uniquely centralised. No other large country takes so many political, fiscal and economic decisions at the centre. Whitehall and Westminster control around 95% of the UK's tax revenue, and 75% of the UK's public spending – a far higher concentration of fiscal power than in any comparable country.²² Increasingly, central government interferes in local policies and decisions and even directly runs more and more local public services. This has been long term problem, but taken to breaking point under recent Conservative administrations, with local government too often reduced to a delivery agent for central policies rather than a partner.

This is deeply problematic for the devolved governments in Scotland Wales and Northern Ireland. Relations between them and the UK government have often been

difficult, but in recent years have deteriorated even further. Recent Conservative Prime Ministers have repeatedly failed to engage with the devolved leaders in Wales and Scotland, and legislated to override devolved power. These are extreme examples from dysfunctional UK administrations, but they reflect an underlying structural problem: that the UK government is hyper-centralised when dealing with the 85% of its population in England, and so is not set up to deal well with the other centres of legitimate political power, and finds it can ignore constitutional safeguards for devolution.

Centralised power leads to an unbalanced economy

There is a strong correlation between Britain's overcentralised political power and its geographically concentrated prosperity. In the past, all of Britain contributed to its success – with the great cities and towns of the UK all driving growth and prosperity. Despite talk of 'Levelling Up', regions, cities and towns have little voice or power of their own to challenge central control. They are made to feel like supplicants without the power of initiative.

A government that pursues purely free market policies like privatisation and deregulation claims to be liberating business from unnecessary red tape and taxation. But it is really giving up any responsibility for an industrial policy, and so for where in the country or in which sectors of the economy growth is supported.

The Treasury model (the so called "Green Book") that sets out how government capital investments should be assessed makes sense for individual projects like reducing congestion on the London Underground by building new tube lines.²³²⁴ But it cannot rise to the challenge when the whole country's economy has become unbalanced, and when as a result, under its model, the greatest economic benefit is predicted to arise in the places that are already doing well.²⁵ Rather than rebalancing the country by directing funding to underutilised areas and people, it has actually led over the long-term to the under-resourcing of the worst off areas – holding back the country as a whole.²⁶

Control has been further taken away from communities in England by a Central Government Power Grab

Over-centralisation is bad for everyone, but in particular for England. Successive UK governments have clung to the long out-of-date notion that "Whitehall knows best", and over the last decade Whitehall has driven an effective takeover of more public services, with top-down reorganisations of England's schools, NHS, and justice systems. These have not improved outcomes. For example, the extensive top-down Lansley reforms of the English NHS were described by the independent Kings Fund as "*Distracting and Damaging*". In doing so central government overruled the knowledge and creativity of good local practitioners, who are forced to deliver a marketised one-size-fits-all service.

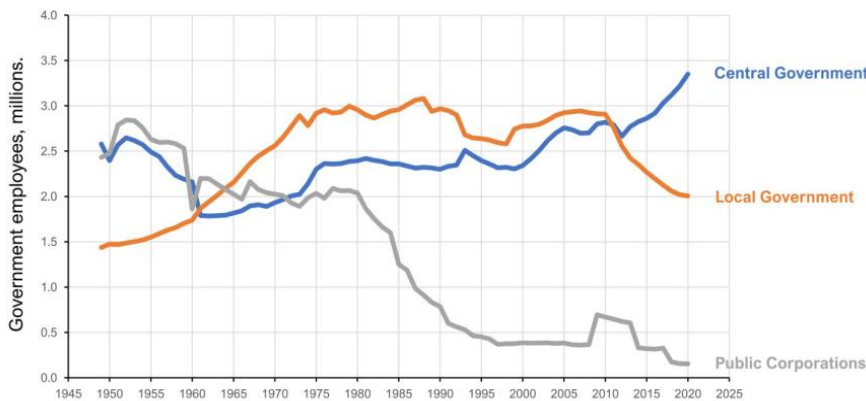
Local government was once a proud and independent element of the UK's public life. But it has been systematically disempowered, controlled, and underfunded, and the last decade of Conservative rule in particular has seen political power increasingly captured by central government. Since 2009/10 local government funding from central government has been cut by 37% in real terms.²⁷ The cuts have also been unequal: falls in government spending have been above average in the North, and falls in public health spending have been particularly large in the Midlands.²⁸ Council budgets are heavily controlled at a detailed level by Whitehall departments, and they are constantly required to bid for extra funding even while their core budgets are being dramatically cut.

All too often local government has been forced to become little more than a delivery agent for policies made in Whitehall, spending its time and energy repeatedly bidding for decreasing quantities of money from politically determined funds, often designed to give central government ministers an easy headline. It is left with little or no space to use its own money to identify and solve local problems, or to innovate. A disempowered local government cannot work as a constructive partner with the centre, challenging ideas which don't work or adapting national policies to local circumstances. There are many ways of measuring this, but perhaps the most remarkable is in the number of people working for central and local government. Over the last decade, the number of central civil servants has increased dramatically, while the number of council employees has dropped by about the same amount.

Exhibit 19

The Westminster takeover

Central government in the UK has never employed more people.
Local government employment is at its lowest since 1963.



Source: Civil Service Statistics and Quarterly Public Sector Employment Survey, Office for National Statistics
Source: A millennium of macroeconomic data, Table A51. Public Sector Employment and Armed Forces Estimates, 1690-2016, Bank of England

This increasing centralisation of power has been reflected in the concentration of senior civil service jobs in London. Almost 2/3 of civil servants who work on policy are in London, despite promises of relocation. Indeed since 2010 the number of civil servants in London has gone up by over 20% but has declined in every other English

region.²⁹ Concentrating top jobs in the capital means most policymakers have little day-to-day contact with life in the majority of the country they are running.

This concentration of power at the very centre of government means civil servants are making many decisions which should be made locally, rather than looking at strategic issues affecting the whole country. Focusing decision-making power on an ever smaller group at the centre, not a range of locally and regionally accountable politicians, overloads the centre. It cannot link with the required range of local experts, business leaders and community representatives. Over the last decade the policies of the Conservative government have poured fuel on the fire - with short-term, competition-based funding and the deliberate undercutting and dispersal of regional and local development organisations allowing ministers to play different parts of the country off against one another, exacerbating the divide between rich and poor places and balkanizing Britain.

Competition-based funding is demonstrably a counter-productive way to reduce inequality. A small number of councils have become adept at winning these competitions. The remainder receive even less than before, and local government further loses the capacity to plan and innovate for itself. The very process of bidding costs cash-strapped councils millions, while also diverting staff resources. Nowhere is the unfairness more obvious than in the Conservative Levelling Up and Towns Funds. Of the 31 areas given a Levelling Up priority higher than their deprivation would suggest, 26 are wholly represented by Conservatives. The first round of the Levelling Up fund was found “unsatisfactory” by the Public Affairs Committee (PAC). The Towns Fund has raised the same concerns about political bias.³⁰ The PAC was “not convinced by the rationales for selecting some towns and not others”.

Even where local government is supposedly free to make its own decisions, Whitehall micromanagement disrupts its ability to work effectively. Councils have recently only been allowed to plan budgets for single years, and are often not allowed to hold savings back in one year for spending in the next.³¹ This is highly inefficient, particularly for building or commissioning new infrastructure, as it prevents long term planning, generates short term costs, and complicates councils’ ability to negotiate effective deals with business.

Strong, well-resourced local councils and mayors can bring experts together from business, research, and local communities to deliver locally led economic strategies. But the hollowing out of local government forces them to focus instead on saving essential frontline services. Much local economic development has therefore been led by ‘Local Enterprise Partnerships’, many of which are practically irrelevant with limited accountability, few staff and little presence.³² People and businesses do not know whom to take their ideas to, or who can provide them with support. This ends up benefitting those who know how the system works, rather than the full range of small businesses, cooperatives and social enterprises that may be best placed to create wealth in local neighbourhoods.

Combined, these changes have enabled ministerial meddling in issues which, in any comparable country, would simply not be a matter for central government. It is human nature that ministers will want to be at the centre of decision making. But the deliberate reduction in the number of decisions made locally and the capacity for local leadership in favour of centralised decision making has allowed this culture to flourish. Reversing this is crucial if we want local political decisions to be made by people on the ground, who know their areas best, and can be held accountable at the local ballot box.

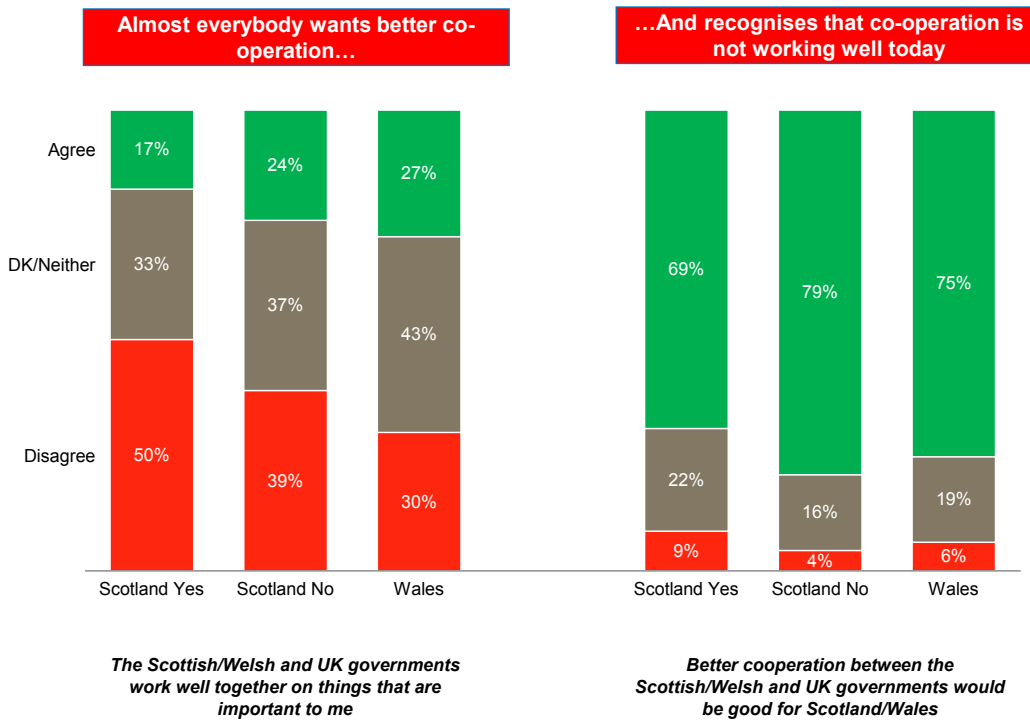
And one only has to look at the recent IFS report on funding fairness in England to see that the impact of the Conservatives' power grab over the last 10 years has been to accentuate the geographic unfairness of the UK - with the financial impact of austerity over the last decade felt more by poorer areas in police, schools and local government.³³ Indeed it is not just the IFS who think this - our new Prime Minister was filmed in Tunbridge Wells boasting about how he had been able to redistribute funding from poorer areas to some of the wealthiest places in the country. If we are to correct the economic imbalance, we need long-term, formula based fair funding and genuine centres of initiative across the country.

Centralisation has held back co-operation across the UK

The last 25 years has seen an increasing transfer of powers over public services and economic and fiscal devolution to Wales, Scotland and Northern Ireland. In each of those nations substantial self-government is clearly the settled will of the people.

But instead of promoting cooperation between the different tiers of government, successive Conservative administrations have allowed the institutions of intergovernmental dialogue such as the Joint Ministerial Committers to atrophy and - at their worst - pursued a form of Muscular Unionism that has sought to disempower devolved governments. It is welcome that in some cases, individual officials and Ministers in London have tried to make the relationship between the centre and devolved governments work, but when if success or failure depends on individuals, it only underlines the need for fundamental reform. Today, people in Scotland and Wales want to see an end to muscular unionism and instead, greater co-operation.

Exhibit 20



Centralisation has made it more difficult to tackle impropriety and corruption in politics

The misuse of centralised power by politicians in recent years has exacerbated the problem of low and declining trust. The assumption that there is unlimited power at the centre of government has allowed some ministers and MPs to think that there are no constraints on their personal behaviour, and that standards of propriety will not or cannot be enforced on them. It has also encouraged some Ministers to think that there are no constitutional constraints on Ministerial behaviour, that Parliament itself can be disregarded, that the courts can have powers removed from them, or that the devolved institutions can simply be overridden.

In our democracy, we rely on MPs and ministers largely to regulate their own behaviour, not least because the Ministerial Code is administered by the Prime Minister himself. Recent years have demonstrated how this system breaks down when politicians, and particularly the Prime Minister, use their Parliamentary majority - and the absence of statutory controls on behaviour - to disregard clear breaches of the rules. The current Prime Minister, despite promising professionalism, accountability and integrity, brought back a Home Secretary who had resigned six days earlier after a breach of security

Allowing improper behaviour to go unpunished erodes public trust further. Unless steps are taken to fix this, their mistrust will be well justified.

There is however more to this than misbehaviour and sleaze. Nearly 50 years ago the Conservative politician, Quintin Hogg, Lord Hailsham, described our governmental system as an “elective dictatorship”: a government which commanded a majority in the Commons could do more or less whatever it wanted. He was referring at the time to Harold Wilson’s Labour government, governing with a very small majority, but nowhere has this been more clearly seen than in the most recent Conservative administrations. Boris Johnson acted as if electoral success indeed entitled him whatever he liked, and so doing tested to destruction not just the rules and expectations relating to standards of ministerial conduct, but also the constitutional conventions which normally govern how British prime ministers and governments act.

The Johnson administration broke or bent constitutional conventions which have traditionally put some limits on the behaviour of British governments. Conventions are present in all constitutions to some degree, but in an unwritten one like the UK’s have a particular importance. It is extraordinary to record that recent Conservative administrations have twice been taken to the Supreme Court for overstepping the boundaries between government and Parliament.

The constitutional convention, followed by all governments since 1999, that the centre should not legislate on devolved matters or alter the powers of the devolved legislatures without their consent, has been systematically disregarded by the Conservatives. The impact of this in Scotland in particular is clear – when Boris Johnson was in power only around 15% of Scottish voters trusted the UK government to act in their best interests always or most of the time.

The absence of checks and balances in our political system is something that should concern us all, no matter our political allegiances.

By contrast, our polling suggests that the closer government is to people, the more is trusted. The lesson is clear: to rebuild trust in our system of government, more decisions must be taken closer to the people they affect.

Any organisation, from the military to some of the world’s most successful companies that has anything approaching the complexity of running a country, has an operating model that sees more people empowered, but with each making fewer decisions, and doing so with more transparency and accountability. Applying this principle to how our country is governed, with the right powers in the right places, will make our central government better able to focus on long term strategic national decisions, ensure regional, local and devolved government better placed to deal with the issues that affect their citizens, and allow central government to focus more effectively on crises. Crucially, the power to promote economic development will be in the hands of local people.

Chapter 4: A New Britain That Works for Everybody

In this chapter we set out how, in spite of the deep and intertwined challenges we face, there is a consensus across our country for a different way of doing things. A New Britain is waiting to be born, based on our shared values and the clear desire for change.

It does not have to be like this. In communities, towns and cities in every region and nation, there is a hunger for change. All across our country people want their voices to be heard and their views and voices respected. They want decision making to be brought closer to them and for our democracy to be more accountable – and in doing so rebuilding trust in our system of government.

This shows that a New Britain is waiting to be born. It can be founded upon shared values and a shared cultural inheritance. It can be driven forward by a supportive environment that enable new opportunities for growth and for prosperity to flourish. And it can be realised in a fairer and more prosperous country which benefits every region and nation.

Despite Divisions, People across Britain share Common Identities, Values, and Ambitions

Some claim Britain is irreparably divided, and that the Scottish referendum of 2014 and the Brexit referendum in 2016 showed that we exist in different tribes - Yes and No, pro or anti Brexit - with irreconcilable values and priorities for the country. The evidence we have brought together demonstrates that this is not so.

Of course each nation has pride in its own cultural and social history, and each has its own traditions and institutions. We must recognise and value the distinctiveness of Scotland, Wales, Northern Ireland and England. We also recognise the distinctive identities of towns, cities and regions and the far stronger sense of local identity and pride felt in communities in every part of our country. But we see no fundamental contradiction between being Scottish and British, or between being a Londoner, a Geordie, a Liverpudlian, a Mancunian and English and British, or being Welsh and British.

For we have also identified a widespread pride in our shared culture. Despite attempts by nationalists to make people choose between being Scottish and British, or Welsh and British, or English and British, British identity – overlapping with but not superseding other national identities – remains meaningful for most people.

Our research also shows that no matter where people sit on the political spectrum they share similar ambitions for themselves and their communities, and share common, important values they want to see reflected in our society.

The political disagreements we have had – vehemently in many cases – are often more about the over the ‘how’ of our politics, rather than the ‘what’. There are three

concepts – originally used in the first democracies in Ancient Greece – that are critical for the success of any nation, with Britain being no exception.

- *Demos*– a shared identity and definition of ‘We’
- *Telos* –common ambitions and goals
- *Ethos* – common values

Shared British Identity

Most people in the UK today have an overlapping set of national and regional identities. Polling from Our Scottish Future found that people in London and the North of England typically feel equally British, English, and Londoners/ Northerners. In Scotland and Wales, whilst Scottish and Welsh national identities are typically felt more strongly, British identity is still meaningful for a majority.

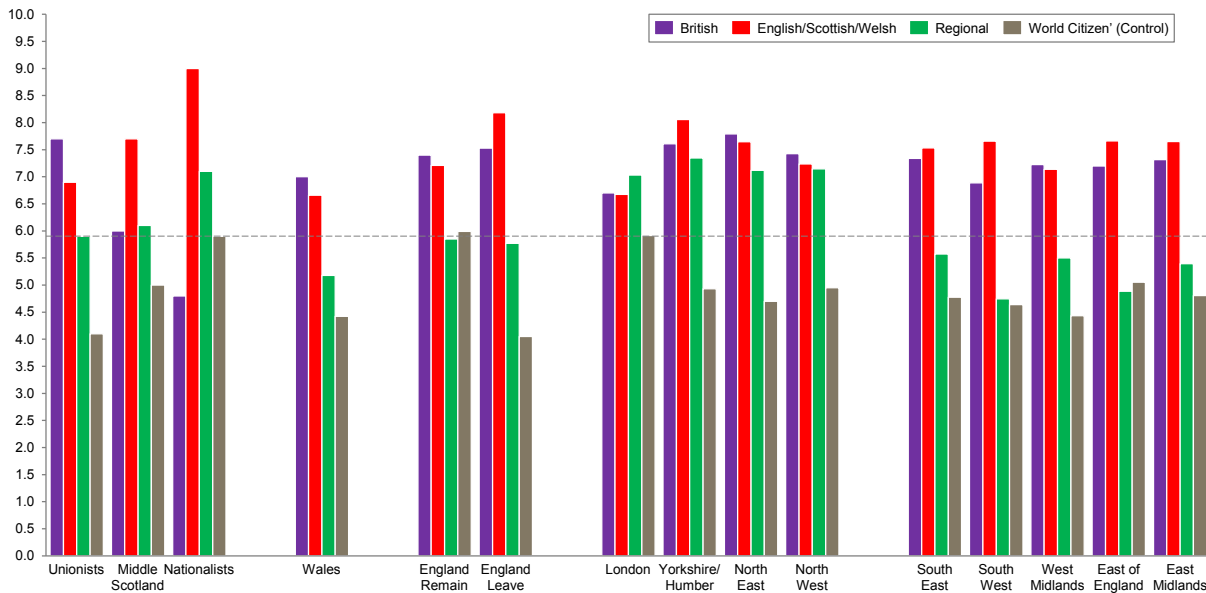
British identity is civic in nature – our polling demonstrated that in comparison with English, Welsh and Scottish identity, people across the UK feel that British identity is conferred more by values and behaviours (such as speaking English) than by parentage or birth. According to the poll, being born in Britain is seen as less important to British identity than respecting Britain’s way of life, and is only important at all to one third of people in the UK.

Just as there is no inherent contradiction between Britishness and the identities of the four home nations, there is no contradiction between being British and being Jamaican, Pakistani, Indian, Turkish, Cypriot or any other national identity. So it is clear that our plural identities remain centrally important to our sense of ourselves.

Exhibit 21

Britishness is often felt as part of a 'tridentity' alongside national and local senses of belonging

Could you give a score from 0 to 10 based on how you personally identify, where 0 = 'I do not identify with this at all', and 10 = 'This is an important part of my identity'



Of course, the idea of plural identities, in itself, is not unique to the United Kingdom. Everyone, everywhere in the world, has such plural allegiances - layers of loyalty, spreading out from the intense attachments to family and friends to local political loyalties to national allegiances. Everyone has sets of overlapping identities: our own individual personality and the identity that we gain from our relationships with others: family, friends, village or town, region and nation.

In different places and different times, people attach different priorities to each of these. But because of the special constitutional arrangements, tested over centuries, by which four nations, with distinctive cultural identities, have been bound together in one United Kingdom, there is something distinctively British in the way such plural allegiances are important to us and reflect and shape much of our collective life.

The evidence shows that for people in every nation and region of the country, the values of solidarity and reciprocity still matter, with support for sharing and cooperation flowing from that.

It is time therefore for a new narrative that builds commonality between all our different regions and nations. We should no longer accept a world view based on 'competition for resources' - a policy of divide and rule, which sets different parts of

the UK against each other. Instead we should recognise we all share in one form or another British, national, regional and local identities and that people need to hear a positive, locally-specific story that advances the needs and aspirations of their communities by ending geographic inequality. Our new national story must focus on an 'equality of opportunity economy,' and reject the divisive but also anaemic, over-centralised Tory approach to how decisions are made and for whose benefit.

Shared ambitions and goals

Every week new polls come out showing the priorities of the British people. Although in the heat of politics the differences across the different geographic parts of the UK can be exaggerated, the fundamental differences in priorities are quite limited. In our recent poll, people in England, Scotland and Wales had the same three top priorities for action,

- Better Performance from the NHS
- Lower levels of Poverty and Homelessness
- Higher Wages

Exhibit 22

The Nations of the UK share the same priorities

What do you most hope will happen in Britain over the next decade? Included in top three

	England	Scotland	Wales
#1	Better performance from the NHS	Better performance from the NHS	Higher wages
#2	Lower levels of poverty and homelessness	Lower levels of poverty and homelessness	Lower levels of poverty and homelessness
#3	Higher wages	Higher wages	Better performance from the NHS
#4	More affordable housing	Faster economic growth	Lower taxes
#5	Lower taxes	Lower taxes	More affordable housing
#6	Faster economic growth	Scottish Independence	Faster economic growth
#7	Lower rates of crime	Rejoining the EU	Rejoining the EU
#8	Lower immigration	More affordable housing	Lower immigration
#9	Rejoining the EU	Higher levels of investment and jobs in my local area	Lower rates of crime
#10	Lower carbon emissions	Lower carbon emissions	Higher levels of investment and jobs in my local area

What comes out pragmatically from polling, comes out more poetically in qualitative exercises like *Scotland in a Zoom* – which sought to bring together both Yes and No voters in Scotland, and Caroline Lucas' *Dear Leavers...* initiative after the Brexit

referendum. People in the UK – as across the West - share common personal goals of being prosperous, secure, and respected. They want to pass down a country to the next generation that is more prosperous, greener, and fairer than the one that they inherited, that listens to and respects all of its citizens as equals, and that provides the security of a strong NHS and welfare system. If these statements sound like platitudes it is because they are obviously true.

To achieve these aims the UK has adopted the principle of pooling and sharing our resources, ensuring that welfare and public spending are distributed in such a way that all regions and nations can benefit from the resources of the whole UK as well as sharing the risks. Historically the agreement to share across our country is far stronger and more entrenched than in many other countries, or indeed far deeper than in a union like the EU. But in every generation we have to ensure that this pooling and sharing works in a way that benefits all parts of our country.

Shared Values

Complete agreement in politics is neither possible nor desirable but some basic agreement on the values that all can expect should be a foundation stone of every country and must be the hallmark of the New Britain we seek. Our research shows that the British people want an enabling state that:

- invests in the people of the country
- ensures equality of opportunity for everyone everywhere
- makes decisions and gets things done quickly
- empowers people and communities ensuring they have more control over those decisions.

The evidence from our Commission and from others is clear and overwhelming:

- There is a clear majority in every nation in favour of the protection and improvement of our public services and against giving priority to tax cuts at this time.³⁴ Furthermore, 65% of citizens in total³⁵, and clear majorities in excess of 60% even across the nationalist and Brexit divides, agree that government should intervene to make society fairer wherever possible
- 56% of people in the UK believe that the gap between the wealthy and the rest has widened too much – only 5% that it has not widened at all³⁶.
- 80%+ see the fact that all citizens regardless of race and colour have equal rights as important or very important to their sense of national pride³⁷.
- 85%+ see living in a tolerant country as important or very important to their sense of national pride.³⁸
- Across the UK, by a majority of around 3:1, people would prefer

- that decisions about how money is spent in their local area should be made by people in their local area not by distant experts; and
- that local people decide how money is spent in their local area, more than that their local area gets more money, and
- that red tape is cut to ensure decisions are made more quickly.

Exhibit 23

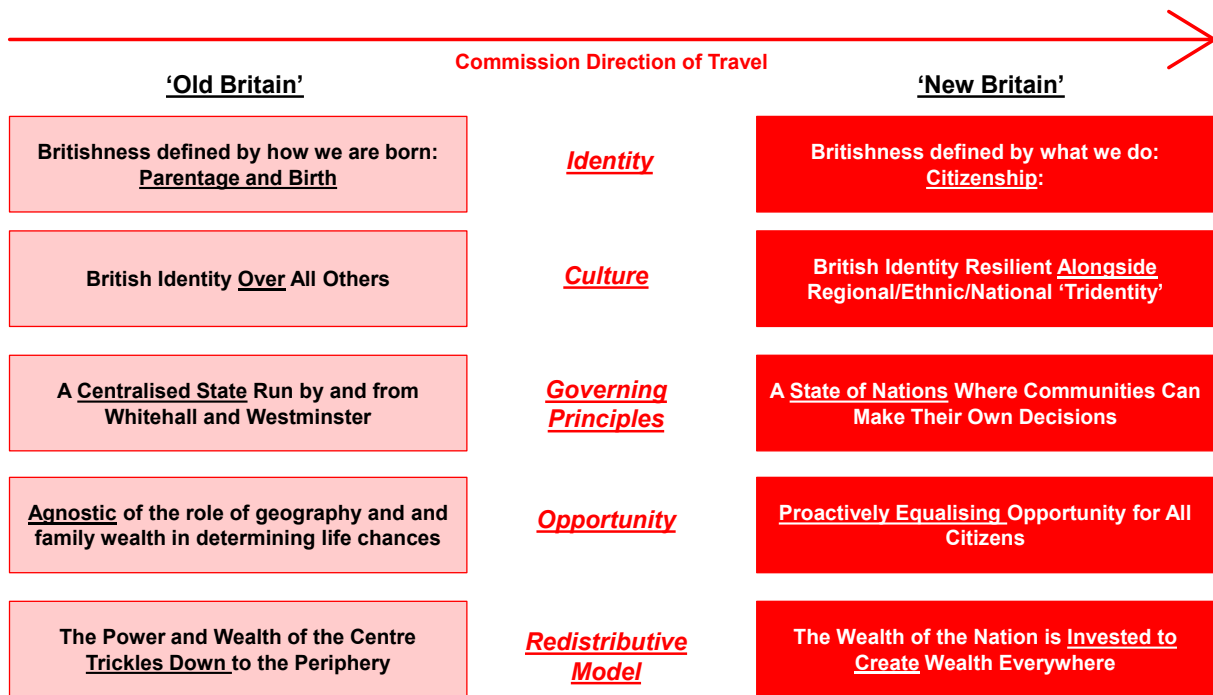
Shared Constitutional Values of New Britain

Which Statement do you Most Agree With (England Voters Only)



Collectively, our shared identity, values and priorities provide a strong foundation on which a 'New Britain' - distinct from the 'Old Britain' underlying in the constitution today - can be built.

The Journey to New Britain



New Britain means returning power and control to the people and permanently reforming Westminster and Whitehall

Whilst rebalancing Britain's economy is essential in the long-term for rebuilding trust, urgent action is also needed in the short term. With the current levels of trust so low, no Westminster Government will be able to have the public's permission to implement much of the economic vision of a New Britain locally. In addition to the economic and social case for decentralisation of power, there is therefore also a strong political case to put more control in the hands of the people, by giving local leaders and communities the tools they need to deliver real change.

People have substantially more trust in local and devolved representatives to act in their best interests

Which of the following groups of people do you trust most to have your best interests at heart? Please rank your top three.
Included in top three

	England	Scotland	Wales
#1	Local councillors	Local councillors	Local councillors
#2	Directly elected city/regional mayors	Members of the Scottish Parliament/ Senedd	Members of the Scottish Parliament/Senedd
#3	School governors	Trade union leaders	School governors
#4	Civil servants	Directly elected city/regional mayors	Trade union leaders
#5	Trade union leaders	Civil servants	Directly elected city/regional mayors
#6	Members of Parliament	School governors	Civil servants
#7	Members of the House of Lords	Members of Parliament	Members of Parliament
#8		Members of the House of Lords	Members of the House of Lords

Local and devolved authorities in England are clearly seen as more efficient in getting a better return on public money. Nowhere was this clearer than in the Test and Trace regime during the pandemic – where local authority schemes were an order of magnitude higher value for money than the failed central scheme.

Pluralism is an essential element of an empowered democracy, one which should not be pinned down to a single model of centralised, one-size-fits-all government. Greater political decentralization can encourage a lively and engaged debate about our country’s future, which has the potential to enhance our civic life and allow localities to breathe new life into our democracy through new forms of participation.

In addition to the important part that can be played by putting the right powers in the right places, the restoration of political trust can only fully happen when the centre is reformed – with clear, stringently enforced rules against the sort of unaccountable behaviour that has so rightly angered the people of Britain.

A New Britain Can Give the People of Scotland, Wales and Northern Ireland New Ways of Benefitting from the Union

The United Kingdom – as a voluntary nation of nations – is unique in the world. Over centuries it has delivered enormous benefits for each of its constituent nations. Since its origins as a political party and over more than 100 years Labour has supported the maintenance and improvement of the United Kingdom because at its best it embodies the principles upon which social democracy are founded - solidarity,

empathy, reciprocity, and co-operation - with a commitment to devolved power safeguarding the political and cultural distinctiveness of each constituent nation.

The Commission has listened to people in Scotland and Wales, and understands the deep sense of moral and political abandonment as a result of the present UK government, and the desperation for greater agency and radical change – feelings shared equally across much of the UK. Right now, it is up to those who believe in the UK as a positive force for good in Britain and the world to offer a real prospectus for change.

What is clear today is that whilst there is support for more self-government in Scotland, there is also strong support for better shared government over the shared assets of the Union – like the armed forces, the UK single market, pension, and welfare state – and for more co-operation over shared priorities such as the NHS.

Exhibit 26

People in Scotland want to keep (and improve upon) most of the important elements of shared government today

Whatever happens constitutionally, what elements of the UK today would you like Scotland to retain?

Aspect of Union	All Scots	Yes Intention Voter	
Work w/NHS England on specialist conditions/new drugs	Red	Red	Majority: Keep
No internal borders for people and goods	Red	Red	
A common UK Old Age Pension	Red	Red	
The UK intelligence and counter-terror services	Red	Red	
A common approach to international diplomacy	Red	Red	
A common welfare and benefits system	Red	Red	Plurality: Keep
A single British armed forces	Red	Olive	
Access to a UK Passport and citizenship	Red	Olive	Plurality: Do not Keep
UK funding for economic growth	Red	Yellow	
A single approach to immigration	Olive	Yellow	Majority: Keep
Team GB at the Olympics	Olive	Yellow	
The monarchy	Olive	Yellow	

A substantially rewired UK – different from the failed constitutional status quo – could offer Scotland and Wales both more self-government and better shared government in pursuit of shared economic and social missions.

Chapter 5: A New Economy for a New Britain

Innovation, a genius for which has characterized Britain over centuries, is the key to Britain restoring our prosperity in the 21st Century.

Today the latest Tory Prime Minister has a strategy for fiscal rectitude at the expense of growth. A few weeks ago his predecessor announced a strategy for growth at the expense of fiscal rectitude. We need both – and within the fiscal constraints the country now faces, we propose a modern strategy for growth is not based solely on deregulation and the creation of tax shelters but on removing the real obstacles that are holding back people and places.

Our vision is of a United Kingdom awash with a new economic dynamism, released from the dead hand of over-centralised decision-making. Instead, our cities, towns and regions will be empowered to encourage the innovative research, the high level skills and the supportive infrastructure that will create new powerhouses of industrial growth that could rival and even outpace our original successes in textiles, shipbuilding, iron and steel in the years of the industrial revolution.

The New Britain that we envisage will nurture the hundreds of emerging clusters of new industries based on new digital, genetic and green technologies that are already growing across the UK. It will ensure all of our towns, cities regions and nations have the power to support, participate in and benefit from the industries of the future creating highly skilled new jobs. And by doing this, we can bring real prosperity and life back to our high streets and town centres, and give young people the opportunities to fulfil all of their potential.

The strength of our democracy and vitality of our economy are intertwined. It would do little good to propose a programme of constitutional change to create a New Britain that does not deal with the major driver of geographic unfairness in the UK: our economy. At the same time a standalone programme of economic change that does not deal with the way our constitution limits fast, responsive, and accountable decision-making, and simply embeds the centralisation of power is destined to fail – like countless other growth plans in the past.

Instead, our proposals we make to rebuild trust in politics and reunite our country can help re-ignite an economy which has stagnated for too long in too many places.

It is time to think of the British economy differently - in a 21st-century way. Not merely - as many still see us from abroad – as primarily the City of London's financial sector and various appendages. Nor - as others at home often feel – as little more than a hangover from a past of heavy industry and traditional manufacturing that have outlived their successful years.

We must move on from an economy that is geared to one sector and to one part of the country and fulfils less than half the potential that can flow from our collective ingenuity and industry.

The evidence we have brought together demonstrates the opportunity for a new more technologically sophisticated, more broad based economy to sustain a New Britain - a country that could, under the right leadership and with the right policies, take off once again as one of the most successful internationally competitive modern industrial powers.

The way to do this is to bring together innovators, entrepreneurs, skilled workers, and local and regional leaders in a supportive environment that can nurture the 300 or so emerging industry clusters of the new economy. In this way we can reshape Britain for a new era of economic success – planting the seeds of our future prosperity across our country, and giving each nation and region greater powers of economic initiative.

Innovation has driven the Success of the UK Economy over Centuries

Talent, ingenuity and industry are hallmarks of the British people, and made our country's past success possible. Two hundred years ago in the first Industrial Revolution cities like Newcastle, Glasgow, Manchester, Liverpool, Birmingham, Belfast, Cardiff, Leeds and Sheffield and the towns around them were major centres of economic activity. Investment was distributed more equally across the country and Britain's powerful and globally important assets – our manufacturing, education, trade, culture and science - powered Britain through the communications and computing revolutions of the 20th Century.

As a result, Britain contributed to nearly every great technological advance of the last three centuries. From 1790, when James Watt successfully harnessed the power of steam, to 1825, when George Stephenson invented the passenger railway, to 1843, when Ada Lovelace invented one of the first computer programmes, Britain has led the way in three revolutions – the steam revolution, the transport revolution and the computer revolution.

Our genius for innovation has not dried up – just think of the revolutions we have led in just the last half-century:

- In 1967 Sir Godfrey Hounsfield conceived the idea for the CT Scanner.
- In 1978 a British surgeon ensured the first successful birth of a child after IVF treatment.
- In the early 1990s Tim Berners Lee pioneered an open internet where information could be transferred freely.
- In 1996 Dolly the Sheep was the first cloned mammal – at the Roslin Institute in Scotland.
- In 2004 we saw the discovery and isolation of a single free-standing atomic layer of carbon graphene at Manchester University.

- In 2012 Susannah Clarke used 3D-printed technology to revolutionise joint replacements.
- In 2013 Surrey Satellite Technology's S-band radar system, Nova SAR, won the Institution of Engineering and Technology's Innovation award for revolutionising navigation and surveillance communications.
- In 2015 Oxford Nanopore launched MinION, a portable DNA sequencing device to monitor viruses like Ebola or trace antibiotic resistance without large-scale computing infrastructure.
- Again in 2015, DeepMind's AlphaGo, based in the UK, became the first programme to defeat a professional Go player, giving a deeper understanding of the power and flexibility of machine learning.
- In 2016 Double Negative won its third Academy Award for pioneering visual effects work on the sci-fi psychological thriller Ex Machina.
- In both 2017 and 2021 the Nobel Chemistry Prize went to Scottish born scientists, to Richard Henderson of the Medical Research Council for cryo-electron microscopy, and to Sir David MacMillan for organocatalysis.

Not to mention Britain's leading role in understanding and building the both tests and vaccines that are helping beat Covid.

Britain Can Make itself the Home of Innovation in the 21st Century

Today, Britain again has the opportunity to be a global home of innovation: playing a major role in driving the technologies of the 21st century into the mainstream. As we move towards a mid-twenty first century that will be more automated, more environmentally sustainable and capable of helping people live longer, Britain can both create many of the start-ups and attract many of the global firms that will define a new era of technological advance

- **New discoveries in Genetics** and the life sciences industries will change how we prevent and treat disease through personalised medicine, and transform agriculture to deal with a globally growing population.
- **Artificial Intelligence** will change the way every industry works – inventing personalized ways of serving the needs of the individual, and increasing the horizons of human endeavour every field of expertise
- **Additive Manufacturing and 3D printing** will allow increasing complex products and materials to be engineered increasingly close to where they are needed.
- **Clean Technology** will transform the energy and materials markets, renewable energy is already cheaper to install than carbon- and over time recycled materials of all sorts will be cheaper as well as less harmful to the planet than virgin materials

The creative industries, many founded on the English language, will provide new opportunities for export led growth

Research that we have studied from the Centre for Cities has shown that today Britain has 90,000 firms in nearly 50 distinctive new industries that are being created from these technologies – from wave power to infection control to digital banking to creative media. The potential rewards to communities across Britain from growing these 90,000 “New Economy” firms and more new entrants like them and from leading in this fourth industrial revolution are clear:

- More high-skill jobs capable of paying high wages through higher productivity–giving workers and families greater security and a better life;
- A lower cost of living, as cheaper energy, and more efficient operating models bring down the cost of life’s essentials;
- A stronger High Street – as wealth created in new industries is spent locally across Britain, and in this way the “Everyday Economy” can benefit from new technologies invented for the New Economy;
- A more diverse and successful consumer economy, as British people gain access to the latest developments in entertainment, leisure and retail services;
- A safer and more advanced NHS which can get early access to leading drugs and therapies made possible, in part, by British innovation.

In the past Britain has led on innovation in industrial sectors which are still mainstays of our economy – aerospace and defence, financial services, life sciences, video games, film and music, and most recently by supporting the development of the Covid vaccine. With skills and focus can do so again.

Emerging clusters of innovation visible today can seed growth and create prosperity in every community across Britain

The evidence from across the world is clear. New industries grow in clusters of innovation. Clusters bring together all the ingredients of growth into a single geography with a single purpose. As Lord Sainsbury has written “*clusters – complex, economically significant ecosystems in which people can meet, exchange ideas, develop innovations, and create businesses together*” contribute disproportionately to economic growth and help to create high-skill jobs; and “*something in the air*” draws together world-class talent and delivers fresh products and innovations.

Clusters from within the “Golden Triangle” that includes Oxford, Cambridge and London have had notable successes in recent years, as has the modern financial, legal and business services sector that evolved in the City of London from the 1980s; and, although on a smaller scale, we have seen clusters of economic activity around the oil and gas industry and now renewables in the North East and Scotland; around the semiconductor industry in Wales and around the video games industry in the East of Scotland. But we can find the best recent examples by studying recent advances in the global economy – from the semiconductor industry in Taiwan, the Automotive in

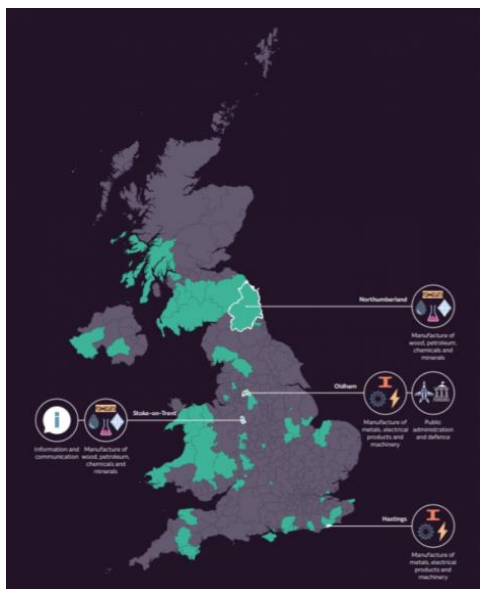
the Ruhr Valley, to Life Sciences in America's east coast in Massachusetts and IT in America's Silicon Valley. Seven years ago, McKinsey identified 35 mainly UK high-tech clusters worthy of investment. Three years ago, the UK government Industrial Strategy identified clusters in every region of the country. A year ago, the CBI wrote of 50 clusters.

Geographically, clusters typically operate in communities larger than towns or even most cities. Setting the demands and needs of 'cities' against 'towns' is often counterproductive. Where cities and nearby towns cooperate they can create a network that is more than the sum of its parts, able to compete for jobs that might otherwise go to overseas. Prosperous towns tend to be close to successful cities, and tend to have higher wages, fewer high street vacancies and greater inward investment. Linking more remote towns into clusters through investing in transport links required for remote commuting – as places like Stoke and Burnley are already doing – can bring good jobs and money into communities.

So not every cluster is in a city. The Centre for Progressive Policy has identified 75 clusters in towns in every nation and region of Britain – primarily in high value manufacturing sectors such as electrical products, chemicals or textiles - that are relatively high wage and high growth and that with more support would inject even more opportunity and life into the communities that surround them.³⁹

Exhibit 27

CPP Towns with Potential Clusters of High-Paying Industries



The Centre for the Cities and others have now identified 288 embryonic clusters in 47 New Economy industries – comprising almost 20,000 firms in total, in clusters that often go beyond local authority boundaries. The significance we attach to them

provides the basis of the proposals we put forward. By creating an environment in which our inventiveness, creativity and entrepreneurship can flourish, we believe we can deliver several hundred new points of growth.

Even now, before our new policy that will give priority to encouraging growth right across the whole of the UK, there are 116 clusters located in the regions and nations of the country outside the Golden Triangle, many in manufacturing. Indeed 23 Advanced Manufacturing clusters are outside it, with Birmingham in the lead and Sheffield, Leeds, Derby, Milton Keynes, Edinburgh, Glasgow, Aberdeen, Brighton, Bristol, and Coventry all included. These include 11 CleanTech (clean energy/green technology) clusters in: Edinburgh, Aberdeen, Glasgow, Manchester, Birmingham, Cardiff, Cambridge, as well as London. There are 18 Net Zero clusters, at least one in every region.

So all around us, in the towns, cities and nations of the UK, the first firms of the New Economy are being founded and growing with the potential for clusters favourable to economic growth - and this allows us to think differently about the way ahead for our economy.

Think of Glasgow not just as a historic centre for shipbuilding, but the new home of precision medicine based around its Living Laboratory: a growing cluster of life science businesses around medicine personalised for individual patients.

Think of South Wales no longer as one of the world's biggest coal mining belts but now as the new location for the cyber security industry, with Cyber Wales a partnership involving not just Wales but also the South West of England, showing the benefits of cooperation between the nations of UK. Or Cardiff CS Connected: the Cardiff University-led project aimed at growing the local compound semiconductor cluster and skills academy

Think of the Midlands, still the home of the car industries and now building capability in advanced ceramics, unlocking the potential of fuel cells and batteries, 5G communications, composites for aero engines, and medical devices.

Think of Manchester not as before as the world centre of the textiles industry but as the modern home of advanced machinery with sophisticated automated and autonomous robotic systems.

Think of the North East, traditionally associated with coal and shipbuilding, as a world centre for large-scale green hydrogen production, establishing the UK hydrogen corridor linking the Tees Valley to Leeds.

Think of Northern Ireland's Nano NI. Built around nano-manufacturing and photonics, and able to exploit new opportunities in the healthcare, internet communications and cloud data storage sectors. Or zero-emissions hydrofoil ferries making Belfast Harbour one of the world's most environmentally friendly regional ports.

Think of Dundee, once world-leading in jute, as one of the international innovators in video games, responsible for Grand Theft Auto and Minecraft with many more world beating innovations possible, with the right investment.

Think of rural Britain and the advance of a digital dairy value-chain for South West Scotland and Cumbria. Or of 'Growing Kent and Medway' as a leader in climate-smart food production and processing, deploying artificial intelligence, automation and smart packaging.

Think of the North West - still home of UK pharmaceuticals and chemicals - now developing antimicrobial products and treatments as part of the new Infection Innovation Consortium.

And think not only of the manufacturing strength we can build but how the English language creates worldwide opportunities in the creative industries.... for example MyWorld, built in partnership between Bristol and Bath, which marries creative media production, technology and research, in a square kilometre of new collaborative R&D facilities.

All these clusters are stand-out examples of how advances in technology, science, and innovation could power economic growth in every city, region and nation of our country, even in our rural communities. Growing clusters in this New Economy can drive growth in the everyday economy as the investment and high-paying jobs they bring in drive up overall demand and investment in communities.

And so our future lies in helping innovators and entrepreneurs sow tens of thousands of seeds, letting a thousand flowers bloom and releasing the energies of a new generation of startups and growing companies.

Growing a new, more broad-based and innovative economy will require five critical ingredients of growth and that they be far more regionally and locally distributed than they are today

In recent months the drivers of growth have been hotly debated in the UK. The Conservatives have suggested – with almost all mainstream academic evidence opposing them⁴⁰ – that tax cuts and deregulated free ports and investment zones are a critical driver to growth. More mainstream commentators suggest that it is a more complex combination of interventions on both the demand and supply side of the economy.

We think there are five critical drivers – the 5 I's.

- **Innovation:** public and private funding for R&D – helping discover new technologies and making them productive;
- **Investment Capital:** ready availability of equity and debt capital to finance growing businesses;

- **Infrastructure and Connectivity:** the transport, communications, environmental and energy networks required to connect people and businesses to the modern economy quickly and efficiently;
- **Ingenuity and Skills:** a highly educated and skilled workforce, capable of doing high- value-add work in the industries of the future;
- **Incentives for Business:** using the scale of UK public sector procurement to create domestic demand for innovation, the tax system to encourage business investment, and trade policy to facilitate exports.

We cannot hope to rebalance our economy or grow the nascent clusters that have been identified while the inputs critical to driving growth are not accessible to all.

Britain lags the developed world in support for innovation, and spreads it too thinly outside the 'Golden Triangle' of London, Oxford and Cambridge

Britain today has all of the institutional capability to be a global leader in innovation – including 4 of the top 10 and 20 of the world's top 200 universities and more tech unicorns than France and Germany combined. And yet it invests less in innovation than other advanced economies – 1.7% of GDP in 2019 versus the OECD average of 2.5%.

Furthermore, the funding of R&D in the UK is heavily focused on the Golden Triangle. In 2020, Cambridge, Oxford, and London received 46% of government R&D funding and so a disproportionate amount of R&D intensive jobs are being created there. Over the last decade, 72% of R&D intensive jobs were created in London, Oxford, and Cambridge, an area that represents only 20% of the population of the UK.⁴¹ As a result, "The gap between R&D-intensive and R&D-restrained regions is much larger in the UK than in other countries ... over twice as large as in Germany, Spain and Italy."⁴²

London's global investment hub has often seemed disconnected from the broader national economy, cutting off scale-ups enterprises from equity funding that can fuel high growth

Overall most UK businesses can access the financing that they need – primarily debt. Few businesses see access to external finance being a major barrier to business compared with increasing costs, a worsening economic climate, and legislative and political uncertainty.⁴³ However, there is good evidence to demonstrate that the type of investment that is critical to scaling up firms and clusters of firms – growth equity – is overly concentrated in London.

The UK has a world-renowned financial centre, specialising in the sort of growth equity investment that is essential to scale up innovative new companies and industries, being the home of hundreds of specialist equity investor firms and branches. This type of investment – which typically brings both capital that can be spent on upgrading facilities and teams as well as networks of expertise that can accelerate deployment of new technologies and practices – is seen as essential by

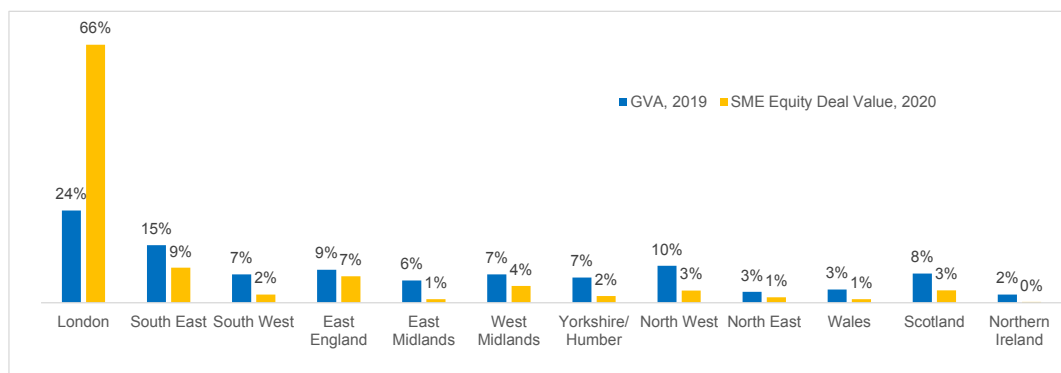
many to firms that want to make the quantum leap from successful and profitable private enterprises to major corporations.

Today, London accounts for a third of all such investment in Europe, with more venture capital activity than France and Germany combined. Yet this skill and experience is concentrated in London, with 58% of the country's equity investors, and the rest of the country sees too little of the benefit. But today according to the British Business Bank, two-thirds of equity investment in the UK occurs in London and three-quarters in London and the South East.

Exhibit 28

SME Equity Finance does not go far beyond London

Comparison of share of UK Economic Output vs SME Equity finance by Region



This disparity does not just reflect better current investment opportunities in the capital. There is also a coordination issue for equity finance outside London and the South East, leading to the problem of ‘thin markets’. Equity investing is demanding: investors must build up a great deal of knowledge and expertise in the markets in which they operate and the firms they support. As a result, venture capitalists tend to favour nearby businesses that they can more easily monitor and maintain a relationship with. 61% of UK equity investments are in firms within an hour’s travel time of the investor; 82% within two hours.

Whilst the number of graduates overall has risen, a lack of key skills for critical industries in many parts of the UK is holding back growth – both in the care economy and growing firms

Britain is blessed with a highly skilled workforce, producing 40-50% graduates, allied to a cultural footprint and language that makes the UK a leading destination for talented artists, scientists and businesspeople. But further education budgets have been viciously cut in the last 10 years by over a third.

So businesses are struggling to find individuals with the skills to fill their vacancies. 72% of Company CEOs are concerned about the availability of key skills.⁴⁴ The proportion of employers struggling to find certain skills has more than doubled, from

35% in 2019 to 77% in 2021.⁴⁵ Critical shortages include the lack of STEM graduates and of skilled workers in public services like healthcare and education. But there are also regional skills imbalances shortages in some regions and surpluses in others. For example graphic design is highly under-supplied in London but oversupplied in the North East.

Britain is not doing enough to modernise its infrastructure, particularly outside London and the South East – and this is restricting growth

Despite still reaping rewards from investment and ingenuity going back to the Victorian times, the UK is under-investing in infrastructure in comparison with other Western economies, and spending is today concentrated in London and the South East rather than ‘levelling up’ the regions.

Sheffield Hallam’s ‘Plan for the North’ shows public spending per head on transport in the North (revenue plus capital) running at only just above 40 per cent of the London level. There is no clearer example of how the North of England has been short-changed than the skewed pattern of investment in rail. For many years, investment in rail has been focused on London, where Crossrail is expected to cost around £20bn, dwarfing rail investment in the North.⁴⁶ Commuter rail franchises and bus services outside London are stuck in a doom spiral of declining ridership and increasing fares – reducing the attractiveness and availability of good public transport for all.

It is therefore no surprise that research from Centre for Cities has shown that urban public transport is drastically behind other European countries⁴⁷ and UK towns and cities have far higher rates of road congestion than equivalent places in Europe.⁴⁸ This has a huge impact, reducing effective travel to work areas, cutting off businesses from talent and people from work opportunities.

It is not just on transport infrastructure the UK needs to spread investment more equally. If parts of the UK that are rich in renewable energy are to maximise their potential, investment in hydrogen infrastructure and transmission is critical in places such as Northern Ireland and Scotland. Similarly, there is potential for small reactor nuclear power stations in places that have already decommissioned ones – such as North East Scotland and North Wales.

Local Small and Medium Sized Enterprises miss the chance take on public contracts, diminishing the potential of public procurement to incentivise growth and innovation

The UK has the world’s sixth largest public procurement purse and yet, as Rachel Reeves has pointed out, there is little push to buy British. Today only a third of total spend is with local SMEs – dropping down to only 11% of central government spend⁴⁹, and procurement processes are so complex that they effectively exclude many innovative firms. Yet it still leads to bad value for money - failing contracts that the state has to bail out. We now have an opportunity to use procurement to incentivise

innovation and domestic growth rather than contribute to the shareholders of foreign-headquartered multinationals.

Nurturing the seeds of the New Economy will require a new approach to industrial policy – more local, more connected, and longer-term

Because of the unequal distribution of the ingredients of growth, Britain's high-potential clusters remain smaller than they should be. Too many of the UK's towns and cities underperform, unable to turn our inventive genius into enough internationally competitive new products and companies.

100 advanced and emerging economies including the USA and every European Union member have an industrial policy, but since 2019 Britain has renounced the idea of having one. Of course Government should not try to pick individual winners, but we have to support the skills, infrastructure, and R&D that can leverage up private sector investment, and if need be change regulations to make this happen.

We need an industrial policy that is more local, more connected and longer term.

Taking each in turn:

More Local:

Case studies and evidence submitted to the Commission were universally clear that devolution of power is essential to make the 'farming' model of growing clusters work, because clusters flourish in particular places and need locally responsive public support. International evidence from Germany, Japan, the Netherlands, Sweden, the US and Belgium all demonstrated that powerful and permanent sub-national government, with the convening power to bring together businesses, public sector organisations, universities, trades unions, and civil society; with the resources to make investments; with the stability to give businesses the confidence to invest; and with the power to get things done is essential to providing the fuel that gets growth going. But Britain has seen 50 new regional growth policies since 1980, leaving an alphabet soup of overlapping regional institutions with neither the scale nor legitimacy to make the big decisions required to create, grow and profit from clusters.

To grow our clusters of the New Economy we have to remove the dead hand of centralisation, which has impeded the growth of our cities and regions. And so the constitutional settlement we propose with irreversible shift in power to the towns, cities and nations, is an essential element of our new economic strategy.

- Supporting **innovation** with a radically reformed suite of place-based innovation-led R&D programmes that brings together regional and local growth actors to target this effectively;

- Guiding equity **investment** in industries the future through a new remit for what will now be the British Regional Investment Bank, and in infrastructure through a regional dimension to the National Infrastructure Bank;
- New responsibilities for linking local employment needs to local **skills** training, including the devolution of the job centre network and freeing further education colleges from central control;
- Taking more control of **planning, infrastructure and transport** policy to help house and mobilise local talent to best use;
- Gradually using levers of fiscal devolution to enable places to encourage particular industries through **procurement and demand incentives**.

More Connected:

Nurturing the New Economy will require better practical co-operation between the public and private sector – using the immense scale of our universities and health service in particular to promote innovation across our economy.

Today the UK has many of the world’s top universities – located across the regions and nations. They produce world leading research and act as a beacon for top students and academics the world over, and with public and private sector research institutes can be a huge asset to create more innovation-driven economy. However, their impact on many of their locations is limited. They must be included in local economic strategies.

The NHS is not just a source of care and healing but an engine of innovation. The data it collects, such as through the Our Future Health genotyping programme, could be a unique resource for research and trials, and its procurement budget can be a powerful incentive for innovation – especially with an independent and well-respected medical regulator that can speed up the clinical trials process, not by taking shortcuts but by joining up every bit of the system.

There is no better example of the opportunity to connect the NHS and Universities to innovative companies in a way that can both create prosperity and social benefit than the story of the Oxford Vaccine, where researchers at a British University leveraged a national clinical trial network and a UK-based corporate supply chain to save lives the world over. And this did not happen by chance. Vaccine development was backed to the hilt by the Government’s Vaccine TaskForce.

Now we have the template, we can do this many times over for many more pathologies. And in addition to life sciences research capabilities in many new areas of life sciences – such as precision medicine – we also have potential manufacturing clusters for medical products in Scotland, the North East and the North West. Fujifilm and other companies are creating the potential for Darlington be a Life Sciences Centre.

In addition to Universities, therefore, NHS assets must be considered if we are to exploit the potential for innovation to the full. For example in Birmingham a cluster supportive of clinical trials can speed up the application of new science and get lifesaving treatments into the field quickly.

The Life Sciences Industrial Strategy of 2017 by Professor John Bell – which was last reported on in 2020 – made a good start in combining the UK's research, healthcare, and corporate interests in Life Sciences. It needs to be put on a firmer footing with more partners across government – including at a devolved level.

With more scope and more incentives the NHS can make the UK a more attractive environment for life sciences start-ups and spin-outs. For that reason, in areas with high levels of Life Sciences activities, we recommend NHS Foundation Trusts being included in Regional Growth Partnerships. We think there is a case for reshaping the NHS procurement process to support this.

Longer Term:

Long-term certainty is critical. Businesses will not invest when they believe regulatory or policy priorities will change quickly. Talented people will not move to or around the UK if they believe that their jobs can vanish at the drop of a hat. Public services cannot invest in staff and capacity if they are unsure of the future. So longer-term budget certainty must be given to local and devolved authorities, and mandating long-term plans for wealth creation in every part of the UK

This approach is a clear alternative to the deregulation and lowering of regulatory standards in the Conservatives' free ports and investment zones. As reports on previous experiments in Enterprise Zones show, they transfer the jobs from a regulated area to a deregulated area, without increasing overall employment or prosperity, but reduce tax revenues and the living standards of the workers.

Chapter 6: Renewing the Purpose of the United Kingdom

The UK is at a constitutional moment, and needs change comparable to the important shifts in power in the 19th and 20th centuries that widened the franchise, reformed Parliament or, more recently, introduced devolution. Our economy is faltering. Our democracy has lost the trust of its people, who have repeatedly voted for change. 17.4m people voted for Brexit in 2016 and 1.6m in Scotland voted to leave the UK in 2014. Britain urgently needs a new government. But we if we are to transform our country, we must change not just who governs us but how we are governed. In this and subsequent chapters we set out how.

Constitutions establish the framework of government in a country but they also serve social and economic objectives setting out the purpose and direction of a country and the values and principles recognised by the people and the institutions of government. Today the understanding of what the UK as a union of different peoples and places seeks to achieve – what the purposes are of the central institutions of the State - is implicit, and widely shared, but it has never been set out unambiguously. So it is not as widely acknowledged as it could be. We take the view that these purposes should clearly and explicitly stated and used to guide the development of our constitution.

Most people in the country want decisions about what matters to them made as close to them as possible. They agree more functions can be better discharged by local authorities or regional bodies in England or by devolved governments in Scotland, Wales or Northern Ireland. But they also have clear expectations of central institutions. They expect the UK Parliament and government to be responsible for defence and international relations⁵⁰; similarly, most people see that the pound sterling as a UK asset⁵¹ and that the central state should manage the macro economy for the whole country. Climate change and protecting our environment also clearly transcend national boundaries within and beyond the UK and require action at the UK level, and greater cooperation between different levels of government, as we set out later.

The UK also has a shared approach to freedom, the rule of law and the rights of individuals; this permeates the three legal systems which operate here (in England and Wales, Scotland and Northern Ireland) with the UK Supreme Court at their apex.

Importantly, UK citizens also share very similar common expectations about the welfare state, providing pensions in old age, social security in times of unemployment or difficulty and vital services such as health and education.³ Our research shows that these social rights are especially highly valued across the country, and there is a clear

³ As illustrated in polling by Our Scottish Future

expectation that the UK as a whole should ensure that they should be enjoyed by all. The belief that all state institutions, but especially central government, share a common responsibility to guarantee these rights is at the heart of the idea of the UK social union.

People's expectations are of course already reflected in how the UK state is organised. Defence and foreign affairs are dealt with by the UK government, and macroeconomic policy through UK wide institutions like the Bank of England. The primacy of the rule of law is recognised in standard UK practice and statute law.⁴ Civil and political rights are embedded in our constitutional arrangements, many in the form of the European Convention on Human Rights, which governs the actions of governments and legislatures. These are, as successive governments have argued, essentially British rights, but the fact that they are shared with other European democracies adds additional strength to them.

Most obvious of all, the UK's commitment to a shared social citizenship is expressed very clearly in the National Health Service, which, although separately managed in the devolved nations, is and is seen to be a British institution with a common approach to providing healthcare free at the point of need. Similarly, the UK state provides old age pensions uniformly throughout the country.

While there is a legitimate debate about the standards of services and the fairness of welfare decisions, these shared arrangements are meant to operate in the interests of the people of the UK as a whole. Similar divisions of responsibility are seen in most countries, and they may be set down formally in constitutions. Nowhere, however, in UK law are these objectives and thus the purpose of the UK central state made explicit, or set down clearly: instead they have to be deduced from how the UK operates. Our view is that there should be a clearer statement and so greater understanding of the core purposes and responsibilities of the state and the union and that this should guide other constitutional principles, such as the rights we should enjoy, how devolution should work and how governments work together.

We therefore take the view that there should be an agreed statement of the purposes of the UK as a whole - as it were, a mission statement for the union of nations and regions which make up this country - and this should be given appropriate constitutional authority.

Recommendation 1: The political, social, and economic purposes of the UK as a Union of Nations, which the overwhelming majority of people in the country already accept, should be laid out in a new constitutional statute guiding how political power should be shared within it.

⁴ In the Cabinet Manual and in section 1 of the Constitutional Reform Act 2005

The wording of such a statement obviously requires careful thought, expert deliberation and detailed consultation with the public, and we are therefore not recommending a final formulation, but instead offer this as a starting point for discussion:

The UK is a group of nations, peoples and places and which have come together in a shared Parliament at Westminster to provide together what can be better provided together than separately:

- The UK as a union aims to provide security and safety for all its citizens through a shared foreign affairs and defence policy.
- The UK also ensures the rule of law and the provision of domestic security and order, and common civil and political rights irrespective of race, sex, gender or religion.
- The UK seeks to provide economic opportunity and security for the whole country through a shared economic system with a common currency and macroeconomic framework and an efficient single domestic market for goods, services and capital, as well as a common UK labour market which provides opportunities for workers while protecting their rights.
- The UK is also a social union, recognising its obligation to guarantee Social Security and pensions, universal education, universal health care free at the point of need and other social support to all, irrespective of whether they live in more or less prosperous parts of the country and with a view to ensuring that no child, no family and no elderly citizen need live in poverty.

This must clearly be more than simply a statement by the government of the day, which would lack the necessary permanence and authority. An option would be a declaratory code approved by Parliament, as recently explored by the House of Commons Political and Constitutional Affairs Committee for their suggested non-statutory constitutional code.⁵² But this approach is in our view likely to be insufficiently binding.

Instead it seems to us that the best method would be for the statement of purpose to be incorporated in the legislation which gives effect to our later recommendations. That legislation includes the constitutional proposals which follow from the purpose, and the institutions to make them effective. The statement of purpose would be part of the overall constitutional package which Parliament approved, and would be a statutory form of guidance in its operation. The precise formulation of the legislation will require further detailed work. We do not envisage that the statement of the purpose of the UK should give rise to litigation directly, although it might guide the interpretation of later constitutional provisions.

Formulating this statement requires great care, and the fullest consultation. As well as public consultation, we suggest a period of pre-legislative scrutiny, including consultation with the devolved administrations and legislatures in Scotland, Wales

and Northern Ireland, and with local and regional government in England, to build the maximum shared understanding of and consensus about the function and content of the statement.⁵

Setting out an agreed purpose for the UK and the central institutions of the state may seem to be stating the obvious, but its consequences are profound. First, it guides the allocation of power and responsibility within the UK. Later in our report, we make detailed recommendations for radical devolution of power within England, and the strengthening it in Scotland, Wales and Northern Ireland. Secondly, the economic purposes which the centre discharges for the whole country lead to our recommendations on re-balancing the United Kingdom's economy across its whole territory. Finally, the social guarantees which the UK offers its citizens should in our view be reflected in more explicit social rights, constitutionally protected, which we also recommend later.

Devolving power

Our understanding of what the UK as a Union is for, and what issues must be guaranteed at a UK wide level, has a mirror image: that matters which do not as a result require to be managed in Whitehall or Westminster should be devolved or decentralised.

This principle should govern the devolution settlements in Northern Ireland, Scotland and Wales, and is already reflected in the legal frameworks for them. It should also be the underlying guiding principle for devolution in England, though of course the context is different. First of all, Westminster remains England's Parliament, so devolution within England is mainly of executive power. Secondly, after years of centralisation, local government in England has been systematically disempowered and attempts to fill the missing links in English governance, such as Regional Development Agencies, have been abolished by the Conservatives with only ad hoc patchwork initiatives in their place. Local capacity and capability need to be rebuilt. We welcome how Metro Mayors and Combined Authorities have filled some of that gap with increasing success, but there is much more to do.

There is clearly an appetite for more local power and voice.⁶ Our underlying principle is that devolution in England should be built from the bottom up, responding to local demand and built from local communities and councils, rather than imposed from the centre. This may mean it will take a variety of forms, not simply combined authorities and mayors, and that its development might be slower, but will mean that it is more firmly grounded in local assent.

⁵ To the extent that the legislation altered the power of the devolved governments, Labour would of course wish to respect the Sewel convention and obtain their consent.

⁶ OSF polling suggests the majority of people in England think more decisions should be made locally and regionally, and that local politicians are best placed to understand their needs

The idea of taking decisions as locally as meaningfully possible – otherwise known as the principle of subsidiarity - should be more than a rhetorical flourish. It should be a constitutional principle to guide the devolution of power in practice. Indeed, we support the idea of ‘double devolution’ – pushing power as close as possible to people and communities.

Recommendation 2: The common desire for more local control should be reflected in a legal requirement to require decisions to be taken as close as meaningfully and practicably possible to the people affected by them, so putting power and opportunity closer to each citizen

Given the way in which local government has been treated in the last decade – with its status, finances, capacity and capabilities diminished by Tory-led austerity - we also take the view that its status should be given constitutional protection in future.

Recommendation 3: There should be a constitutional requirement that the political, administrative and financial autonomy of local government should be respected by central government

Greater economic equality across the UK

The UK is the most geographically unequal large country in the developed world. Unbalanced economic development has profound economic and social consequences with large differences in incomes, wealth, life expectancy and quality of life. Ultimately, this reduces the growth of the country as a whole. A more balanced economy is needed on grounds of efficiency as well as fairness.

One consequence is that tax revenues are concentrated in the South, and sustaining the social union of public services and benefits involves substantial fiscal transfers from richer to poorer regions. This is a key function of the central state and of the purposes of the UK, securing not only social justice but also consent to government, but in time rebalancing the economy will mean the weaker regions will need less fiscal support.

Rebalancing the UK’s economy is a long term project needing consistent investment and planning. We make detailed recommendations on how to achieve this elsewhere, but here we propose that, consistent with the purposes of the UK, there should be an overarching *constitutional* obligation on governments to address territorial economic inequality.

Other constitutions deal with economic equality. In Germany, for example, the constitution gives the federal government additional powers to promote equality of “living conditions” or “living standards”. This has been the constitutional driver of

substantial economic change in the reunited Germany over the last 30 years.⁷ The former eastern Lander joined the united Germany with roughly 30% of the levels of GDP of the West. In recent years they have reached 85% (which is equal to the UK average). The Canadian constitution contains obligations on the Provincial and National governments to promote equality of economic opportunity across all of Canada, and to ensure reasonably comparable levels of access to public services. This focuses more precisely on the two key government actions: promoting economic opportunities in order to reduce inequality, and mitigating its effects, so a weak private economy and tax revenue in a place do not mean poorer public services there.

Just transposing the Canadian or German wording into the UK would be oversimple: we need a statutory formulation which suits the UK. This might best be formulated as an obligation on central government to promote economic development so as to reduce disparities between different parts of the United Kingdom, and to distribute resources in such a way as to ensure that no part of the United Kingdom was unable to afford public services of a decent quality. At this stage, it is not necessary to finalise precise statutory terms, but rather to set the policy objective, to be drafted when the government draws up the necessary legislation.

Recommendation 4: There should be an explicit constitutional requirement to rebalance the UK's economy so that prosperity and investment can be spread more equally between different parts of the UK than it is today, thereby equalising living standards across the country over time.

Individual Rights

Rights matter to individuals and families all across the UK. Civil and political rights, such as the right to a fair trial or to participate in democratic processes, are key to people's sense of what it means to be British. But the rights which British people enjoy to key social provisions, most notably free healthcare and education, are also very highly valued, and may more often be more to the front of people's minds when they think of being a citizen of the UK.

Consistent with the purposes of the UK, we recommend extending rights from the civil and political into the social sphere, with the sort of protection we recommend for key constitutional provisions later in our report. The potential range of social rights is very wide, and extending into such areas as the economy and culture. Recognising such rights, and campaigning legally and in other ways to deliver them in practice, is a project supported by many in progressive politics.⁸ A key aim for us, however, is to safeguard rights which we perceive currently to be under threat. The present

⁷ The German constitutional rule is constructed not as an obligation on central government but an additional power available to it, because otherwise in the German federal set up, central government would lack the powers to do so.

⁸ Most recently over 50 charities and academics wrote to Prime Minister Liz Truss in support of enhancing the status of social and economic rights in UK law. For more information see: https://www.compassioninpolitics.com/charities_academics_and_campaigners_urge_leadership_contenders

government has been seeking to legislate to restrict civil and political rights, and for over a decade or more has been hostile to social rights, in relation to poverty (where it removed the obligation to end child poverty), housing and even potentially in relation to free health services. So the case for enunciating and protecting certain basic social rights is a strong one.

New Social Rights

We therefore propose that the rights created and protected should be those that form the foundation of the UK welfare state, and over which there is broad consensus amongst the UK population, so that our recommendations (taken together) address William Beveridge's five giant evils - idleness, disease, ignorance, want, and squalor - though those social problems take different forms today than in Beveridge's time. Our economic development proposals are intended to address the root of the problem of idleness, and we therefore propose four new social rights relating to health, schooling, poverty and housing.

The form of Rights

Rights can be concrete in form, or more aspirational, so that cases taken to court govern or guide government action rather than rectify individual injustices; they can be formulated negatively or positively, in the form "no-one shall be denied..." or "everyone shall be entitled to". Given that the rights we have identified are already well established expectations with substantial social institutions behind them, we propose they should be concrete in form, and usually positive rather than negative in formulation, to best demonstrate what it is that the UK guarantees. All of this would be subject to detailed parliamentary drafting in due course.

We therefore propose the following basic rights package, which would be subject to constitutional protection:

Health: Every person entitled to healthcare in the UK, will receive it free at the point of need, wherever they are in any part of the UK; no person shall be denied emergency treatment.

Education: every child shall be entitled to free primary and secondary education, wherever they are in any part of the UK

Poverty: So that no child, family or elderly citizen need live in poverty, every person legitimately present in the UK shall be entitled to social assistance in relation to periods of unemployment, disability or old age, in accordance with the relevant laws. No person shall be left destitute.

Housing: every person shall be entitled to decent accommodation, in accordance with the relevant law relating to housing and homelessness.

Many detailed questions obviously arise, such as how much social assistance should be paid or what exactly does a right to free health care imply, but these can only be answered in practice by governments and parliaments responding to circumstances as they change. Creating such rights will undoubtedly create challenges in particular circumstances or situations, and further detailed work would be needed on the mechanisms for legal challenge. It is our intention to guide governments rather than put the running of services into the hands of the courts, and the formulation of the legislation should be designed to ensure that. In our view embedding them in the constitution is the most important thing, as it will entrench them against future threats of removal. For example the law presently says that that NHS treatment is provided free but as things stand there is nothing in law to hinder Ministers in London, Edinburgh, Cardiff or Belfast promoting legislation to change that.

Defending Social Rights

Good arguments can be made for extending social rights further, to include, say, rights in relation to health (not simply health care) or to post school education, or to guarantees about housing provision. Similarly rights can be extended into the economic sphere, on fair conditions of work, or on culture and the environment. It is for the next Labour government to consider whether it wishes to pursue those options in future. The rights proposed by this Commission however are the first significant attempt to give a strict legal form as rights to well established provisions taken for granted in the UK, and embed them in our constitution.

Rights and Devolution

Constitutionally protected rights affect devolution. At the moment the devolved legislatures in the UK cannot make laws which breach the Human Rights Act, and their governments cannot act contrary to it. The new rights we propose should be similar, as they express values and principles which are widely held across the UK and would not in practice prevent the devolved legislatures from making any changes which their electorates supported. But a Labour government will rightly seek the consent of the devolved legislatures before doing this.

These rights will also be a constraint on public bodies across England. A Labour government (as government of England) may additionally wish to set further minimum standards for every citizen, no matter where they live of public services or a 'Minimum Infrastructure Guarantee' on transport and communications networks, and local amenities. These might well change over time, and would not have the same constitutional status as rights, but might also act as a practical guide to the scope of devolution in England.⁵³

In order to produce an evidence base for assessing progress with these new rights, there should be a regular independent assessment undertaken by an independent public body, submitted to both Houses of Parliament. This could involve the

enhancement of the Equality and Human Rights Commission, with a remit, membership and staffing substantially altered to give it capacity to do so.

Recommendation 5: There should be new, constitutionally protected social rights - like the right to health care for all based on need, not ability to pay - that reflect the current shared understanding of the minimum standards and public services that a British citizen should be guaranteed

Chapter 7: The Right Powers in the Right Places

The UK is the most centralised of comparable countries, mainly because today, despite devolution to Scotland Wales and Northern Ireland, the largest part of the country - England- remains grossly over centralised. In this chapter we set out plans to spread power and authority across the country and to the towns, cities and regions of England, focusing especially on the urgent need to rebalance the economy. We begin with immediate and detailed practical steps to devolve power, before considering the partnerships that need to be built to produce a 'Plan for Every Place' and new legal mechanisms to transfer power away from the centre of government.

Section 1: Economic Devolution in England - New powers for metro mayors and local government

Given that the cost of living crisis will continue as long as our economy fails to grow, the urgent priority for devolution in England must be to give local leaders across England the powers to make their towns and cities centres of economic initiative once again.

Devolved power is not uniform across England, with different powers resting with different (and sometimes overlapping) tiers of local authorities, metro mayors (with significant difference in their powers), and the Mayor of London and London Assembly. This is likely to evolve further if county mayors emerge.

Our starting principle is that the powers we set out below should be available to all parts of the country, provided that:

- there is capacity and capability to use devolved powers appropriately;
- they are delivered at most appropriate levels;
- there is proper accountability and scrutiny.

We do not take a prescriptive view on which bodies should have what powers, but all of these components of devolution, as well as the need for certain powers to be exercised in partnership between local, regional and national actors, are discussed later in this chapter. In some cases the new powers we suggest will require more cooperation and greater coordination, but because we are discussing the transfer of powers from the centre to localities, none would lead to existing local authorities or metro mayors losing the power they have today. Still less do we focus on redrawing boundaries and reorganising local government, which some advocate, as that was outside our remit. We start by focusing on a new tranche of powers to be given to communities, town and cities across England, as part of a real plan for growth.

Recommendation 6: Towns and cities across England should be given new powers to drive growth and champion their areas.

The key areas are:

Powers over skills & Further Education: Breaking out of a 'low skills trap' is key to increasing local growth and wages, improving productivity, and ensuring every part of the country can contribute to our economic success. To achieve this skills policy should be aligned with regional economic policy and local labour markets.

But this is not the case today. Under the current government skills funding and provision is funded is highly fragmented, centralised and inefficient: there are “at least” 49 national employment and skills related schemes or services managed by nine Whitehall departments and agencies.”⁵⁴ This inefficient provision is not well matched to local labour market needs. It wastes the potential of people who can't develop the skills they need. Duplication also wastes public money, as coherent programmes get patched together from different funding streams.

A number of steps can be taken to ensure skills policy is better aligned with the needs of local businesses, whether through reform of the apprenticeship levy, or a more tailored, local approach to skills provision.⁹ Metro mayors in particular have a key role to play in convening FE colleges and local employers to deliver more streamlined, integrated skills provision in their area. We therefore recommend:

- Consolidating various centrally run adult education skills funding streams such as the Shared Prosperity Fund and Multiply, and merging them with the existing AEB budget. This should be devolved to current and future mayors, combined authorities, and the economic partnerships we recommend later. They should decide which courses leading to National Skill Qualifications should be funded to meet local employment needs by bringing together representatives from FE colleges, universities and local businesses.
- Recently introduced Local Skills Improvement Plans (LSIPs) sideline democratically elected local leadership in favour of local Chambers of Commerce. Employer input is very valuable indeed, but there should also be local democratic accountability. Mayors and combined authorities should be in charge of drawing up skills plans for their areas. Where they do not exist, LSIPs should be agreed with local government to ensure proper democratic oversight.
- The National Careers Service should be co-commissioned by partnerships of local authorities, Combined Authorities and metro mayors, and local leaders should play a role in careers advice, so this is relevant locally – particularly for adults looking to retrain. National data on local labour markets should be made available to local leaders, and a new UK-wide skills survey, with the involvement of local government and metro mayors, should identify skills needs across different sectors and regions, to feed into local decision-making.

⁹ Since 2015 the government has taxed 0.5 per cent of a company's annual pay bill for traineeships. Employers have criticised the tax as overly bureaucratic and inflexible, and they have handed back more than £3bn in unspent levy to the government over the past three years.

Powers to deliver full employment and good jobs:

The Whitehall-led approach to supporting people back into work has failed. The Department for Work and Pensions took direct control of Job Centres in 2011 and rather than providing employment support directly the Conservative government's Work Programme used private contractors. This has not helped improve performance, particularly for those furthest from the labour market.⁵⁵

We recommend a new, local approach based on the idea of providing a tailored approach to help local people find the right opportunities for them, and help local businesses find the skilled workers they need.

We recommend devolving the administration of Jobcentre Plus so they can be made to work for local communities: bringing together information, advice and guidance, skills, apprenticeships, and employment support in one place, and with local accountability. They should be more open – including those looking to upskill or run their own business, and as such should crowd in civil society, trade union, and private sector support; Chambers of Commerce, for example, might offer advice on starting a business. They could be integrated with local community health services to provide a holistic, tailored approach to people's needs. They should also be centres of excellence for local and regional labour market information, providing insight to inform local and national decision-making.

This could build on and incorporate existing devolution of some employment support services, through streams of funding from the DWP, UK Shared Prosperity Fund and skills funding, and also the power to commission, contract and integrate services, to ensure employment support is locally responsive.

Scale is an important consideration and these centres will be most effective working across a functional economic area. To begin with this power should be piloted in a CA or MCA, but in full partnership with local authorities. Over time a more flexible and local approach may be possible.

Powers over transport and infrastructure:

The benefits of affordable, well run local public transport are significant – helping link people with good jobs, and connecting them with friends and family. Properly integrated local transport systems can also make our towns and cities more attractive places to do business, thus supporting the development of new economic clusters which are accessible to more people.

But far too many parts of the country suffer from poor – or even non-existent – public transport. This falls worst on the most deprived areas: bus routes miles fell 14% between 2009/10 and 2019/20, with deprived areas more likely to see reductions.⁵⁶ Expensive fares and long journeys mean people cannot access the opportunities to help them get ahead.

Today metro mayors and local councils cannot do enough about this. The Centre for Cities identified that in Manchester, only around one-third of peak time public transport journeys into the city centre, and in Birmingham less than one in 10 commutes, are directly influenced by local transport authorities.⁵⁷ All mayors do have the power to introduce bus franchising, and Manchester is set to do so in 2023/24 – but at a cost of £134 million. Others simply do not have the funds to undertake this, and also face significant legal challenges.⁵⁸

Despite these hurdles many have made progress with the limited powers they have. This year the Mayor of West Yorkshire has capped bus fares at £2 – with similar measures being rolled out in Manchester and Liverpool. More powers should be pushed outwards to build on this:

- **Control and funding over bus services should be pushed to a local level.** The Bus Services Operators Grant should be devolved to all councils. Franchising has had a slow start, but should be made available to all parts of England, and government should support this process if it is chosen. Hurdles to municipal Companies should also be removed.
- **Local leaders should also be able to shape local rail services, fares services and timetables,** perhaps through partnership agreements between local government, metro mayors and National Rail. Bus and rail operators should be required to collaborate with local democratic leaders on a framework for local transport plans, with a focus on integration and smart ticketing.
- **We also support the principle of devolving stable, longer term infrastructure budgets,** as recommended by the National Infrastructure Commission.⁵⁹

Powers on energy and the environment

Reaching Net Zero is a national ambition that will require empowered local leadership. Councils and mayors across England are already playing a leading role in this: Manchester has set a Net Zero Target of 2038, to be reached 12 years before the national target. West Yorkshire Mayor Tracy Brabin has set up a Green Jobs Taskforce to make West Yorkshire a leader in green skills. The Mayor of London's Retrofit Accelerator has improved over 650 public sector buildings since 2016, saving over 28,000 tonnes of carbon and 122 MWh of energy each year.

Many of the changes we recommend on skills and transport will allow for an integrated, joined up approach that will allow local leaders to play as full a role as possible in building a low carbon future – from greening local transport, supported through green skills initiatives. On top of them we recommend:

- Some mayors have the power to set energy efficiency requirements on new buildings – this should also apply to existing commercial buildings to support the delivery of a consistent and long term plan on retrofitting.
- Consolidated block grant funding – discussed in our later recommendations – should be used to ensure mayors and local government play a leading role in delivering EV points and a full role in retrofit strategies.

Powers to generate wealth within communities:

Forms of economic regeneration which seek to create and retain wealth locally are becoming more common. Led predominantly by Labour & Co-operative controlled councils they have used progressive procurement and local anchor institutions to ensure the benefits of wealth generation are felt locally. This should be encouraged, and remaining inappropriate hurdles to procurement processes to enable this should be removed.

This should sit alongside support for local cooperatives, which can play a distinct role in generating more wealth locally and strengthening community resilience. For example: 72% of co-ops in the UK survive the first five years of trading compared to 43% of companies, and during Covid, co-ops were four times less likely to cease trading, and the sector as a whole grew.⁶⁰

But they are hindered by rules designed for privately-owned businesses, which can exclude them from investment, and hold back innovation. Legal and financial barriers should be removed so their growth can be encouraged. Support for co-operative startups should also be considered within wider regional development strategies.

Powers over housing and development

High streets and town centres are struggling due to changing footfall patterns and the impact of Covid - making them unattractive for business, leisure or living in. So it should also be made it easier for local authorities to make their areas better places to visit and work through Compulsory Purchase powers to develop vacant sites - as Labour has already advocated.⁶¹ Local authorities should be all also able to regulate short term lets and holiday homes, which can have a negative impact on the availability of housing, and they should not need central government permission to manage landlord licencing.

Powers around childcare

Good, affordable childcare is key to boosting productivity and providing families with greater choice and financial security. But huge gaps in the affordability and availability of childcare, both between and within regions, are holding back our economic potential and limiting the choices available to women in particular, who are often forced to give up work due to the lack of provision available.⁶²

Local authorities already play a valuable role in the delivery of childcare through running state-maintained nurseries - often ranked as the best in the country - but they currently face legal barriers that prevent them from establishing any new childcare provision.

We recommend removing these barriers, as Labour has already advocated, so that if local authorities are in a position to establish new childcare provision they are able to do so, as part of a wider effort to build a modern childcare system that supports our economy and provides opportunity to working families.⁶³

Powers to develop culture and encourage well-being and sport:

Culture is central to how people feel about the places they live, with social benefits from improved wellbeing to increased pride in place and greater community cohesion. More should be done to nurture this, and we welcome the work of Metro Mayors and local authorities on culture. More should be done to build on this:

- National decisions on culture funding are highly centralised, meaning local but lesser known bodies and institutions risk being overlooked. We therefore propose more devolution of these decisions, either to local leaders directly or as a shared responsibility with Arts Council regional offices.
- National funding streams on culture should be done on a collaborative rather than competitive basis, bringing places together not pitting them against one another. Creative industries are also a fast growing sector of the economy, with real export potential. Learning from the success of Media City in Salford, government should work with local leaders to identify and nurture future creative clusters like film and gaming, likely to have a significant impact in the North of England.
- Local sports clubs are lifelines for communities. Any central government funding for grassroots sport should be facilitated by local leaders and organisations who know their area best.

Accountability and scrutiny arrangements:

Accountability is an essential element of any devolution of power. Greater power, whether at the Council, Mayoral or partnership level, should always be accompanied by arrangements for strong democratic scrutiny. The greater the power, the more structured and formal the scrutiny should be. At the moment the key method of scrutiny is through local councillors, with direct accountability to the public through their elections and direct elections of mayors.

This is obviously vitally important, and we recommend, first of all, that steps should be taken to encourage greater turnout at mayoral and local elections. We recommend reversing the recent changes in the voting system from Supplementary Vote to FPTP for mayors, and support automatic voter registration.

Precise arrangements for scrutiny and accountability will vary depending on the governing structures and policy powers in place, and we recommend that these are kept under review as further powers are devolved. The present system of Mayors and Combined Authorities provides for scrutiny by the elected councillors who form the Authority. Other steps can open up the activities of elected mayors to public scrutiny; the Mayor of Manchester, for example, holds Mayor's Question Time events to allow for direct questions from the public. We welcome this and believe it should be encouraged elsewhere. It should also be made easier to access information about the performance of the MCAs, as suggested by the IfG, and of the new partnerships we propose also. Later in this chapter we also discuss local Public Accounts Committees to accompany powers to raise revenue locally. The London Assembly model, on the other hand, allows for formal scrutiny of the Mayor by directly elected Assembly members. As devolution develops, greater powers will require fuller and more formal scrutiny, the mechanisms for which might include moves towards such a model.

Section 2: Supporting Economic Development

The reforms set out above on empowering local decision-making are a fundamental component in any strategy to rebalance England's economy. But steps are also required to incentivise private investment and stimulate research and development. A key challenge is to rebuild regional and local capital markets so that locally-based investors, backed up by pools of national and international capital, and drawing on local knowledge, are galvanised to search for investment opportunities in the UK's economically weaker areas.

Stimulating Research & Development

For years the UK has lagged behind on R&D investment compared to international competitors, and what it has spent has focused overwhelmingly on the 'Golden Triangle' of London, Oxford and Cambridge.⁶⁴ If we are to develop the successful clusters of hi-tech industries in different parts of the country, more science investment will be needed in the many Higher Education institutions and companies there. As the House of Lords Science and Technology Committee notes, the government is failing to meet even its existing ambitions for science because of poor, bureaucratic, implementation and lack of the international cooperation which is essential in science.⁶⁵

We therefore welcome Labour's target to drive up total public and private investment to in R&D to 3% of GDP across the economy,⁶⁶ and recommend that there should be a renewed focus on driving up R&D outside London and the South East to drive up innovation and regional productivity across England, much more than the present

government's unambitious target. We also support piloting the 'Innovation Deals', recommended by Nesta, with R&D funding devolved to MCAs that can demonstrate the analytic capacity to spend this money effectively.⁶⁷

The experience of countries such as Germany tells us that the UK also needs a whole suite of revamped regional innovation and development programmes building on the place-based logic. The Strength in Places Fund (SIPF) run by the UK Research Institutes has been a good start. Its aims have been to support innovation-led regional growth, enhance local collaborations involving research and innovative support and as the mission of UKRI states to "help areas of the UK to build on existing strengths in research and innovation to deliver benefits for their local economy".

There is however far greater scope for innovation-led company creation and job creation in all parts of the country than we currently observe, and public investment in research-related activities should play a crucial role in these galvanising these processes. We therefore agree with the aim to support consortia representing meaningful economic geographies across the UK whose research and innovation is likely to bring significant, relative economic impact and regional growth and is aligned to the needs of their local industry and business supply chains.

In order to achieve the innovation-led growth across all regions of the UK we need a revamped suite of place-based innovation-related programmes. The SIPF, which should be properly supported, could usefully be extended and supported longer term from R&D commitments outlined by Labour. But it also must explicitly include the replacement for the EU regional development programmes (currently titled the 'Shared Prosperity Fund'). This all needs shared management and multi-level governance in which devolved powers to cities, regions and mayors in all parts of the UK play a key role alongside Whitehall and the Devolved Administrations in the delivery of these programmes.

The suite of programmes must also emphasise the importance of scaling-up interventions by allowing local and regional governance authorities to coordinate actions across different funding streams and thereby increasing the longevity and life-cycles of these programmes. Short-term, ad hoc and competitive bidding processes for funding help no-one, and the key objective of the newly revamped is to achieve long-term and larger scale impacts along the lines already detailed by the two UK2070 Commission 2020 reports *Make No Little Plans* and *Go Big Go Local*.⁶⁸

Recommendation 7: The UK needs a radically reformed suite of place-based innovation-led R&D programmes, with Mayors, and local leaders in all parts of the UK playing a key role in design and delivery. This should include the replacement for EU regional funding, and future support for the Strength in Places Fund.

The UK Infrastructure Bank is a government-owned company set up in June 2021 with £12bn initial funding, to invest in infrastructure projects that support net zero and boost regional growth, aiming to draw in private sector finance. The government is currently in the process of putting it on a statutory footing and setting out more detail on its powers and objectives, but as currently established it risks being yet another centrally run institution in which regional and local voices are marginalised. It needs to establish a window for each region and nation of the country.

We therefore support the call that has been made by Labour for the Bank to report regularly on the geographical spread and impact of its investments, and establish a plan by which it delivers for each region and nation - identifying each areas' key clusters and how their infrastructure needs can be fully financed in consultation with elected mayors and local leaders. There should also be a place for devolved leaders from across the UK within the UKIB's governing structures, so it can be held to account for meeting these objectives.

The Bank needs to maximise the resources available for investment. First, we see a strong case for further joint ventures with the European Investment Bank, which loaned almost €120bn to projects in the United Kingdom. So while the UK is no longer a member of the EU, there are still EIB projects in the process of completion and there is in our view scope for further cooperation.

Second, we see scope for greater private investment in our infrastructure from careful, long term investors, like some of our large pensions and insurance companies, who need stable long term assets to support pensions in payment. The regulatory framework which governs those investments should not discourage it, and government and local leaders should work with the industry to devise the best mechanisms to attract private capital into these long term public projects. Similarly, the capacity of regional and local bodies to engage with the capital markets, through issuing bonds (as councils already can) or in other ways, needs to be developed to attract investment successfully into their area and work effectively with private partners.

Recommendation 8: The UK Infrastructure Bank should be given an explicit mission to address regional economic inequality.

The Bank has been criticised for its relatively small footprint in the less well-off parts of the UK. To change this we believe it should be given an explicit new mission: to support regional economic development, in particular by catalysing growth of scale-up companies in key clusters. Given this fundamental reorientation in its purpose and new duty to reduce regional economic inequality, we recommend renaming it the British Regional Investment Bank.

New Mission: Regional Equality

This new Bank should offer a renewed focus on local relationships and long term lending in support of innovative clusters and centres of industrial excellence. It should

also assist local authorities by advising them on approaches to the commercial development of publicly owned land – essential for towns, cities and regions as they seek to become vibrant centres of economic initiative. Alongside the UK Infrastructure Bank, it should be encouraged to match funding for this.

The Bank could also offer more support to our world class university sector in ensuring innovative new ideas can be diffused and incorporated by SMEs and start-ups. We have among the highest concentration of top universities in the world, spread across the UK – yet the record of commercialization of spinouts/research is poor outside Golden Triangle. The Bank should assist and advise universities on this, provide, providing matched funding of investments in local spinouts - with the goal of ensuring that the UK has the highest levels of spinouts per capita in the world.

There may also be a role for the Bank in developing a new approach to banking focused on local relationships and long term lending, which is needed given the UK's centralised banking system – which is primarily short term and transactional – inhibits the growth of SMEs in economically weaker parts of the country.⁶⁹

In practice these steps would require a more effective presence and footprint across the UK's nations and regions, to gather business intelligence, offer advice and ensure the best possible value for money. There should be arrangements to link the Bank with the work of the UK Infrastructure Bank, as well as the Scottish and Welsh development banks, and other organisations such as the British Growth Fund so their activities are effectively integrated as part of a coherent strategy to spur and sustain economic development across our towns, cities, regions and nations. It should also explore joint ventures with the European Investment Bank, in order to bring greater resources to bear in this endeavour.

Similar to our recommendations for the UK Infrastructure Bank, devolved nations, mayors and local authorities should also be involved in the governance of the bank.

Catalysing private investment in new economy clusters

A critical requirement for economic regeneration and growth in the UK's cities and regions is however private investment in new and growing businesses. There is no shortage of financial resources in the United Kingdom. Quite the opposite: the City of London manages huge quantities of capital in its equity, investment, insurance and other institutions. Yet the wider country, beyond London and the South East, sees too little benefit from all this financial firepower. Much of the investment made by the City is outside the UK or concentrated in our most prosperous regions. At present, three quarters of equity invested in small and medium sized enterprises, which include the growth successes of the future, occurs within London and the South East⁷⁰. With the right conditions, private investment could be a force for rebalancing the economy.

The current disparities have serious consequences. Equity investors are those looking to develop firms with high growth potential, the engines of economic development.

But success in one part of the country tends to breed further success, and further investment tends to follow where money has already gone. We need to break this pattern, certainly not by preventing investment in successful businesses in the South East, but by encouraging similar self-reinforcing cycles of investment and growth in all parts of the country. To do this we must encourage the UK's powerful investors to widen their investments beyond around London.

First of all, therefore, as we argue in the next section, each area of the country needs its own effective and realistic economic development plan. These plans should be driven locally, reflecting the strengths of each area, and support from central government to build the clusters of new enterprises from which growth so often springs. This sort of strategic thinking, too often missing in recent years, will begin to create the opportunities for investment. But in the initial stages at least, private investors will need to be encouraged to support this change.

A new responsibility for the British Regional Business Investment Bank should be to catalyse larger private capital investment in scale-up businesses located in key regional clusters. It will be focused primarily, though not exclusively, in equity investments.

We know this kind of public investment in business can be done well to great effect. There is strong evidence both in Britain and abroad of it driving economic development. Other nations have established successful large scale equity investment funds, notably France (with BPI) and Canada. The British Business Bank has supported many of the high growth successful smaller companies in Britain, and the value of its equity investments on behalf of the public has grown by than 51%. Yet it remains as London-dominated as the rest of the investment sector. Moreover, reflecting a broader lack of industrial strategy, the British Business Bank's activities have been uncoordinated with wider efforts to boost local economies.

The funding available for businesses would therefore be a mix of public but mostly private investment. Public financing for this purpose could be augmented by the proceeds from wind and wave licenses, and upcoming 5G auctions. Operationally, the investment decisions must be made by professional investment managers, which international evidence suggests is critical to ensuring that publicly supported investment programmes are effective.

The aim should be to target a positive return on public capital invested, by generating enough public funds for further investment. However, at least initially a lower return on the public capital invested is likely compared to the 25% plus sought by private investors, in order to sustain their participation. We would envisage that the Bank should focus on supporting firms in the economic clusters identified in regional economic plans, but it could of course invest in other successful or promising enterprises also.

The Bank might also invest alongside the Scottish National Investment Bank and the Development Bank of Wales, building on existing informal links between those institutions and the EIB, as discussed earlier. The primary investment consideration for the Bank should be commercial, but public investment support would only go into enterprises after proper assessment of the relevant environmental, governance and social impacts, as is now common in all responsible investment.

Additional investment is also badly needed in infrastructure, and here again the private sector can play a leading role, notably in properly structured partnerships in which private enterprise can apply investment disciplines to the delivery of new infrastructure assets, alongside public investment and provision. This too should be incentivised in the less well-off regions of the UK, in conjunction with the work of the UK Infrastructure Bank.

In the preparatory stages of our work we have been able to engage to a limited degree with private investment organisations on this topic, and there is clearly an appetite for this kind of partnership, working with the public sector in equity and infrastructure investments across the whole the UK. Taking this engagement further forward should be an early priority for the Labour Party and then for Labour in government.

Recommendation 9: The British Business Bank should be given a new remit to promote regional economic equality in access to investment capital. It should do this by bridging the equity finance gap outside of London and the South East, and should be renamed the British Regional Investment Bank to reflect this change

Section 3: Partnerships for a Purpose: a Plan for every Place

There is a missing link in England's governance, between a distant and mistrusted central government, and local councils, which are more trusted and responsive to local needs, but operate in a limited geographical sphere. This is particularly true for economic development, where international experience strongly suggests that it is this middle level between the national and the local which can often be the best place from which to drive growth. At the moment, England's political and economic geographies do not match up neatly. Many economic activities, such as travel for work, public transport or supply of goods and services or utilities, take place across combined and local authority boundaries. The current complex system involving local and national actors limits the development of joined up, strategic plans for each place. A lack of integration deters investment and growth, and leads to poor planning for housing and infrastructure. Effective, coordinated action across existing boundaries is of particular importance for economic growth and infrastructure planning, but it may also be relevant for such issues as housing, social care or other services, and access to cultural, recreational or sporting resources.

Previous attempts to address this, for example Labour's original plans for Regional Assemblies in 2001, failed - except of course in London. Regional Development Agencies also sought to fill this gap but have been abolished by the Conservative government. The present government's "levelling up" policies fail to deal with this issue. Their bidding process imposes a Whitehall template on every local area.

Mayors and Combined Authorities have in recent years been more successful, and gained much public support. But they are anything but universal, operating principally in cities, like the old Metropolitan Authorities before them, and even their boundaries do not necessarily work well for all purposes. We cannot turn the clock back to recreate Regional Development Agencies, or still less to impose a system of regional government from the centre on the different parts of England. This gap must be filled by growth from the bottom up. That means developing and giving structure to a system of local and regional partnerships.

Recommendation 10: There should be an economic growth or prosperity plan for every town and city to contribute to our shared prosperity, owned by Councils, Mayors, towns and cities working in partnership

Both local and regional partnerships are needed. Local partnerships to ensure any place outside of an existing devolution arrangement is not left behind and can take advantage of powers being pushed out from the centre, particularly on skills and transport. Regional partnerships to enable local leaders to group together, using their joint powers and influence to deliver change at scale on issues such as clusters to promote economic growth, and infrastructure development.

No local or devolved authority would lose any of its current powers as a result of the changes proposed here but may choose to share them, to operate at more effective geographical areas and in concert with their neighbours. Indeed as a result many communities – particularly in rural or non-metropolitan areas, sitting outside existing devolution arrangements – would actually be given a greater say on issues that vitally affect them, such as local economic strategy.

Local partnerships could be groups of local authorities coming together based on the economic and physical geography of an area, but as defined by local leaders, not Whitehall. This borrows in part from the example of the Welsh Labour Government and its 'new era of partnership', a new model for regional economic development. Areas would be able to take on greater powers, but would not have to adopt a Mayoral model to do so (although over time, this form of partnership working may encourage them to establish a more formal CA or MCA arrangement). Should this happen we believe there should be greater consultation with local people, although we are not convinced of the need to put this question to a local referendum.

We also believe this should be used to resolve the future of Local Enterprise Partnerships in England. The quality of these is hugely variable across the country, and although expertise can be found within them, their effect on regional

development is widely considered to be negligible.⁷¹ The Conservative government has set out its plans for LEPs to be integrated into CAs, MCAs, and the Mayor of London, leaving LEPs as they are currently constituted in all areas without a devolution arrangement. We believe that over time LEPs should be integrated into local partnerships, bringing their activities under democratic oversight and ensuring there is clear accountability over the delivery of local economic strategy, while also retaining expertise.

While these changes must be primarily driven by local demand, central government will have a limited but important role to play in their formation, and there should be two minimum requirements for anywhere wanting to form a partnership with the support of central government: a shared plan for jobs and growth, tied to the powers exercised through a partnership, together with clear scrutiny and accountability mechanisms.

Regional partnerships are needed to address regional economic policy. Even the largest units of devolved governance today - city-regions - do not match the scale required to do so. Calls for some form of regional economic coordination - over strategic transport, industrial strategy, skills policy, spatial planning, trade and investment, as well as energy and environmental projects - have grown in recent years, and cut across party lines.⁷² In the past this role was played by Government Regional Offices and Regional Development Agencies.

There have since been examples of partnership working to fill this gap, such as:

- The Convention of the North and NP11, bringing together five city-regions, 11 LEPs and local authorities;
- The Western Gateway, spanning South West England and South Wales, brings together Local Authorities, a Combined Authority, City Regions, Local Enterprise Partnerships and governments in Wales and Westminster;
- Transport partnerships, such as Transport for the North and Midlands Connect.

While these have been established through bottom-up initiative, they have tended to enjoy little standing with central government. This needs to change. The case for coming together at scale like this is clear, particularly for the development of clusters and their supply chains and labour markets, which tend to operate at a large, more regional' scale, drawing on the strengths of towns and cities, and resources such as Universities and research institutions.⁷³ It also helps to overcome complicated market facing challenges of attracting foreign direct investment, supply chain development and R&D, while also ensuring greater coordination on pan regional transport and infrastructure projects. Most importantly it can help provide a collective voice on all issues of concern to people across England's villages, towns and cities.

We therefore recommend that the Government offer support to partnerships which can demonstrate the ability to deliver a joint plan on strategic issues such as transport, skills, industrial strategy, trade and investment.⁷⁴

Spatial planning

In the context of England there are no enforced sanctions in situations where local land use plans are out of date, and so two-thirds of the country currently has no updated local plan, thereby inhibiting the types of coordination and scaling up we are advocating.⁷⁵ Regular updating of local land use plans must become a legal requirement, and the development of larger-scale regional planning frameworks along the lines already proposed by both the One Powerhouse Consortium and the UK2070 Commission should be pursued, as is already standard practice in almost all of the UK's densely populated competitor countries.⁷⁶ These should be responsibilities for the partnerships set out above.

The role of universities and the NHS in partnerships

The UK is endowed with many of the world's leading universities. Including them as key stakeholders in the formation of partnerships will ensure all parts of the country including places that do not currently have universities can benefit from their successes in research and innovation.

Another of our nation's greatest assets is the NHS - not just a source of great care and healing, but a source of innovation. The data that the NHS collects is a unique collection of information upon which to conduct research and trials and there is a need to consider the assets of the NHS at a regional level if we are to exploit its capability for innovation to the full. We have seen examples of local and regional trials that can be done at low cost but are highly effective. Supporting NHS innovation at a regional level should therefore be another objective in forming such partnerships.

Forming partnerships

We believe that the Council of England, a forum for coordination and cooperation that we recommend elsewhere in our report, should be tasked with encouraging the formation of these partnerships. Similarly, that council could be a place for considering the extent to which partnerships have been successfully built across the whole country, or whether there are gaps which need to be addressed. We propose later that it submits a yearly progress report to Parliament, to ensure any concerns are given Parliamentary attention. MPs could be also part of these partnerships, as could regional ministers from central government, but the leadership would have to be chosen by the constituent members.

Not all partnerships need to be the same size, and not all viable areas of policy need to be devolved at once. Devolution to be a rolling process, increasing in line with regional institutional capacity and quality, which after decades of disempowerment

local and regional has been severely dented. It must be allowed to build gradually alongside increasing power and responsibility.

There may well be places which do not fit easily into combined authorities or city regions, including towns and rural parts of the country, which is why partnerships, whether local or regional, should be driven by consensus and local initiative. While partnerships must be locally determined, not imposed from by the centre, we note the support for the notion of a *Council for the North*, bringing together political leaders from across the North of England. The process we have outlined could lead to the establishment of such a body.

Reforming the civil service

Good government requires a strong and capable civil service to work with ministers to ensure change happens and lives are improved. Today's civil service is not in a good state. Relations with ministers are poor; the civil service is subject to frequent, morale-sapping public criticism by politicians that it is in no position to rebut. Its integrity has been challenged by failings over Partygate. Its competence has been questioned through its often bureaucratic and unimaginative response to the Coronavirus crisis. Ministers are openly interfering in hiring and firing decisions of senior officials in a way that undermines the meritocratic basis of civil service appointments.

In recent years it has also become more London-centric. When the last Labour government took office in 1997, more public servants were employed in local government than centrally. Today central government employs 3.4 million people, while numbers in local government have declined to just 2 million.⁷⁷ London is the only part of the country (apart from Wales, by a small margin) that has seen civil service numbers increase since 2010. Around 20% of the UK's 456,000 civil servants are based in London, but two thirds of the senior civil service, and more than 70% of officials working on policy.⁷⁸

The concentration of higher-value jobs in the capital has several adverse effects. It limits the civil service talent pool to those willing and able to move there, as well as the daily personal experience of policymakers to London and the South East. As the Institute for Government has noted, 'relocating central government jobs is not the same as allowing communities greater control...central government powers and funding shift to a local level alongside jobs, relocations will not empower local communities.'⁷⁹

This situation cannot continue. We believe three changes are needed:

1. It is time to put the relationship between ministers and civil service on a formal statutory footing. Practice and custom are no longer sufficient. The public needs assurance as to where accountability and responsibility lie. A well-designed statute

would for the first time guarantee the permanence, impartiality and objectivity of the civil service. It would define who is accountable for what between ministers and civil servants. It would require the head of the civil service to ensure long-term capability within the civil service to meet the needs of current and future governments. It would enhance the role of Parliament in holding civil servants to account.

2. The civil service, particularly in senior policy-making roles, has too little experience of the world outside of Whitehall. There are too few scientists, not enough people with experience of industry, too few at the centre who have worked in local or devolved government, the health service or the wider public sector. Innovation is not rewarded. Civil servants are moved around far too quickly to develop the necessary expertise in complex policy areas.

All these things can be addressed by the civil service itself, with the support of ministers. Reform programmes to date have been too tepid and not pursued with vigour. That must change. This means a fundamental switch in approach to recruitment to broaden the experience base in the civil service. It means far more rigorous training for civil servants throughout their careers and an approach to promotion that is based on evidence of outcomes delivered. No one should be promoted to the senior civil service unless they have worthwhile and extended experience of roles outside of Whitehall.

3. The biggest positive impact will come when civil service jobs follow power and responsibility away from the centre to the towns and cities where it should rightly be held. The civil service has grown at a time that local government has been denuded of resources. That must be reversed so that experienced policy makers are located alongside, or in, local government and combined authorities to bring their expertise to help build governance capability across the country.

The present government plans to relocate something over 20,000 Civil Service jobs out of London by moving departments and agencies in whole or in part. We welcome this. Moving staff who still work for central government will save money and it will widen the talent pool available to the Civil Service. Moving more senior staff jobs will expose more policy makers to life outside London and the South East.

But it does not go far enough. More and more senior jobs can be moved outside of London, all across the UK and, importantly, more senior officials must be become responsible to for the new partnerships and devolved bodies in England. In our judgment that should make it possible for a Labour government to set a more ambitious target for transfer of officials to the nations and regions and an ambition of moving 50,000 posts, saving at least £200m a year in the long term, is not unreasonable, as the government estimates that property and similar costs are around £4000 a year per head higher in London.

Relocation of government agencies and public bodies

Ever since a Labour government decided on the relocation of the Ministry of Overseas Development, as it then was, to East Kilbride in Scotland, relocation of government agencies and public bodies outside of London has been increasing. New public bodies are now typically set up outside of London, and existing bodies have been successfully moved to different parts of the country. But the experience of very recent years, and the development of technology, mean that the scope for moving government functions to locations across the country is now even stronger. As remote working has become normal, and seen to be effective, the case for retaining headquarters functions for agencies and public bodies in London is much weaker: much of the contact which they will need with ministers, or even with legislators, can we know be very successfully done remotely.

Earlier in our report we discuss the benefits of economic clusters of private sector activity in new and growing industries, which we recommend as the basis of economic growth across the country. We think the time has come to think also of a more strategic approach to the location of public bodies, building clusters of expertise and resource of cognate public services in different cities or regions. This could match existing private sector strengths and skills, say in education services, legal services, or economic functions, to be found in local industries or in the higher education sector, or creating new government competence hubs as central government departmental officials and the public bodies with whom they relate are relocated.

This is a major task with great long-term potential, but we are realistic about challenge of making the change. Relocations are likely be disruptive both to the functions involved and to the staff affected. The individual circumstances of different agencies will vary, and change must be carefully and sensitively managed. Obviously operational functions which serve London and the South East should not be moved outwith that area. It is not the task of the Commission to propose that individual bodies should move, but to identify the potential, and we have reviewed existing agencies and public bodies with substantial Headquarters employment remaining in London, to assess the scope for change.

This work confirms there is real potential to transform much of the landscape, moving the headquarters functions of many agencies and non-departmental public bodies, over a period of time, alongside central government department functions, to different locations across the UK. We recommend that a project should be mounted by a Labour government to set out a long term plan for achieving this. Candidate agencies and bodies which should be considered for inclusion in such a plan - subject to detailed and full assessment when in government - might include the Competition and Markets Authority, the UK Debt Management Office, the Government Internal Audit Agency, the Valuation Office Agency (HM Treasury is already successfully operating substantial functions from Darlington), the Government Actuary's Department, the Charity Commission, the Food Standards Agency, the Courts and

Tribunals Service, the Office of Gas and Electricity Markets, the Office of Road and Rail, the British Transport Police Authority, and others. These bodies are listed as illustrations of the scope and scale of the potential change, rather than as specific proposals, as much more detailed work would be needed on them and other potential relocations. But it is clear to the Commission that there is scope for relocating a substantial number of public bodies out of London over time in a way which will take the opportunities offered by modern technology, and build hubs or clusters of public service expertise across the whole UK.

Recommendation 11: 50,000 civil service posts should be transferred outside London, saving at least £200m a year, and the London headquarters of Agencies and Public Bodies should be reviewed and where appropriate relocated

Section 4: Fiscal power for local government

England is the most fiscally centralised of any large country.⁸⁰ Virtually all tax decisions are taken by the central Treasury, and the remaining tax powers of local councils heavily circumscribed. Central government also takes virtually all spending decisions, forcing councils to bid repeatedly for resources from the centre, even as their core budgets are being cut. This trend has worsened under the Conservatives. In the West Midlands for example the mayor controls just 0.4% of day-to-day public spending, compared with 84% is controlled from Whitehall.⁸¹ Devolution in England must involve greater power over spending and taxation decisions, but this must be done in a careful, managed way, to ensure equity in the distribution of public resources and access to services. Change should begin with greater certainty and flexibility for local government in present budgets and powers.

Recommendation 12: Local government should be given greater long term financial certainty to enable them to invest more confidently in their areas' futures

Local leaders need greater financial certainty and stability, if they are to plan for the future and develop local economic strategies. Over the last decade the Conservatives have done the opposite. Cut after cut to council budgets has put their finances in an increasingly parlous state. These have disproportionately fallen on the most deprived areas, forcing councils to focus on critical services, often at the expense of economic development. Far from long term certainty, since 2016 local government has been given repeated one year settlements – making it impossible to plan strategically.

Multiple competitive funding pots with opaque bidding processes have created “fragmentation and confusion which stifles any attempt at a long-term or consistent approach to development.”⁸² These tend to be run in line with strong, centrally imposed criteria in departmental siloes, giving local leaders little flexibility for local priorities or on projects that cut across government departments. This approach pits council against council for piecemeal funds, and, perversely, the process of bidding wastes already scarce money and resources.⁸³

We need a new approach that removes the financial straitjacket on local government and metro mayors, empowering them to respond to the needs of the people they serve, and focus on developing their local economies.

We therefore recommend that local government is given financial stability and the freedom to focus on local priorities:

- **3 year financial settlements** – at a minimum - to provide greater stability and the ability to plan strategically. The next Labour government should also explore how local government can be given longer term financial certainty.
- **Block grant funding** – consolidating funding streams from different central government departments, so local leaders can spend on local priorities, not those determined by Whitehall.⁸⁴
- **Funding based on cooperation rather than competition in any remaining centrally run bidding processes.** Where these do exist they should foster collaborative approaches between different places, and projects that cut across different policy areas.
- **Transport and infrastructure funding should wherever possible be given guaranteed 5 year funding** - Network Rail, Highways England and mayoral combined authority areas currently receive this, but local government does not.⁸⁵

Recommendation 13: Local government should be given more capacity to generate its own revenue with new fiscal powers

A new financial settlement is a prerequisite to more dynamic, responsive and effective devolved government in England. But there is more that could be done to ensure it can play its fullest possible role - gradual but clear steps towards greater fiscal devolution.

We therefore recommend giving local government greater fiscal flexibility:

- Mechanisms that ensure there is local benefit from developments including infrastructure improvements should be strengthened and further developed.⁸⁶
- We support fiscal devolution, where relevant and beneficial. Local decision makers are considering taxes and levies at a local level. It is for the Shadow Chancellor to make any announcements in due course.
- Local areas could also retain some of the savings they generate in taking people off benefits and into work.
- We note that Labour has announced a plan to replace non-domestic rates with a new tax on business property. This should build on the business rates retention scheme, and ensure that local authorities share in the proceeds of local economic growth.

These changes however require a fiscal framework that does not simply mean that only the better off places benefit from their higher taxable capacity. Any move towards fiscal devolution should therefore be done gradually and carefully. Given the capacity to distort equalisation or create perverse incentives, there should be checks on any new local fiscal power. Any new measures should not adversely impact a surrounding area, or undermine the complex fiscal equalisation system.

With greater power here also comes the need for greater scrutiny and accountability that will be needed to ensure money is spent wisely. The planned scope of Labour's proposed *Office for Value for Money* could include local and regional government as the Audit Commission once did; alternatively the NAO could be given the responsibility to oversee this. Another suggestion would be piloting local public accounts committees, to give confidence to both central government and local people that there is proper scrutiny of how money is being managed.⁸⁷

Section 5: Transforming English Governance through Special Local Legislation

Our recommendations for England so far have been focused on renewing local power and voice and developing the partnerships necessary to rebuild local economies across the country. This must be the immediate priority, but the scope for devolution in England in the longer term is much greater than that. In principle, there is no reason why, say, the great cities of England, as their capacity and capability develops, cannot exercise executive power comparable to the Welsh Assembly government or the Scottish government. But for too long devolution in England has been at the grace and favour of central government. The Tory government's Levelling Up White Paper was emblematic of this – a top-down, prescriptive menu of powers offered by the centre that fails to reflect the different needs of different areas.

A new approach is needed, which places the initiative with towns, cities and regions, which recognises that different places will wish to proceed in different ways and at different paces; and which enables them to specify the powers they seek and to have a direct relationship with Parliament in obtaining them. We therefore propose a new and different mechanism which we call **Special Local Legislation**.

Recommendation 14: Local leaders should be able to take new powers from the centre, through a new, streamlined process to initiate local legislation in Parliament

Historically, local legislation was how the great cities of Britain first took power, becoming engines of social as well as economic progress. Responding to the radical economic changes of the industrial revolution, which their cities also led, local leaders in cities like Birmingham or Glasgow led social change, introducing clean water, effective sewerage, public transport, gas, electricity, and many other local powers that are now established over the country. The mechanism they used for this was typically private local legislation: that is to say Acts of Parliament of limited geographical extent, promoted not by the government or MP's but by interests outside of

Parliament. Indeed in the 19th century these were more common than public general Acts, not least because they were used by promoters of canals and railways.

Private legislation is still with us, though much less common as many of the powers it granted councils and issues it dealt with are now in public general Acts of Parliament. It is still used to promote infrastructure projects like HS2 or the Borders railway line in Scotland. Some local authorities have promoted private legislation in recent decades, though typically for very limited powers (e.g to regulate street trading). Upon its creation the Greater London Authority was also granted the power to promote or oppose bills in Parliament, although it has never been used.⁸⁸ It is easy to see why: the process of private legislation is slow, expensive and cumbersome - bills typically take several years and require costly specialist legal advice; and elected local bodies have no special status in promoting them.

We therefore recommend a new form of Special Local Legislation, which would give local or regional bodies with democratic legitimacy a special status in promoting local legislation to be enacted at Westminster. There should be a different, and special, procedure which applies, so that it is quicker, less cumbersome and expensive, but still subject to proper democratic scrutiny:

- The procedure should apply to legislation promoted by any local authority, combined authority, or other combination of local councils. Central government should be under an obligation to advise and assist in the preparation of legislation, through drafting support, offering model clauses for particular purposes, and reasonable access to the resources of parliamentary counsel.
- The reformed Second Chamber of Parliament which we propose later should take the lead in scrutinising this legislation. It would be a matter for Parliament to ensure that it did not disadvantage surrounding areas or have undesirable spillover effects in the rest of the country.
- The procedure should be available for legislation on any topic, provided it is consistent with the preservation of the shared elements of the UK union. So it should not deal with matters which are reserved in Scotland, Wales or Northern Ireland. A Special Local Bill could draw down powers from the centre, or provide different regulatory frameworks to apply locally or regionally or create new fiscal powers.
- Given that this will be legislation of Parliament at Westminster, there is no need to specify limits on legislative competence, but instead to specify which matters can be subject to the procedure. We envisage that the procedure can be facilitated by standing orders, but if enabling legislation is needed it should be promoted. The resultant laws would be of limited geographical extent, but otherwise would have the authority of an Act of Parliament. They might be referred to as Special Local Acts.

As powers exercised by mayors and combined authorities or similar partnerships widen, additional forms of accountability should also be considered and created through Special Local Legislation. Ensuring that there is appropriate democratic accountability for any new powers sought will be an important aspect of Parliamentary scrutiny of the legislation. Strengthening the democratic institutions in our towns, cities and regions of England will improve the engagement between ordinary people and the political process and to reverse the corrosive mistrust which voters all across the country feel in our central political institutions.

Of course there is no way of guaranteeing that the government of the day will not oppose the Special Local Legislation being brought forward. But our opening recommendations, particularly on the purpose of the UK and a duty to make decisions as locally as meaningfully possible, provide a constitutional underpinning that will help guide this process and strengthen the hand of those submitting the legislation, providing it adheres to these principles.

Enabling decentralised legislative initiative at the local, city region or regional level in England will empower communities and local leaders to craft the legislative framework to obtain the powers they need and address the problems and opportunities they face. In the long run, this method can transform the governance of England, and rebuild the confidence of its population our democratic system.

Section 6: Double devolution: pushing power into communities

In too many communities it is not only jobs and opportunities that are lacking but also community and civic engagement. A strong economy and a strong society are mutually reinforcing, which means rebuilding the economic strength of England's towns and cities must be accompanied by a concerted effort to repair our social fabric.

Increasing community involvement in local decision-making and shaping local services responds to this and brings clear benefits: more resilient and better connected communities, and services centred around the needs of those who use them, which long-term can save money, with greater emphasis on early intervention and prevention.⁸⁹

Certainly the public clearly want more of a say on the issues affecting them, particularly locally, on budgeting, the location of services, the funding of local amenities, the quality of public provision and the development and growth of community assets. Nearly 8 in 10 believe local people should be involved in decisions about spending government money their area.⁹⁰ But 'only 13% of the adult population of England is aware of being actively involved in decision making by governments and public service'; and while 45% would like to be more involved in local issues, only 6% are.⁹¹ To coin a phrase: people want to 'take back control'.

We welcome Labour's existing commitment and proposals to strengthen community power and deliver public services at the most local level possible, including:

- **A Community Right To Buy** giving communities first refusal on assets of community value, the right to buy them without competition, and longer to raise the money, will help communities protect the local assets that make up the social fabric of our places, from pubs to football clubs, historic buildings to vacant and derelict sites ripe to be transformed.⁹²
- **A police hub for every community**, each with its own Neighbourhood Prevention Team.⁹³
- **Communities having a say on heritage assets like football clubs**, backed by an independent statutory football regulator that gives local fans a voice.⁹⁴

We believe this can be built upon. Our suggested constitutional principle of subsidiarity should lead to “double devolution” becoming a core consideration in how services are delivered and decisions are made. We hope that new ways of participating and engaging can help create a more pluralistic democratic culture, which is itself a feature of strong and empowered democracies the world over.

Of course there is always a risk that efforts to increase local involvement in decision-making results in new inequalities of participation, shutting out the very communities such initiatives are intended to benefit. So when the measures we propose below are put into practice they must also engage with those marginalised communities who face greater hurdles to participation.

In practice this should mean that:

- **More services should be delivered at a neighbourhood level, with the public involved in shaping them:** Recent years have seen the development of locally led, user focused approaches to public service delivery. The ‘The Wigan Deal’ was a citizen-led approach to public health – with local government, the NHS, voluntary organisations and the public themselves agreeing a common approach, and giving staff greater flexibility to adapt services to the local needs is both saving money and creating more user-friendly services.⁹⁵ The Greater Manchester Model similarly seeks to build integrated and locally responsive public services, tailored to local peoples’ needs.⁹⁶ This should shape how the next Labour Government delivers public services; in particular, there is great potential for social care to be delivered at a neighbourhood level, through Labour’s proposed National Care Service
- **Greater use of deliberative and participative processes at a local level** so people can have a greater say on how money is spent in their community. Some councils are already pioneering innovative approaches. For example, the borough of Newham has a standing citizen’s assembly to help forge consensus around local policies, such as tackling climate change. Participatory budgeting can also strengthen local political engagement, and shape local place based budgets.⁹⁷

- **Recommendation 15:** There should be "double devolution" that pushes power closer to people – giving them and their community the right to have more of a say on the issues that affect them, the services they use and the places they live

Chapter 8: Scotland, Wales and Northern Ireland in a reformed United Kingdom

Scotland, Wales and Northern Ireland each has its own unique position in the UK reflecting the different history and aspirations of each.

Scotland remains a proud nation within the United Kingdom. It has self-government through a powerful Parliament of its own, but also shared government with the other parts of the Britain in the United Kingdom Parliament.

So too with Wales, a distinctive and equally proud nation whose Senedd has developed into a powerful legislature which commands widespread support and which too plays its part in the shared government of the country.

Scotland's Parliament and Wales' Senedd are among the most powerful devolved institutions in the world, comparable to or more powerful than many states or provinces in federal countries.

Our recommendations aim to strengthen both the independence of Scotland and Wales within the UK, and their interdependence with the rest of the UK, balancing autonomy and solidarity in the best interests of their people.

Northern Ireland's devolved powers are if anything wider still, but must always be seen in the context of the two constitutional traditions there, and the Good Friday Agreement, enshrined in law and in international treaty. Future relationships with the UK and the Republic of Ireland are subject to the principle of consent. We remain fully committed to that and will do nothing to undermine it.

But change is required if we are to make the UK work. We start from the principle that we do best when we secure the benefits that can flow from both self-government in areas where making decisions closer to home can yield the best results, and shared government where cooperation across the whole of the United Kingdom can benefit all.

Each of Scotland, Wales and Northern Ireland will be the stronger from the new solidarity clause we recommend as a basis for cooperation across the UK and from the new structures that we propose to ensure the benefits of cooperation flow to all the peoples of our country. We hope and expect that all our governments will participate fully in them.

So in the sections which follow we set out in particular what our changes are for Scotland, Wales and Northern Ireland and how they can benefit from the adoption of the principles of stronger self-government and fuller shared government.

Section 1: SCOTLAND

Self-Government and Shared Government

Rather than giving up Scotland's share in the UK with all the risks that involves, we want Scotland to have a stronger voice in the UK and its institutions and to have

stronger, constitutionally entrenched self-government. All the evidence tells is that is what the people of Scotland want, and that is what our recommendations will deliver.

It was a Labour government which established a new legislature and executive in Scotland, making a reality of the principle of democratic self-government and recognising its political and cultural distinctiveness within the UK. Over the last decade two rounds of additional powers over taxation and welfare promoted and supported by Labour have made Holyrood today one of the most powerful devolved institutions in the world.

Its powers are very wide. It will receive directly around a third of all taxes raised in Scotland, including income tax and property taxes.¹⁰ It is responsible for over 50% of all public spending, and nearly all Scottish public services, including the NHS, schools, social care, and many welfare benefits such as support for disabled people.

There is very strong public support for the Parliament as an enduring part of the UK constitution, as the law already provides. Our recommendations are intended to strengthen that self-government, by entrenching the permanence, enhancing the status, and widening the powers of the Scottish Parliament.

At the same time Scotland, like Wales and Northern Ireland, continues to benefit from the shared institutions of the UK that each helped build over many generations. This includes a share in the UK pound, served by the UK's central bank, the Bank of England. Scotland shares defence and security with the UK as a whole, and has a proud history in the UK armed forces. Thanks to the principle of redistribution across the UK, people in Scotland can see more spending on public services than Scotland's tax base alone would sustain. The elderly can retire in the knowledge that the UK state pension will support them. Even on devolved matters, cooperation across the UK matters hugely. For example, thanks to the shared institutions and buying scale of the UK, Scotland was able to offer Covid testing and vaccines to its population faster and in higher volumes than any other European country.

The institutions of shared government also need to be strengthened; cooperation does not always work anything like well enough. Many in Scotland share the dissatisfaction felt across the each part of UK, including England, that decisions made by remote politicians and civil servants are holding back their communities and preventing them from getting the best out of Britain. They are right to feel this way. Over the last decade devolved self-government has been undermined and bypassed by a government in London that has been able to ignore its democratic voice, most notably over Brexit and the UK internal market legislation passed despite the view of Holyrood. The cooperation which Scots are entitled to expect from their governments has all but broken down. We know what the people of Scotland, regardless of their view on its constitutional future, want cooperation on the issues that affect them, and this is a focus of our recommendations.

¹⁰ 27% already devolved plus 8% to be assigned under the Scotland Act 2016.

We recommend elsewhere major changes to the context of devolution and to the institutions of cooperation between the UK's governments. The key changes are:

- Our recommendations for widespread devolution in England will change the face of the whole UK, and the nature of its central government. Instead of a centralised, unitary state which deals badly with self-government in the devolved nations, the UK will become one which has to cooperate with devolved power over all of its territory. This change responds to demand in England, and is essential for UK to succeed economically and to rebuild trust in its institutions of government. But it will change the context of devolution for Scotland and indeed Wales and Northern Ireland for the better.
- The new “solidarity clause” under which each of the UK's governments will be committed to work together.
- A new Council of the Nations and Regions, replacing the present dysfunctional Joint Ministerial Committees, based in statute and with an independent supporting secretariat, to drive joint working.
- Entrenchment and protection of devolved power, safeguarded by new powers of the reformed Second Chamber of Parliament, acting as an Assembly of the Nations and Regions to ensure that the powers of the devolved administrations are always respected by central government, and cannot be overridden simply by a government using its majority in the House of Commons.
- As a result, there will be more open, transparent and accountable ways in which disputes and disagreements between the governments can be dealt with.

Entrenchment and Protection of Devolved Power

Devolution is a permanent part of the UK constitution, protected not only by law, but by the decision of the Scottish people in two referendums. But in the UK's unwritten, or uncodified, constitution it is in principle vulnerable to amendment or override by Parliament at Westminster. For most of the decades of devolution, this has not been a problem, but the Conservative government in recent years has disregarded the conventions which govern the exercise of its power, and interfered with the devolution settlements.

The most blatant example of the Johnson administration overriding constitutional conventions has been over the Sewel convention. This convention, first enunciated by Labour Minister Lord Sewel during the passage of the Scotland Act 1998 is a way of addressing the fact that in the UK's uncodified constitution, a sovereign Parliament can still legislate in relation to devolved matters or to alter the powers of the devolved bodies. The convention states it will not normally do so without their consent. (As originally enunciated it referred only to legislation on devolved matters, but has been extended in practice to include altering devolved powers, like the provisions in the

Scotland Act which allow devolved powers to be amended by Order with devolved consent.)

The convention applies to all three devolved legislatures, and has been given statutory recognition in the Scotland Act 2016 and the Wales Act 2017. Those Acts also declared that the devolved institutions were permanent, subject only to the views of the people of Scotland and Wales. If the convention is followed, it gives the devolved institutions the same kind of protection that constitutional codification gives states or provinces in federal countries.

For most of the period since devolution successive UK governments have carefully followed this convention. A steady stream of Bills have been promoted at Westminster by the UK government, working in concert with the devolved governments, gaining formal consent from the devolved legislature. This often makes practical sense, and shows the administrations working together in the common interest. The convention was also applied by successive governments to altering devolved powers, including such major changes as the Scotland Act 2016 following the Smith Commission, or the Wales Act 2017 rebuilding the legal foundations of Welsh devolution.

But things changed with the Johnson administration, which was heedless of constitutional convention and contravened the spirit and letter of the devolution settlement. They legislated repeatedly to breach it, in the Internal Market Act and elsewhere. The Supreme Court ruled that because the Convention only applied “normally” it was political rather than legally enforceable, they would not overturn this legislation. This has caused great concern among those who support the United Kingdom, and gives succour to nationalists who seek to end it, as they claim it shows that devolution can even be abolished on the whim of a hostile UK government. Of course this is unrealistic, but we nevertheless propose to deal with it in two ways. First, there should be a new, statutory, formulation of the Sewel convention, which should be legally binding. It should apply both to legislation in relation to devolved matters and, explicitly, to legislation affecting the status or powers of the devolved legislatures and executives. It should not be restricted to applying “normally”, but should be binding in all circumstances.

Of course it would then be in principle possible for an administration to legislate simply to disapply this provision in relation to any particular legislation. That leads to a second recommendation, which is that the legislation giving effect to the Sewel convention should be one of the protected constitutional laws which require the consent not just of the House of Commons but of the reformed second chamber also. This entrenches the convention as part of the UK's territorial constitution. It will succeed where the present legislation has failed in ensuring that the powers of the devolved legislatures cannot simply be overridden by the Government of the day. This form of entrenchment of the devolution settlements provides protection for them analogous to a written constitution.

In the same way, the provision in the Scotland Act on the permanence of the Scottish Parliament should be entrenched through the protection of the new second chamber, to guarantee that a UK government cannot simply end or remove it.

Recommendation 16: Enhanced Protection: Scottish devolution should be constitutionally protected by strengthening the Sewel Convention and protecting it from amendment through the new second chamber.

International recognition of Scotland and its Parliament

Scotland as a nation already has a powerful international presence across the world, one supported by the UK Foreign Service and by the offices maintained by the Scottish Government in a number of countries, which help to promote trade and cooperation. Of course Foreign Affairs is a reserved matter and the responsibility ultimately of the United Kingdom government and Parliament, but this is yet another area in which we would expect the UK and Scottish governments to cooperate, and where cooperation will serve Scotland better.

But we think it is right for the Scottish Parliament and government to have greater powers to promote Scotland across the world, both to represent Scotland as a nation, and to promote its economic and social interests. We therefore propose that the Scottish Government should, with the approval of the Scottish Parliament (and where appropriate, the assistance of the UK government) be able to enter into agreements with international bodies, insofar as they relate to devolved matters only. Examples would include UNESCO, the Nordic Council or (if the EU were willing to agree) even the Erasmus scheme for student exchange. The reservation of foreign affairs in the devolution settlement should be amended as necessary to allow for this. We note that the devolution settlement already contains reserve powers for the UK government to intervene if actions by the Scottish government would cause the UK to be in breach of its international obligations, and these would obviously apply here also.

Recommendation 17. Enhanced Status in Devolved Areas: The Foreign Affairs reservation should be amended to permit the Scottish government, with the agreement of the Scottish Parliament, to enter into international agreements and join international bodies in relation to devolved matters

Privileges of the Scottish Parliament and MSPs

The Holyrood legislature is a Parliament, with the status and powers appropriate to such an institution. Its laws are primary legislation, and its legislative power is as full as possible within the limits placed upon it, as the Supreme Court has confirmed. Similarly, members rightly enjoy the privilege of protection from being sued for defamation, so that they cannot be silenced by the threat of court action. Their statements are also protected from some actions in relation to contempt of court, for the same reasons. But these privileges are not as wide as those enjoyed by the most powerful legislatures in the world or by MPs, and this has proved problematic in at least one recent issue. We therefore support the proposals which have been made to

extend parliamentary privilege in this respect to MSPs in Scotland, so that they and the Parliament itself enjoy the same protections as the best in the world. It is important in any democracy that legislators are able to raise any issue in Parliament without fear or favour, and of course that they use such freedoms responsibly. It may in fact be possible to make the necessary changes through legislation at Holyrood.

Recommendation 18: Enhanced Status for MSPs: Members of the Scottish Parliament should enjoy the same privileges and protections as Members of Parliament in relation to statements made in their proceedings

Devolution within Scotland

The criticisms we make of centralisation within England, both in its stifling of local economic initiative and the sidelining of local communities, could too be applied to Scotland. Under the SNP, Scotland's councils have been disempowered and underfunded. Despite the best efforts of those on the frontline, the consequences - from crumbling infrastructure to assets such as libraries closing down - are devastating for the communities they affect. Control over vital public services is also increasingly distant from the people of Scotland, with SNP's proposed National Care Service the latest in a line of Scottish Government powergrabs, following the centralisation of policing, fire, planning and aspects of education.

Our plan for a new economy - with our collective prosperity being driven by towns, cities and regions across our country - requires a fundamentally different approach, with empowered local leadership and strong communities working in partnership to contribute to a new strategy for growth.

We have already set out examples of world-leading clusters across Scotland, from precision medicine in Glasgow to video games in Dundee. To nurture them and establish new ones Scotland needs a stronger, joined up system of local decision-making that can deliver the good local skills, joined up transport and modern infrastructure that both communities and businesses want.

Practical solutions have been set out by Scottish Labour, which we welcome, including the establishment of more robust regional cooperation to drive economic development, particularly where services such as transport and skills can be delivered at a larger scale. There could also be the creation of new regional governance ranging from joint boards to mayors to make strategic decisions for their area, and who, along with local authorities, could make the case for shaping the delivery of public services.

The structures of local government and devolution within Scotland are of course a devolved matter, and it is up to the Scottish government and Parliament to consider how to improve the ability of local leaders to contribute to economic growth and prosperity, and give communities greater voice on the issues that affect them. As such our recommendation simply makes the case for radical decentralisation within Scotland, and we would urge the Scottish Government to give serious consideration to this, as Scottish Labour have called for.

Recommendation 19: Enhanced Local Control: There is a strong case for pushing power as close as possible to people in Scotland, and consideration should be given to establishing new forms of local and regional leadership, such as directly elected Mayors

Striking the Right Balance between Self-Government and Shared Government to deal with the challenges facing Scotland today

The principal focus of our recommendations is on the constitution of the UK as a whole, the structures which support both self-government and shared government, rather than the detailed allocation of powers between different levels of government. For Scotland these have relatively recently been reviewed by both the Calman and Smith Commissions, and indeed not all of their agreed recommendations have yet been fully implemented.

Nevertheless it is important to keep under review which different issues are best the responsibility of either the UK or devolved legislatures or, as is increasingly clearly seen, best managed through cooperation between them. In doing so, our objective is balance the legitimate desire for autonomy with the obvious and pressing need for cooperation in the interests of the people of our country. We believe that two guidelines follow from this:

- The first is that unless conditions can be better managed by the UK institutions, or perhaps in cooperation between the UK and devolved government, we should apply the principle of subsidiarity, so that powers should be decentralised and so operate at the devolved level (or indeed be decentralised there). This already underlies the Scotland Act 1998, which provides that matters are automatically devolved in Scotland unless explicitly reserved.
- The second is that cooperation is essential in an interdependent world. Scotland benefits from being part of a wider economic area in which more than £50bn of trade is conducted (four times more than with mainland Europe) and on which over one million jobs depend. The UK economic market is for all underpinned by a social market where we share common minimum standards in, for example social welfare such as pensions, or employment rights including the minimum wage and basic conditions of work.

It is against this background that we have considered not just how we can build new institutions for cooperation, but also whether there is a case for updating government responsibilities where the transfer of responsibility might be considered beneficial.

A constructive and practical approach is needed to deal with the challenges Scotland faces today. Below we discuss some further issues on which change may be needed, whether greater cooperation between the UK and Scottish governments, or the Scottish government using its existing powers more effectively, or the enhancement of Scotland's powers of self-government.

Progress towards full employment: employment is vital to the future of the economy. Scotland's economy is far more integrated with the rest of the UK than most economies in Europe. It has been estimated that anything up to one million jobs in Scotland directly and indirectly depend on trade with the rest of the UK. There are nevertheless areas where applying the principle of subsidiarity to devolve responsibility makes sense.

Job centres can perform a vital function linking not just individual employees and employers, but in helping people gain the skills they need to thrive through access to training and development. This requires close co-operation between the two levels of government, not least because of the interaction of job placement and benefit levels.

But we see advantage in devolving the administration of the job centre network to the Scottish government, which would enable local employment advisers on the ground to be more flexible in dealing with the needs of their clients (e.g travel costs and child care), and directing them towards the skills and training opportunities they need. It could also enable much closer integration with other public services, like community health services, and make possible a more holistic service that puts people first and ensures they can access the support they need in one place.

The administration of the job centre network should be devolved in Scotland.

Strengthening workers' rights and progress towards fair wages: Solidarity across the whole of the UK is important to the defence of workers' rights and in most circumstances it is by collective bargaining across the UK that the standards and conditions of workers will be improved. We therefore warmly welcome Labour's Green Paper on Employment Rights, which will benefit every part of the UK, including Scotland.⁹⁸

UK employment law as reformed by what will be the biggest strengthening of workers' rights in a generation, is a floor beneath which workers' rights cannot fall. We want to avoid a race to the bottom where the good are undercut by the bad and the bad by the worst. But the world of work is changing and what drives improvement in working conditions is much wider than employment law, and includes many issues that are the responsibility of devolved governments. Obvious examples include employment conditions in public services or the law relating to compensation or the vindication of rights in industrial tribunals. But the scope extends into many regulatory issues such as licensing of taxis or other trades. Devolved administrations who wish to go further to promote good work must not be prevented from doing so.

The Welsh Labour government has taken a lead in this, legislating to disapply the unacceptable changes to Trade Union law relating to check off and the use of contract workers during industrial action within its jurisdiction in Wales. The UK government has threatened to legislate to repeal this, once again overriding devolved power contrary to our constitutional rules. This once again is unacceptable, and is a further

justification for our recommendations on entrenching the Sewel convention to prevent such rowing back in the event of future Tory changes.

What this shows however is that the legal framework and the scope for government action to promote good work is an area which is shared between governments. The need for cooperation and the proper responsibilities of the Scottish Parliament in this area should explicitly recognised, and the UK and devolved administrations should engage constructively and agree ways in which they can work to improve working conditions. These should be considered in social dialogue with trades unions who have been at the forefront of the fight for better work in every part of the UK. It is important that the powers of government should be used in a coordinated way to promote good working conditions, and that if one level of government should fail, as it is doing today, the other cannot be stopped from stepping on and using its powers to deal with the problem its powers to step in. We suggest below some of the first issues that might be taken forward in cooperation.

Strengthening workers' rights in Scotland is an area of shared responsibility between governments and this should be explicitly and built into the new arrangement for intergovernmental working

Making the minimum wage work better: The UK minimum wage was one of the last Labour Government's greatest achievements. This critical intervention in the labour market has been successful in increasing incomes without (despite Conservative fears) reducing job opportunities. We see many strengths in a UK minimum wage that is effective and continues to increase the income of the poorest paid in our society.

Here again we do not wish to see a race to the bottom with the good employing region must not be undercut by the bad and the bad by the worst, so we rule out decentralisation of the national minimum legal wage, which would allow for one nation or region of the UK to seek to legally to undermine or undercut another. This has been illustrated by the immediate and overwhelming negative response to a Tory proposal from the then Prime Minister to save billions of pounds by regionally determined wages, which could have been the single biggest force at work for cutting wages across the country.⁹⁹

We would prefer co-ordination with the UK government and we recommend Scottish, Welsh and Northern Irish representation by right on the Low Pay Commission, which sets the National Minimum Wage, and as Labour has proposed we also recommend that living costs and not just employment conditions should be criteria taken into consideration and on which the Scottish Government should automatically be consulted.

The Scottish Government should be consulted by the UK Government in relation to the minimum wage

But there is scope for the Scottish government to use their devolved powers to create the pressures for better employment conditions. The way forward rests on the Scottish public sector's role as employer and so we recommend a "Scottish reference wage" and Scottish reference employment standards applying, for example, in not just the public sector but in public contracting and in businesses supported by public grants. Building on work done locally in different parts of the UK, this wage coupled with the conditions of service could drive up standards across the economy. Any statutory impediments in the devolution settlements to this should be removed.

There should be a Scottish Reference Wage, and any statutory impediments to the Scottish government their using existing powers to promote fairer terms and conditions of service in employment in Scotland should be removed.

Strengthening Scotland's workforce: We believe that a UK wide employment policy should take account of the needs of the Scottish labour market for workers, especially workers with particular skills.

Scotland has in the past benefitted from concerted action to increase the pool of skilled workers who live there, notably through the use of the Fresh Talent Scheme, which allowed highly skilled international students who studied at Scottish Universities to reside in Scotland upon graduation.

Today, Scotland faces unique and particular demographic and workforce problems that hold back its economic potential. As the example of Fresh Talent shows, there is no reason why there cannot be initiatives based on cooperation to address skills shortages.

A statement of needs is regularly published in the form of a Scottish specific skills register, and we believe the UK government should cooperate with the Scottish Government to address this. Given the existence of a UK-wide graduate worker visa simply reintroducing the Fresh Talent Scheme may not be feasible, but there could for example be reform to the Migration Advisory Committee, as Labour as already committed to, so that it has better information about Scotland-specific skills shortages and better projects future trends. This should be factored into central government decision-making, to ensure Scotland has the skilled workforce it needs to build a stronger economy.

The Scottish specific skills register should be the basis for UK wide cooperation on employment, recruitment and migration

The Scottish government already has powers to borrow up to certain limits (either from HM Treasury or by issuing bonds on the markets, though this second option has never been activated), not just to manage cash flow for current spending, but to supplement the capital spending power it gets as part of the Barnett formula. That capital spending power is supported by borrowing by HM Treasury, so the Scottish budget is not charged for the interest payments. Some have suggested that the Scottish government's borrowing powers should be subject to a so-called prudential

control regime, similar to local government, whose capital spending is all financed by borrowing, and controlled under a regime which relates to its ability to repay the associated debt. We can see an argument for that, but are concerned it might mean *less* capacity for capital investment because it raises questions about the level of interest charges. We think a better way forward would be a consultation over updating Scottish capital borrowing ceilings to account for changing economic circumstances. Any changes should retain the limits on what borrowing can be used for and be consistent with UK-wide fiscal rules, which as Labour has set out would see debt falling as a share of GDP and balance the current budget.

A consultation should be held over updating Scottish capital borrowing ceilings to account for changing economic circumstances, within the parameters above.

Strengthening Scotland's economic levers: Scotland already has significant tax raising powers and the Scottish Parliament has the authority to create and set local taxes. New national taxes can also already be created in Scotland but these must be done with the approval of the UK Treasury. The SNP government have never sought to use this power but have instead chosen to blame the UK government for a perceived lack of funding. It is crucial for both the people of Scotland, and to ensure that current devolved powers are working successfully, that both of Scotland's governments work in cooperation rather than manufacture conflict for political purposes.

That is why we recommend that the current arrangement for using the power to create new national taxes only with consent is reviewed and replaced instead with an arrangement that it can only be used in line with prior agreement between UK Treasury and the Scottish Government to encourage cooperation, and ensure that constructive consultation at a UK level can happen to ensure there are no unintended consequences or negative impacts for the other nations in the UK.

Recommendation 20: Enhanced Opportunities for Co-Operation to mutual benefit: There should be not only enhanced self-government for Scotland but strengthened cooperation with the UK Government to address the challenges Scotland faces today

Our proposals for more effective cooperation and greater devolved powers will further strengthen the already wide powers of the Holyrood Parliament, within a reformed UK; but the devolution settlements will need to be kept under review to see they continue to work well in practice under the new arrangements we recommend, and to reflect changing circumstances and priorities. So further changes to improve how governments work together or the allocation of powers between them may be needed in future. The changes which we propose fit the needs and rise to the challenges of now, but of course we believe that where in future and in the light of experience a further review is necessary, it should be done.

Investment to increase growth and support innovation

Earlier in our report we discuss how build successful clusters of economic activity based on enhanced role for local leaders in training and skills, in planning, development and housing and in the encouragement of R&D. Most of these matters are already devolved but we wish to draw attention to the UK institutions that can further economic development and recommend they be as accessible in Scotland as in England. The new British Regional Investment Bank will use its enhanced strength to support innovation and incentives to private capital to invest in the nations and regions of the UK. Scotland must have access to that, working as need be alongside the Scottish National Investment Bank.

These are matters which must of course be discussed between the devolved and UK governments, and agreed by the Scottish Parliament and by Parliament at Westminster. To consider their potential effects elsewhere in the UK any future consideration of possible changes should be discussed by the Scottish and UK governments and also in the new Council of the Nations and Regions.

Recommendation 21: Enhanced Access to Economic Resources for Scotland: The British Regional Investment Bank should maximise support for innovation and investment in Scotland, in conjunction with the Scottish National Investment Bank and the European Investment Bank

Section 2: WALES

Wales, and Welsh devolution, will benefit in the same way as Scotland and Scottish devolution from the structural changes which we recommend to the UK constitution. The Welsh Labour government has consistently argued for making devolution work better and for stronger and more effective intergovernmental relations.¹⁰⁰ Our work has benefitted from their contributions to the debate on how to improve shared government the UK as a Union and strengthen devolved power.

Constitutional protection for devolution

Accordingly, under our proposals, Welsh devolution will receive constitutional protection, through the powers of the new second Chamber of parliament. As for Scotland, this is in reaction to the unacceptable erosion of the constitutional conventions by the Conservative government. Wales deserves this protection.

Similarly Wales will benefit from our recommendations on enhanced cooperation, both the solidarity clause, requiring governments to cooperate, and the new institutions of cooperation in which the Welsh government will play an important part. The Welsh government has been understandably dissatisfied in particular with the process for dispute resolution in the joint ministerial committees and our

recommendations for improving them and raising issues of concern in the second chamber of Parliament will, we hope, be of benefit to Wales especially.

Recommendation 22: Enhanced Protection: Welsh devolution should be constitutionally protected by strengthening the Sewel Convention and protecting it from amendment through the new second chamber.

Enhancing the status of the Senedd

The Senedd is a powerful national legislature, and requires the protections for its members that will enable them to speak without fear or favour in its proceedings to raise issues of public concern or interest. MSs already enjoy substantial protections, but, as in the case of Scotland, there may be scope, if desired, to widen these in some respects. We would regard this as appropriate, and recommend that it should be given favourable consideration also.

Recommendation 23: Enhanced Role for Members of the Senedd: the Welsh Senedd's members should, if desired, enjoy the same privileges and protections as Members of Parliament in relation to statements made in their proceedings.

Enhancing Wales' powers of self-government

Welsh devolution has accurately been described as a process not an event. Under the consistent leadership of Labour First Ministers since 1999 it has developed into a powerful a system of government serving the people of Wales and supported by them. It now enjoys the same legal basis as Scottish devolution - that which is not explicitly reserved is devolved - and the Senedd has as a result legislative powers virtually as wide as the Scottish Parliament.

As a matter of principle, devolution to Wales should be constrained only by reserving those matters which are necessary to discharge the purposes of the UK as a union, and in practice by the wishes of the Senedd itself, reflecting the aspirations of the population of Wales, and of course by the practical challenges of transferring new powers and building the capability to operate them. So there is no constitutional reason why matters which are devolved in Scotland, including the new powers we propose above, could not also be devolved in Wales.

Elsewhere in our report we recommend devolving the administration of Jobcentre Plus, both within England and to Scotland. We also see a strong case for devolving this to Wales, so that it can be more effectively integrated with local skills policies and community health services, powers over which are already devolved, and in doing so provide a locally tailored, more effective and holistic service.

The other substantial difference between the Welsh and Scottish settlements remains the devolution of matters relating to justice and policing. These have always been devolved in Scotland because of the separate Scottish legal system, and now are devolved in Northern Ireland. Many in Wales seek the devolution of such powers. We

understand this aspiration, and believe the next UK Labour government should embark upon the devolution of youth justice and the probation service.

We also note that the Welsh government has established a Commission to examine various constitutional issues, and its work is ongoing. Once the report of the Welsh Government's Independent Constitutional Commission is received, we expect a Labour Government to engage constructively with its recommendations.

Recommendation 24: Enhanced Powers: New powers should be made available to the Senedd and Welsh Government, including embarking upon new powers over youth justice and the probation service

Investment to increase growth and support innovation

Earlier in our report we discuss how to build successful clusters of economic activity based on an enhanced role for local leaders in training and skills, in planning development and housing and in the encouragement of R&D. Most of these matters are already devolved in Wales but we wish to draw attention to the UK institutions that can further economic development and recommend they be as accessible in Wales as in England. The new British Regional Investment Bank will use its enhanced strength to support innovation and incentives to private capital to invest in the nations and regions of the UK. Wales must have access to that, working as need be alongside the Welsh Government.

Recommendation 25: Enhanced Access to Economic Resources for Wales: The British Regional Investment Bank should maximise support for innovation and investment in Wales, in conjunction with the Welsh Development Bank and the European Investment Bank

SECTION 3 NORTHERN IRELAND

As we have noted the devolution institutions for Northern Ireland were created following the Good Friday Agreement. We remain committed to the terms of the Agreement, and the principle of consent. Northern Ireland within the United Kingdom should benefit from the strengthening of shared government which we propose in this report. The powers of the Northern Ireland Assembly have developed through a different route than Scotland or Wales, and are wider still in that they include social security (although this is funded at UK levels) but not taxation. Of course the future of self-government is determined under the Good Friday Agreement. Today the priority is to restore devolved government in Belfast.

Recommendation 26: We support devolution in Northern Ireland, consistent with the principle of consent and the commitments made in the Good Friday Agreement and wish to see it restored and strengthened.

If the Northern Ireland Executive and Assembly, when they are functional once again, wish to explore any alterations to their devolved power on the lines we have

recommended for Scotland or Wales that is a matter to be discussed with the UK government and, as appropriate, in the Council for the Nations and Regions.

At this stage we would draw attention to the opportunities for investment to increase growth and support innovation. Earlier in our report we discuss how build successful clusters of economic activity based on enhanced role for local leaders in training and skills, in planning development and housing and in the encouragement of R&D. Most of these matters are already devolved in Northern Ireland but the UK institutions that can further economic development and recommend should be as accessible in Northern Ireland too.

Recommendation 27: Enhanced Access to Economic Resources for Northern Ireland: The British Regional Investment Bank should maximise support for innovation and investment in Northern Ireland, in conjunction with Invest NI and the European Investment Bank

Chapter 9: Securing the Benefits of Cooperation

Building the missing link between the centre and the country's other decision making authorities

Our recommendations are for much greater decentralisation of political power to different levels of government all across the United Kingdom, and our theme is that we need to balance the greater autonomy people desire with the greater cooperation that an interdependent world needs.

Cooperation matters. Whether it be the need to act on climate change, or pandemics, or more generally on economic and social challenges, the people of our country do better when institutions work not in isolation from each other but in partnership to achieve common goals.

This is not easy to achieve. In the last twenty five years, as devolution has proceeded in Scotland, Wales and Northern Ireland, in London and through the city Mayors and combined authorities, central government has often been accused of a policy of 'devolve and forget', acceding to change but doing little to build institutions that encourage and facilitate cooperation between the different tiers of government. This was most visible when during the Covid pandemic regular complaints were made about lack of consultation and cooperation between local and national decision making authorities. At the same time the new bodies have seemed so determined to exercise their own autonomy that they have often been reluctant to cooperate in case it would look to others as if they were compromising their hard won freedoms.

But the status quo cannot hold. There is a missing element in our constitution - a mission link, as it were, the absence of effective institutions to facilitate and encourage cooperation between the different decision making authorities in our country: local government, regional and national bodies, and the centre itself. The present structures of cooperation between UK and devolved governments are dysfunctional.

This failure to cooperate will continue to damage us all. It will be reflected in a failure to deal with climate change, and the cost of living crisis; it will be seen in gaps in health provision or in the achievement of other economic and social objectives. Of course different decision making authorities cannot be expected always to agree, and political differences will result in disputes and disagreements. Nevertheless, the expectation of partnership and cooperation between different levels of government is a norm in other countries, whether in federal or unitary states. The British public have a clear desire for the governments which serve them to work together. Indeed it is expected by the vast majority of voters in every part of the United Kingdom. 75% of voters in Scotland and in other areas of the UK, according to our polling, want their governments to work together better. Nowhere has this been more welcome than in relation to the coronavirus pandemic, where cooperation seemed often untidy and

fitful, but when it worked well, as in relation to vaccines, it was hugely effective. It is urgently needed today to address the cost of living crisis.

To build a United Kingdom where we secure the benefits of cooperation, Whitehall and Westminster must be more open, adaptable and transparent in the way they work and ready to work with the nations, cities and towns of the UK. By treating us all as shareholders in Britain's success, rather than treating some as subordinates for Westminster and Whitehall to rule over, we are more likely to succeed in addressing the shared priorities of people across the UK not least turning the page on the UK's stark regional economic inequalities.

We propose a new system of governing which will demonstrate the benefits of cooperation - measures which, taken collectively, have the potential to transform the relationships between different levels of government across the UK.

In our view, five key reforms should underlie this work, at the heart of which is a new Council bringing elected members together with the Prime Minister as chair.

1. Entrenching and Safeguarding the Division of Powers between Governments:

Cooperation begins with the acknowledgement that each government has its own separate powers and responsibilities that cannot be overridden by another, and in particular the UK government must not overrule the devolved governments within their powers. We recommend protection of the constitutional allocation of power through the new second Chamber of Parliament. It will be able to reject legislation which threatens the agreed division of powers, so that a UK government cannot simply override devolved responsibility by using its Commons majority to force through legislation on a devolved matter or to alter devolved powers without consent, or threaten to do so.

2. A "Solidarity Clause": giving effect to the principle of mutual solidarity, which creates an expectation that different bodies will work together and in the interests of the people they serve, seeking to maximise the benefits of cooperation through a legal duty to cooperate. That duty should in practice guide the day to day behaviours of Ministers and officials at all levels. It will provide a new constitutional basis for cooperation between governments.

3. New Legally-based Institutions of Cooperation: A new, statutorily mandated, Council of the Nations and Regions, to promote cooperation and facilitate joint working between different levels of government in the UK as a whole and within England, with its role enhanced by the creation of an independent secretariat.

4. Openness, Transparency and accountability in intergovernmental working, with each decision making authority entitled to raise issues of concern with any of the one authorities and entitled to receive responses from that authority, and have the serious issues of concern debated in the new second chamber.

5. We also propose a new requirement on UK wide public institutions including the Bank of England and other public bodies to include the nations and regions of the UK in their governance and oversight arrangements.

Cooperation and Solidarity

Independence is always qualified by interdependence, and the autonomy of any decision making body or institution of government must be balanced by solidarity and the need to cooperate with its neighbours. The UK's constitutional arrangements now rightly provide for different, autonomous levels of government, but no constitutional or legal obligation on governments to cooperate. This contrasts with some federal countries, and with the position in the EU, where to make shared government work, the Treaties impose an obligation of “sincere cooperation” on the self-governing Member States. The UK too combines shared government and self-government. Shared government implies not just a single UK government, but as we have argued above solidarity and mutual support. That is reflected in pooling and sharing risks and resources among its different parts and cooperation between them. Improvements to the UK's currently dysfunctional system of intergovernmental relations need to begin from an expectation of cooperation.

Recommendation 28: There should be a ‘solidarity clause’, a legal obligation of cooperation between the different levels of government and institutions across the UK

This should apply to the UK government, to the devolved administrations, to regional government in England and possibly also to local government, and provide a constitutional underpinning for our proposed new structures for co-operation.

We propose that the independent intergovernmental secretariat which we later recommend should be obliged to produce and present to Parliament an annual report and statement on the extent to which this duty has been fulfilled.

The machinery of intergovernmental relations

Britain has never got used to multiple layers of government. Devolution in 1999 should have been the starting point for a successful system of intergovernmental relations, but they have never worked well. The Labour government in 1999 did set up Joint Ministerial Committees (JMCs) by administrative agreement with the devolved administrations. The main JMC was to be chaired by the Prime Minister, and meet annually, with appropriate subcommittees. But meetings ran into the sand. When ministerial relations were good, there seemed little to talk about formally, and although some parts of the system worked well behind the scenes, formal meetings languished. They were revived after the arrival of an SNP administration in 2007, but have never developed an effective working rhythm, at some points falling close to disuse.

We therefore believe that the solidarity clause should be accompanied by institutional change in order to address this problem, as the roots of the problem are structural as well as behavioural: JMCs are politically important to the devolved administrations but can become peripheral to Whitehall, as they affect 15% of the UK population. There is no legal necessity for them to meet, and they have no independent power of action, not even to convene. Politics has made things markedly worse: the SNP have a strong incentive to make the JMCs, and so devolution, look unsuccessful. But the Labour administration in Cardiff shares many of their criticisms. Some relate very specifically to the present government (which shows little respect for the distribution of power in the devolution settlements, and still less for the institutions of cooperation) but others may be more long lasting.

The JMCs are often used to raise grievances, but the resolution of disputes is problematic. They are almost invariably disputes about UK government actions, but the UK government is usually in the driving seat in dealing with them, and the dispute resolution procedure is simply a matter of continuing discussion. There is no provision for authoritative resolution by a third party: disputes drag on, unresolved from the devolved perspective.

A Fresh Start for intergovernmental relations

Intergovernmental relations should matter to the whole of the United Kingdom, and should be a core function of government at the centre, as in all federal states. Greater English devolution will in time address the fundamental asymmetry between devolved and non-devolved governments which bedevils the present arrangements. Devolved power will matter to a majority of the UK population – rather than a minority as at present.

The pandemic also exposed the case not only for better working relationships between the different nations of the UK, but amongst all the different governments within it. Such joint working is all too lacking within England at present, where there is no requirement for central government to engage with devolved leaders, such as the M10 group of mayors. There is a strong case for including forums which facilitate horizontal consultation and cooperation between local and central government, rather than the top down directives all too evident at present.

We therefore recommend a new, statutory, forum to oversee intergovernmental relations and promote joint working between every level of government: a **Council of the Nation and Regions**.

This should be a statutory body, explicitly linked to the requirement for cooperation in the solidarity clause, with an independent secretariat which has the power to call meetings and set agendas.

It would not be a wholly new body but an upgraded version of the Joint Ministerial Committee, and should therefore draw upon existing staffing and resources.¹⁰¹ It would be tasked with managing relations between the UK government and the

devolved administrations, with an internal structure able to develop over time, especially as English devolution grows. We believe the following would have merit:

- **The Council of the Nations and Regions** in its fullest form would bring together the devolved nations but also representatives of the different parts of England, Scotland, Wales and NI, with a focus on coordinating economic development
- **A Council of the UK**, to manage relations between the Scottish, Welsh, Northern Irish and UK Governments each of which is responsible to its own legislature
- **A Council of England** to bring together English local government and metro mayors with central government

We propose that these groups should be supported by an independent intergovernmental secretariat, serving all the governments and funded by all of them. It should ensure that the institutions function, service their meetings, facilitate agreements and ensure that intergovernmental relations can never again be ignored or fall into disuse.

For England in particular, it should also provide a forum in which best practice is shared as devolution continues to develop, as well as a formal mechanism for engagement with UK government ministers.

We recommend the Secretariat should produce and present to Parliament, for consideration by the new second chamber in particular, an annual report and statement on the extent to which the solidarity clause has been fulfilled, and on the work of the Council of the Nations and Regions; and it should have the power to make ad hoc reports if it sees fit.

A Voice for Devolved government at the Centre

The Council of the UK, where the devolved governments in Scotland, Wales and Northern Ireland will meet with the UK government, must become a place where the voices of the devolved governments and legislatures are brought to bear on questions affecting the whole country which the UK government is dealing with.

For too long, it has been assumed that that the neat split between devolved and reserved responsibilities which is needed to define legislative powers means there is a hard dividing line in practice for the activities of government, which can simply proceed independently of one another. In fact the responsibilities of the levels of government increasingly interact and even overlap.

Ordinary citizens have the right to expect this will be planned for. There will be few issues among the reserved responsibilities of the UK government which do not at some point affect devolved responsibilities. These range from trade, the environment and welfare to the economy, where each administration will have views they wish to communicate and ideas they wish to exchange. Similarly, and in the spirit of developing cooperation we envisage that these new intergovernmental arrangements will be place where the UK government can share its plans and concerns, in

confidence if need be, and the devolved administrations can do the same. And all administrations will want to exchange views on issues as varied as healthcare and agriculture, and others which are predominantly the responsibility of central government.

Our aim throughout is to ensure dialogue and discussion that can lead to enhanced cooperation on the issues that affect every citizen of the UK. In particular we expect the intergovernmental secretariat to ensure that the agendas include:

- The legislative programme proposed in Parliament, to help ensure that no competence issues emerge unexpectedly (as has been done in the past);
- plans for devolved legislation, especially those which might impinge on reserved matters, even indirectly, or be of interest to the UK as government of England;
- most importantly, the UK government's economic strategies for the whole country and as they will affect each of the devolved nations (where economic development is a shared responsibility between the UK and devolved governments);
- Other significant shared responsibilities, such as dealing with climate change, or for Scotland and Northern Ireland Social Security changes;
- Major policy initiatives planned or announced by the UK or the devolved governments.

Resolving Disputes

Governments will not always agree. They have different interests, different sources of information and different political priorities. Disagreements have to be discussed and, ultimately resolved. The procedures for resolving disputes between the devolved and UK governments have however not worked well. Our recommendations will however change the context for dispute resolution. First, entrenchment of powers means it will no longer be possible for the UK government, relying on its Commons majority, simply to overrule the Sewel convention, as happened in relation to the UK internal market legislation. Second, the solidarity clause will create a different legal expectation on ministers and officials. Third, the independence of the new intergovernmental secretariat will mean that it can take a more powerful role facilitating the resolution of disputes, and even in mediating between governments. Finally, the oversight of the new second chamber of Parliament will add a fresh level of accountability and scrutiny to the process.

So we would expect that the new Council of the Nations and Regions would as part of its remit undertake the functions of the JMC in the handling of disputes and disagreements. Matters which cannot be resolved informally between officials or bilaterally between governments should be referred there for discussion in the

expectation of cooperative resolution. The independent secretariat will be able to take a more active role, and where it is possible should seek to mediate (not arbitrate) between the administrations, to assist them in reach him mutually acceptable agreements. At the moment, the final stage in dispute resolution is for an unresolved dispute to be registered at the JMC, which cannot impose a solution on any government; nor should the Council of the Nations and Regions. But any dispute which remains unresolved after discussion in this process should, if the relevant government wishes it, be formally registered as an **“Issue of Concern”** in the second chamber of parliament, which should be legally obliged to consider the issue, taking evidence if necessary, and debate it. Again, it is not its function to impose a solution on any democratically elected government but to scrutinise the governments and the way in which they have sought to resolve the disagreement.

These are arrangements between governments, and if operated in good faith should lead to better outcomes for the people they serve. But they themselves require oversight and challenge. This is in our view a role for the new second chamber we discuss later, given its focus on national and regional governance.

Recommendation 29: The UK needs a new and powerful institution to drive cooperation between all its governments – a Council of the Nations and Regions

The Governance of England

England is one of the nations of the UK, and it is of course the predominant one by virtue of its size. It is too easy to confuse the governance of England with the governance of the UK, which does a disservice both to the devolved nations and to England itself. All across England, people are as deeply dissatisfied with the way the country is governed as are people in Scotland, Wales and Northern Ireland, and in some cases more so; many have lost trust and confidence in the central institutions of the state, and the further away people are from London, the less likely they are to have confidence in the central government and Parliament. Our recommendations address this in a number of ways.

First, there is a missing link in the way England is governed, between an overcentralised, overburdened and ineffective central state and local institutions which have been systematically disempowered for decades. Our earlier recommendations are intended to address this, and to build new, more powerful decentralised government all across England, so as to promote economic development, but also to provide for greater local political power and voices for England’s communities, cities and regions at all levels.

But we also need a more cooperative England just as we need a more cooperative UK. National government as government of England must work hand in hand with local government and the different partnerships, combined authorities and Mayors which will grow as England’s communities take more control over their own local economies and public services. That is why we recommend that part of the statutory system of

intergovernmental relations is a Council of England, to include mayors of the combined Authorities, representatives of local government and perhaps others, such as employer or trade union figures. It too should be chaired by the Prime Minister. It should be charged with the responsibility of assessing whether there is effective cooperation and well-functioning partnership arrangements across the whole of England, leaving no community behind and all working together cooperatively for the benefit of England as a whole.

Changes are also needed at the level of central government. It too sometimes fails to distinguish properly between its role as government of the UK and government of England. In general, we suggest that it would be more helpful if central government departments took greater account of whether their responsibilities were England only, or UK wide, or mixed, and internal department and cross-government governance processes accounted for that.

When machinery of government changes are being considered they should also take greater account of the territorial responsibilities of different departments, and potential new ones.

The precise organisation of central government departments and allocation of ministerial responsibilities will be for the Prime Minister of any new Labour government at the time. Whatever departmental structure is in place, we envisage that those ministers who are dealing with English issues could form a cabinet committee for England, to ensure that purely English issues are properly aired at the highest level.

It is unavoidable that central government departments are organised functionally rather than geographically (with the obvious exception of the departments dealing with Scotland, Wales and Northern Ireland) but central government needs to relate better to the different parts of England. We recommend earlier in this report decentralising more civil service jobs to different parts of the country, especially senior policy making positions. But ministers need to engage outside London with different parts of England too. We therefore recommend that each part of England, perhaps using the boundaries of the statistical standard regions for convenience, should have a member of the government who is the minister for that region, who should be a conduit of communication between central government and the local authorities, mayors and other decentralised bodies in that area, and be a champion for that part of the country inside government.

Similarly, Parliament at Westminster is England's Parliament as well as the United Kingdom's Parliament, and we see advantage in procedural changes in Westminster which make that explicit. Our recommendation for Special Local Legislation ensures that Parliament is able to respond to local initiative for drawing down power from the centre, but also for specific changes to the law that are needed or sought in a particular area only. Additionally, English Members of Parliament should be able to meet and debate English matters in an English Grand Committee, and they should

have a voice and a say over purely English legislation in such a committee structure. The precise arrangements, replacing the Conservatives' failed English votes for English laws scheme, are matters for consultation. Similarly, the House of Commons may choose to set up regional committees, again perhaps for convenience at the level of the statistical standard regions, to scrutinise the government's performance in that part of the country. The reformed second chamber which we recommend later in our report will have a special responsibility to consider issues from the perspective of all of the nations and regions of the UK, including not only the different regions of England but England as a whole, and it too may choose to set up a separate committee structure for England-only questions.

Recommendation 30: the structures of cooperation and of central government and Parliament should respect and recognise those areas of decision making that are England-only.

Making cooperation a practical reality: real examples

Cooperation is not an end in itself but is directed to common aims. These will centre on issues which require action at a UK level, but can only be addressed effectively with the full involvement of devolved and local leaders in every part of the country. Such initiatives should clearly not be used to override local initiative by the centre, but used to agree a common, shared approach, the actions that result from this, and the funding and resources that are required in turn to achieve these.

The initiatives we set out below would build on the limited joint working already in existence (for example, the 'quads' in finance and health under the auspices of the JMC), and thus can involve the repurposing of existing resources, with any additional costs covered by the savings we outline elsewhere in this document. In any case the scope of cooperation would be vastly widened, which in the longer run should ensure government actions at every level are more targeted and coordinated, and ultimately more efficient and cost-effective.

The cost of living crisis

Today the United Kingdom faces an unprecedented economic crisis, which will impact every nation, region town and city. It requires coordinated government action, some of which has to come from central government, such as dealing with energy prices, but much of which requires the cooperation of the devolved administrations, and critically also of English regional and local government. Even in advance of the creation of the new institutions of cooperation a new intergovernmental taskforce must be set up to coordinate action on this critical issue.

Climate Change and Net Zero

By its very nature, climate change is an issue which transcends national borders and demands an approach based on cooperation and every place playing its part. A great deal of climate policy will be most effectively delivered by devolved and local

governments. They will have the combination of local knowledge and political capacity to design appropriately place-specific policies and to negotiate the local political conflicts around them. Both local government and metro mayors are playing an increasingly active role in addressing the climate crisis – declaring climate emergencies and even more ambitious targets for Net Zero, such as 2038 for Greater Manchester and 2041 for the West Midlands.¹⁰² Initiatives that will help the UK reach Net Zero by 2050, such as retrofitting, as Labour has announced in its Green Prosperity Plan, also demand a local, tailored response.

Yet many of the hurdles identified earlier in our report – fragmented, short term funding streams, controlled by Whitehall with little leeway for local discretion – also beset efforts to tackle climate change. The solutions we have put forward – including more block grant funding to allow local initiative, and greater powers over transport, planning and skills – will help local leaders to develop more joined up initiatives that help with our national mission to reach Net Zero.

But we believe there is more that can be done to ensure that central government is properly engaged and supportive of efforts underway to achieve this historical goal. **We therefore recommend that the next Labour Government should convene a COP UK, bringing together the devolved administrations, mayors and local government from every part of the country,** as well as civil society, trade unions and business. Tasked with ensuring that the opportunities and costs of Net Zero are borne fairly across the UK, and that no part of the UK is left behind as part of a Just Transition, it could agree on a UK strategy for Net Zero which clearly delineates not only the roles and responsibilities for every level of government, but the powers and resources they need to achieve this national mission; in particular, on issues that require collaboration between different levels of government, such as retrofitting.

Tackling Health Inequalities

Across the UK, life expectancy is falling and health inequalities are on the rise, with significant social and economic costs. This is an issue that is already being addressed at a devolved level: Greater Manchester has taken a lead in becoming a “Marmot City Region,” placing health and reduced inequalities at the core of all their approaches to early years, education and skills, transport, housing, places and spaces, and jobs and businesses. This is based on the framework for reducing the health equity gap set out by Professor Sir Michael Marmot, one of the world’s great students of the social determinants of health equity.

We believe a national, collaborative mission, bringing together expertise and best practice from different parts of the country, could be critical to getting on top of the cost of poor health, poor nutrition and addiction– and more likely to succeed than standalone efforts. We therefore recommend a new UK-wide network of Marmot Towns and Cities to:

- Establish and promote best practice in local approaches to tackling health inequalities from across the UK
- Identify what local levers are required to deliver more preventative, joined up policies that reverse health inequalities
- Bring together our world-leading research bodies, backed by the UK Government, supported by Universities from each city region, to monitor and investigate the causes of and solutions to health inequality.

Getting Better, Cheaper NHS Treatment from the UK Life Sciences Industry

The UK government is by far the biggest single customer for businesses in the UK – spending around £380m in total. However, too often we are not getting good value for our money – buying market-lagging solutions from the large vendors who can navigate an arcane procurement system.

Nowhere was the difference between best practice and the status quo better demonstrated than the comparison between the UK's vaccine programme and Test & Trace during Covid. The UK's vaccine programme led by Kate Bingham was operationally separate from usual Whitehall constraints and was able to use that latitude to seed emerging technologies in return for early order fulfilment for those that were successful. Meanwhile the Test & Trace program in England spent over £37bn and yet even after a year could not point to a measurable difference it had made to the progress of the pandemic. Vast amounts of money were spent on generalist consultants with no specific knowledge of life sciences or testing; new innovations may have been held back from the public by the procurement process and a lack of procurement resource; meanwhile well-connected firms were able to go through a VIP lane and embed market share even if they turned out not to be able to deliver.

We would therefore suggest bringing together existing initiatives into a permanent and independent institution for UK Life Sciences Industrial Strategy that can convene key players and to be given the power to approve public sector bodies to override standard procurement regulation in order to increase the UK's benefit from the latest therapies. It could also be given responsibility to encourage the opening up of NHS data and networks for research and development, as well as making recommendations on regulation.

For example, the NHS Clinical Research Network could be expanded so that every region had the resources to focus R&D on the most pressing health needs of its area within a national regulatory system that encourages local identification of need. Implementation would expand the streamlined clinical trials pioneered so successfully by the Recovery programme in 2020, reducing the cost of such trials by 90%. This can provide a regional basis for developing Britain into a world leader for life sciences R&D, drawing on the data and resources of the NHS, and give the NHS first access to the therapies of the future.

Recommendation 31: there should be Joint Policy Initiatives in areas of common interest, from climate change to security, which should embed cooperation between different levels of Government.

International Trade

The way in which the UK's international trade policy is formulated could be made more inclusive of the devolved administrations. While many of the issues raised in trade negotiations concern reserved issues, these can still have a significant impact on devolved competencies. In recent years valid concerns have been raised, not only by the devolved governments but also the House of Lords International Agreements Committee, that they do not receive appropriate and timely information on trade mandates as they are being developed. We therefore recommend that the Council of Nations and Regions works to agree a new concordat on international trade, establishing formal consultation and engagement processes with the devolved administrations, as they have called for.

There is more that can be done to ensure international trade agreements are more beneficial for the UK as a whole. The regional economic imbalances discussed in earlier chapters are also reflected in the UK's export activity, with the most recent ONS data showing that only 1.4% of exporters are from the North East and less than 5% from the East Midlands, compared with 25% from London and 21% from the South East.¹⁰³ We therefore welcome Labour's commitment to establish firm rules to ensure that trade negotiators have binding responsibilities to help deliver economic opportunities across the whole of the UK.¹⁰⁴ This should be complemented by a formal requirement to include businesses from every region and nation on foreign trade delegations. Local authority leaders, and in particular, metro mayors, have proven themselves in championing their areas on the world stage and galvanising inward investment.¹⁰⁵ They too should be included on such delegations wherever possible.

Given the publicised lack of parliamentary scrutiny around trade deals, we also envisage a role for a reformed second chamber to scrutinise their territorial impact.

Recommendation 32: International trade policy should be made more inclusive of devolved leaders across the UK, and have an explicit focus on reducing the UK's regional economic inequality

Representation from across the UK on UK-wide Departments and Bodies

It is important that UK-wide public bodies, while they serve the country as whole, also take account of the diversity of the UK and its constituent nations and different regions. The best way to ensure this is to have those different nations and regions properly represented in their governance. There are a number of institutions within which such representation or fuller consultation with the devolved governments would support better cooperation.

The Bank of England is in reality the Bank of England, Scotland, Wales and Northern Ireland, serving the UK economy as a whole. But this is not always evident. At the minimum, the Bank should always produce geographic assessments of the effects of its policy interventions, to demonstrate the extent to which it has properly taken into account the interests of the different nations and regions of the UK. There is a good case for greater inclusion of the nations and regions of the UK on the various governing bodies of the Bank and on the PRA and FCA.

Those government departments like DWP, HMRC, and even FC&DO and MOD which work for every part of the UK should make space in their governance and oversight arrangements for national and regional representation. So too with public bodies, including for example the BBC, (which has long sought to do this) the British Business Bank and its successor, and Labour's new GB energy company, and bodies such as and Ofgem, National Highways and others.

Recommendation 33: UK wide departments and public bodies should as a matter of course be obliged to make space in their governance and oversight arrangements for national and regional representation

Chapter 10: Cleaning Up Westminster

New faces are not enough to clean up politics – new rules and different ways of working are essential to restoring the public’s trust in our political system. The Johnson administration of 2019 to 2022 saw constitutional norms and established expectations of propriety wholly disregarded, and the mechanisms for enforcing them found seriously wanting. The private economic interests of the wealthy were evident at the centre of government, and the rules for enforcing standards in public life collapsed.

This must never be allowed to happen again: we need new, tougher rules and more rigorous enforcement of them if we are to ensure both the absence of corrupt behaviour and the adherence to high standards in public life. If the public are to trust our political system, they must be assured that there are clear standards for those in public office, and swift, effective, and independent processes which deal with those who breach them. **We believe the following recommendations will achieve that:**

- **Eliminating foreign money from UK politics**
- **Banning the vast majority of second jobs for MPs**
- **A new Independent Integrity and Ethics Commission, with the power to investigate breaches of a new, stronger code of conduct**
- **A powerful new body to ensure all appointments in public life are made on merit**
- **Juries of ordinary citizens to determine whether rules have been broken**
- **A new UK wide anti-corruption Commissioner.**

Foreign Money

There is too much foreign money in British politics. Quite simply, there should be none. No British political party should accept donations from foreign citizens, foreign businesses or from institutions registered in tax havens outside the United Kingdom, and they should be obliged to make sure that they do not do so. This is already a criminal offence, yet it is concerning that no prosecution has ever been made, despite evidence of inappropriate overseas donations taking place.

We therefore envisage the Electoral Commission playing a more comprehensive role in clamping down on this objectionable practice. To do so it needs more powers: firstly, to obtain information to see whether there is a problem, without necessarily mounting a full formal investigation; secondly, to seek a court order freezing any donation whose status was uncertain while it was being investigated. The law prohibiting foreign donations should also be extended to those donations where the beneficial owner is overseas, even if the person who actually made the donation is

not. And political parties should be under stronger obligations to ensure that they have full knowledge of their large donors and their status.

Transparency and freedom of information

Transparency is critical in ensuring central government works in the interests of all the people of this country. Yet in recent years Whitehall, which has responsibility for the Information Commissioner's Office, has increasingly obstructed freedom of information. Parliament which, unlike Whitehall, is accountable to the people, should take over responsibility for the Information Commissioner's Office to place central government under more effective scrutiny. FOI should also be expanded to be applied to all new public service contracts delivered by private companies.

Standards in Public Life

Proper behaviour in public life is however more than simply the absence of suspicious money. Since the work of the Nolan committee in 1995 - itself a response to concerns much less blatant than we have seen in recent years - there has been a common understanding of the underlying principles that should govern public life and public service, but the mechanisms for enforcing these have proved seriously wanting. In particular, the rules for the behaviour of ministers, set out in the ministerial code, and the mechanisms for enforcing them have proved wholly inadequate to deal with an administration which has simply disregarded them.

The ministerial code is just a set of rules decided by the Prime Minister of the day on how to run his or her government, as if what is right and wrong in government changes depending on who is in office. Most blatant of all, it is written by, amended by, and enforced by the Prime Minister, and when he or she chooses repeatedly to breach its provisions there is no sanction of any sort available. The Prime Minister's advisor on ethics is essentially a powerless office, acting only at the behest of the Prime Minister and liable to be overruled or just ignored by the Prime Minister, as we saw Boris Johnson repeatedly do. Individuals of integrity who have sought to discharge that office have found that their positions are impossible, and have resigned. We believe this is wholly unacceptable.

We therefore propose first of all, that **the code of conduct for ministers should be separated out from the day today procedures for the operation of government, and set out in a code which is not determined by the Prime Minister of the day, but continuing and proposed to and approved by both Houses of Parliament.** It should not change with every change of government.

Instead of the impossible position of the Prime Ministers' advisor, **an Independent Integrity and Ethics Commission should take on the role of investigating alleged breaches of the code - as already advocated by the Labour Party.** It should be

able to do so whether the Prime Minister of the day agrees or not, and the Cabinet Secretary and other permanent civil servants who work for the government should be under a legal obligation to cooperate with it.

As we have seen, among the many breaches of proper standards by the Johnson administration has been a complete disregard for constitutional proprieties. Our next chapter sets out new constitutional protections involving the reformed second chamber of Parliament, which will guard against the most egregious such breaches. But there must be an expectation on ministers to adhere to the general rules of the UK constitution. We therefore propose that **the existing cabinet manual, which sets out in some detail the constitutional expectations on those in government, should itself become part of the ministerial code of conduct. It too should be approved by Parliament, both the House of Commons and the new second chamber, and failure to follow the principles of that Manual should be regarded as a breach of the ministerial code of conduct.**

MPs' conduct and second jobs

The Ethics and Integrity Commission dealing with Ministers should be kept separate from the system which investigates ethical breaches by MPs and members of the second chamber, comprised of the Committee on Standards, the Parliamentary Commissioner on Standards, and the Independent Grievance and Complaints System. However the government should consult on whether these bodies have the resources and powers required to do their job, and also to ensure that those who submit complaints are properly supported throughout this process.

Recent high-profile examples of sitting MPs with outside earnings have shone a light on the significant number that hold second jobs, particularly consultancies and directorships. With the Government abandoning its already lukewarm attempt to address this issue, we believe there is a need for strong and decisive action is needed. The MPs' Code of Conduct should be strengthened with a general prohibition on second jobs by members of Parliament, with few exceptions for employment required to maintain professional memberships, such as medicine.

High Standards in Public Appointments

One of the guiding principles of British public life since the 19th century has been that appointments to government jobs should be made on merit, not political patronage. In recent years, however, this principle has been eroded by Conservative governments. They have been determined to appoint cronies to non-departmental public bodies and similar appointments, and employed as certain well publicised individuals such as Lex Greensill in what ought to be permanent civil service positions. This has undermined the standards which the public is entitled to expect.

The existing institutions which are intended to prevent this - the Commissioner for Public Appointments and the Civil Service Commission have been disregarded or bypassed. We therefore recommend that these two bodies should be merged into a single and more powerful appointments regulator which should ensure that all appointments, including appointments to public bodies, are made *solely* on merit. The members of this new strengthened regulator should be appointed only with the approval of both Houses of Parliament.

Overview of standards

All of these arrangements should be kept under continual review by the Committee on Standards in Public Life, which is not an enforcement body but one whose task it is to ensure that these systems overall are fit for purpose. It too should be protected by having a statutory basis, so that it is not able to work only at the whim of the government of the day.

Recommendation 34: We must clean up our politics with new rules for politicians and civil servants, new powers to clamp down on outside earnings for MPs, new laws to eliminate foreign and corrupt money from UK politics, and powerful new institutions to enforce these to replace current institutions that have failed.

Rebuilding public trust

Clear and rigorous standards, efficient, independent investigation when they appear to have been breached, and then imposing sanction which are and seen to be just are all essential parts of cleaning up our politics. This applies to both MPs and ministers. The public will have to be reassured about each of these stages – the right rules, the independent investigation and the proper punishment – before their trust in our politics can be rebuilt. At the moment, the public, entirely understandably, think that politicians themselves are the judges of their own behaviour and let themselves get away with it. This flaw in the present system must be remedied.

The present arrangements certainly fail here. The Prime Minister is rule maker for, and then is judge and jury over, Ministers. The present government's abuses have demonstrated just how deeply unsatisfactory that is. Parliament does have an independent Standards Commissioner, but the ultimate decision on rule breaches and sanctions remains with MPs. We understand why: Parliamentary Privilege ensures that the people's representatives cannot be prevented from pursuing problems or scandals. But with such privilege comes heavy responsibility: holding public office means holding to the most demanding ethical standards. Today it is clear that the public think this isn't happening, and that privileges are being abused.

So far as investigation is concerned, the new, wholly independent, Integrity and Ethics Commission will be able to look into cases referred to it or which come to its attention. But there is still insufficient independence in how, after investigation, it is decided whether the rules have actually been breached, and what the appropriate sanction is. A recent exception to this, however, is the wholly independent panel which decides whether the rules in relation to bullying and harassment by MPs have been breached, and what the sanction should be. We welcome this, and propose two steps to build up on it.

The first is that in general, decisions about whether the rules have been breached should be made by a wholly independent body of people who are not politicians, after reviewing the case from the Integrity and Ethics Commission and any representations the minister wishes to make. This panel should also recommend the appropriate sanction under the ministerial code. Ultimately it would be then up to the Prime Minister or Parliament itself as appropriate to decide whether to accept that recommendation.

But we do not think this on its own will be enough. We propose therefore that these arrangements, and how they have operated in practice, should be regularly reviewed by a citizens' jury of ordinary people, chosen at random and representative of the population. They should review the operation of the system and issue an annual report on the standards followed by ministers and MPs and the investigations, judgments and sanctions that have been made and applied, with an assessment of how these arrangements have worked and whether they have secured the public's trust. Given its oversight role, the Committee on Standards in Public Life or Labour's new Integrity and Ethics Commission should commission this work, and it should be a requirement for the recommendations of this jury to be debated annually in both Houses of Parliament.

Recommendation 35: There should be a greater role for the public in making and enforcing the rules followed by politicians.

A New Anti-corruption Commissioner

The UK is not a corrupt country, but there have in recent years been too many examples of apparently corrupt practices at or close to the centre of government, whether this is in the assumption that Conservative party donors can on the face of it buy Peerages in return for political donations, or in the letting of contracts during the Coronavirus pandemic.¹⁰⁶ Each of these instances must be investigated by the relevant authorities, but we see larger risks here: that the institutions of the UK state might be captured by or subverted to the ends of private, wealthy, interests. Despite what we have seen, this has not as yet happened, but we must take active steps to avoid it.

We therefore welcome Labour's call for a new Independent Anti-Corruption and Anti-Cronyism Commissioner, to replace the current toothless and far from independent anti-corruption tsar.¹⁰⁷ We believe this should report to all the UK's legislatures, to prevent and where appropriate investigate and prosecute corruption in public life.

Such a position should be appointed with the approval of each Parliament at Westminster, the Scottish Parliament, the Welsh Senedd and the Northern Ireland Assembly. Its remit should cover all of local, national and devolved government, as corruption does not respect constitutional boundaries, and it should operate in co-operation with the police and prosecution agencies in the different parts of the UK, but wholly independently of both national and devolved governments. To this effect it will need a sufficiently staffed and well-resourced team to ensure it is suitably empowered and capable of rooting out criminal behavior.

Recommendation 36: There should be a powerful new anti-corruption Commissioner to root out criminal behaviour in British political life where it occurs

Chapter 11: A New Second Chamber of Parliament for a New Britain

Our recommendations add up to a radical change in the distribution of power in the United Kingdom: bringing political power closer to the people whom it serves, so that their voices are properly heard; rebuilding trust in our political system; and ensuring every part of the country can have the same economic opportunities. But this redistribution of power also requires radical reform at the centre of government, in both Whitehall and Westminster, to bring to an end, once and for all, the hyper-centralised system of government which is at the root of so many of our political and economic problems.

The Johnson administration demonstrated beyond all doubt that our system allows the government of the day, if it is heedless of propriety and convention, to act in any way it sees fit and abuse the power with which it has been entrusted. The present legal and constitutional framework has proved inadequate to prevent this, and it demonstrates the need for new standards of propriety and methods of enforcing them, **but it also requires new constitutional limits on government, so that no government of whatever party can ever behave like this again.**

The Constitutional Challenge at the Centre

Under our recommendations, political and economic power will be spread across the country. Governments will be held responsible for following new constitutional principles to work together and to promote a more balanced, equal economy over the whole UK. New institutions will support these obligations. Individuals will have new social rights, with new minimum standards in public services for England. Devolution to Scotland, Wales and Northern Ireland will be more powerful, and must be embedded within this new UK constitutional framework. Across England, towns, cities and regions will be able to take increased powers to develop their local economies and respond to the needs and wishes of their citizens.

This reconstruction of the British political system is needed to rebuild the confidence and trust of our population in our politics, and create the conditions for a more economically successful and fairer country, in which the opportunities and benefits of economic growth are seen across the whole UK rather than being concentrated in one corner.

Putting this into effect requires an equally radical change at the centre of government and Parliament.

We must ensure that political power in the UK is, and will remain, shared and distributed, rather than hoarded at the centre; that it is subject to proper constitutional limits, not simply exercised at the whim of government; and that it is properly accountable to Parliament and the courts.

We have recommended above a much tougher new system for enforcing ethical standards in public life. But new constitutional protections are needed as well. Some have argued for a wholly codified constitution to put constitutional limits on the power of government. We can see the force of such arguments. But that would be a very major undertaking, which would have to address many other questions than the obvious problems which have been thrown up by the behaviour of recent Conservative administrations. It might for example have to look at the continued government reliance on the Royal Prerogative for certain executive powers – which we think merits review - and other such issues. There is a case for a UK constitutional convention that would look at issues such as these but we feel we must make recommendations that could be implemented early on in the Labour government.

Changes can be made, consistent with the longstanding British principle of the supremacy of Parliament, to safeguard the constitutional allocation of power. But that requires a new, democratically legitimate, second chamber of Parliament. This is unfinished business for the Labour Party dating back over a century.

Reform of the House of Lords

The House of Lords in its present form is indefensible in principle. It still contains the last vestiges of the mediaeval estates of the realm, notably 92 hereditary peers representing the landowning classes. No justification can be made for their role in making the laws of the land.

That is not however the most serious concern about the Lords. It has also become excessively large, having swollen in recent years to around 800 Peers – and now ranks as the second biggest parliamentary chamber in the world, after the National Peoples' Congress in China.¹⁰⁸

This is largely because there is no constraint on the prime minister's power of patronage, which has been exercised in a wholly unacceptable way by recent Conservative governments, shameless in appointing party donors and overruling the independent Appointments Commission. The abuse of the appointments process has been gross. Since the Conservatives came to power in 2010, successive prime ministers have elevated nine of the party's former treasurers to the Lords. A former Conservative Party chairman told The Sunday Times: "Once you pay your £3m, you get your peerage".¹⁰⁹ In the past seven years, every former party treasurer has given at least this amount, and all but one have been offered a seat in the House of Lords. That includes former Conservative treasurer Peter Cruddas, against the advice of the Appointments Commission. In total, 22 of the party's biggest donors have been made Lords since 2010. Together they have donated some £54m to the Tories.¹¹⁰

The Lords is also geographically unrepresentative, with the majority of members based in London and the South East.¹¹¹ And the political balance of the House of Lords is also indefensible. There are as many Conservative peers as Labour and Liberal Democrat combined.

Unsurprisingly, therefore, a substantial majority of the public do not regard the House of Lords as a democratic institution in which they have confidence. This opinion is widely shared across the country, irrespective of political affiliation or views. 71% of Britons back overhauling the House of Lords, with support cutting across parties, the Remain and Leave divide, North and South.¹¹² Nearly half of the British public think the Lords does not work well.¹¹³ Support for the current composition of the second chamber lies at just 12%.¹¹⁴

But the House of Lords does nevertheless discharge an important constitutional function. Its scrutiny of legislation can be more thorough and effective than the Commons, leading to changes of approach or amendments, sometimes against the will of the government. The work of its committees is often of a very high quality, largely because of the experience and expertise of their members (for example the work of the Constitution Committee, established after the recommendations of the Wakeham Report of 2001). This is because many Peers demonstrate a highly commendable and often lifelong commitment to public service.

We wish to record our gratitude to the group of Labour Peers who consistently work to improve legislation, despite the difficulty of doing so. Additionally, the appointment of crossbench peers brings a level of expertise and knowledge that might otherwise be lacking (something which the public, if asked, values). Whatever changes are made should not lose the benefits which House of Lords scrutiny of legislation and government action brings.

Simply abolishing the House of Lords would therefore leave a significant gap in our constitution. But reforming it has proved very difficult. The Parliament Act 1911, supported by Labour and the Liberal Party of the time after the House of Lords refused to pass the “people’s budget” of 1909, was avowedly a temporary measure. It begins by saying:

“Whereas it is intended to substitute for the House of Lords as it at present exists a Second Chamber constituted on a popular instead of hereditary basis, but such substitution cannot be immediately brought into operation...”

But nothing much happened for decades. The Lords’ power of delay was restricted to one year by the Labour government in 1949. Life Peers were introduced (by the Conservatives) as a modernisation in 1958. It was not until the Labour government of 1997 that most hereditary peers were removed, creating what the Labour minister Baroness Jay described at the time as a “transitional house”. It is long past time for

that transition to end and for the country to have a new, reformed and more legitimate second chamber.

Recommendation 37: The House of Lords should be replaced with a new second chamber of Parliament –An Assembly of the Nations and Regions

Second Chambers Worldwide

Almost all large developed countries have two chambers in their legislatures, though a few do manage with only one - such as New Zealand or Israel.

The role of second chamber in most countries is to act as an alternative source of opinion or advice, a check or balance on the more powerful part of the legislature. There is, however, no standard form for a second chamber. Two contrasting examples will suffice.

The US Senate is unusually powerful, directly elected state by state, with the smaller states having proportionately a stronger voice; it can veto almost any legislation, including over spending and taxation. The US arrangements therefore carry the risk of “gridlock”, if each house insists in its mandate and neither backs down. Canada, by contrast, still retains a wholly appointed Senate, whose members represent different provinces (again with the smaller ones proportionately overrepresented) but are by convention subordinate to the will of the elected chamber.

There are however some common threads. Second chambers tend to be differently constituted (some, but by no means all, directly elected) and usually have weaker powers than the main elected chamber. In larger countries they typically have an explicitly geographic role, with representation structured by states or provinces in a federation, rather than the population directly.

Most second chambers are smaller than the main legislative body, and markedly smaller than the present House of Lords, as shown below.

Table: Size of selected second chambers world wide¹¹⁵

US	100
CANADA	102
AUSTRALIA	76
FRANCE	349
SPAIN	208
NETHERLANDS	75
BELGIUM	60
INDIA	250
SWITZERLAND	46

A New Second Chamber for a New Britain

Today there is no danger that the Lords as now constituted could challenge the Commons' authority; indeed being unelected the convention is that it goes out of its way not to do so, even when it considers there might be good arguments against what the Commons propose. But it is clear to us that one of the blockages to Lords reform is a fear that an elected second chamber, more legitimate than the present Lords, would challenge the authority of the House of Commons and carry the risk of "gridlock", and of making the government of the country impossible.

The most important question therefore to be determined is the purpose and function of a second chamber, and so what powers it should therefore have, and how in consequence it should best be constituted.

There are things which the second chamber should *not* do:

- It should have no role in the forming or sustaining governments. That, as today, must fall to the House of Commons.
- Similarly, it should have no responsibility for decisions about public spending or taxation, including National Insurance
- It should not in general be able to reject legislation but should be able to propose amendments
- These limitations on its powers must be set out clearly in the statute which creates the new chamber, so that there is no ambiguity about the relationship between it and the House of Commons.

But it can have a new role, complementary to, and not in competition with, the House of Commons. It should discharge four broad functions:

1. Constructive scrutiny of legislation and government policy, as the House of Lords at its best does today.
2. Bringing together the voices of the different nations and regions of the UK at the centre of government.
3. Monitoring adherence to standards in public life.
4. Most significant of all, exercising new but precisely drawn powers to safeguard the constitution of the United Kingdom and the distribution of power within it.

A role reflecting the Nations and Regions

The present House of Lords is not geographically representative, and, despite the efforts of some members, does not look at issues from the perspective of the nations and regions of the UK. The new second chamber should be different. It should oversee the effective working of the new intergovernmental Councils, on the basis of regular hearings of a suitably constituted committee and reports from the new independent intergovernmental secretariat.

It should also receive reports on the extent to which the other important constitutional obligations on governments which we propose are being followed. The Equality and Human Rights Commission should report at least annually on how effectively key social rights are being delivered across the UK, and on the guaranteed levels of social provision across England. The Office for Budget Responsibility should also report on the extent to which government action to ensure greater economic equality and opportunity across the different parts of the UK has been successful.

The chamber should take the lead in considering, scrutinising and promoting Special Local Legislation, which we envisage to be the main vehicle for transferring new powers from the centre to different localities, authorities and partnerships in England. The precise procedures which should be followed for such legislation will be a matter for the chamber itself and for the House of Commons in due course.

We therefore propose that the new second chamber should be called the Assembly of the Nations and Regions.

Adherence to Standards in Public Life

We have already recommended new safeguards for standards and propriety in public life. We envisage that the new second chamber would be responsible for approving the appointments of the new Integrity and Ethics Commission, the replacement for

the Prime Minister's advisor on standards, and for considering its reports, approving the ministerial code, and where necessary action under it.

Protecting the Constitution

The critical new role for the second chamber however relates to the upholding the British constitution. This will include protecting the constitutional distribution of power between Parliament at Westminster and the three devolved legislatures, where convention, even though recognised in statute, has failed to offer sufficient protection.

The mechanism which we recommend is based on the existing, seldom acknowledged, protection built into the Parliament Act 1911. That Act removed the House of Lords' power to reject legislation, and replaced it by a power to delay, but was subject to one exception. The House of Lords can still reject a bill to extend the term of a Parliament, so that a government cannot simply keep voting itself into office by postponing a general election. (The House of Lords can of course agree, as it did during the Second World War.) Paradoxically enough, therefore, the unelected House of Lords acts as a safeguard for democracy in the United Kingdom. We recommend that the new chamber retains this power, and that the power should be extended in one area only - to legislation relating to certain other constitutional statutes, which we refer to here as protected constitutional statutes.

The second chamber would have an explicit power to reject legislation which related to a narrow list of defined constitutional statutes. The effect of this would be a form of what is called "entrenchment", that is to say making a particular statutory provision more difficult to amend the ordinary law. Giving this power to the second chamber of Parliament sustains the principle, at the core of much of the UK constitution, of Parliamentary Supremacy. In the end, it must be Parliament which decides which laws can be passed or not passed. For certain laws, however, the second chamber of Parliament will have a special role. But this must be carefully defined and hedged round to ensure that it does not simply become a political battleground with the second chamber seeking to usurp the role of the Commons.

First of all it is necessary to be clear about the limited range of proposed legislation this will apply to. It will in many cases be perfectly plain whether a bill being considered makes a material amendment to a protected statute. Most will not. But, for example, if the protected statutes include the Sewel convention, as we propose, a bill to override it and alter devolved powers without consent clearly would. But in other cases there may be argument about the effect. This could simply be left to the parliamentary authorities and political resolution, but whether the new powers do in fact apply will be, rather than political choice or judgement, a matter of law (which carries the risk that the matter might somehow end up in court). We propose that the second chamber, through its presiding officer, if it contemplates using its

safeguarding power, first be required to refer the question to court, most likely directly to the Supreme Court, for an authoritative judgement on whether the constitutional protection powers are engaged. The question would be whether the legislation “related to” one of the constitutional statutes, where “related to” means more than simply has a passing reference or connection to, and something closer to “is mainly about”.

The Supreme Court is already well able to make such judgments; for example it has a well-developed jurisprudence on whether devolved legislation “relates to” a reserved matter. Involving the courts in this way before the new power could be exercised would be a safeguard against the second chamber adopting an improperly political approach to powers which are constitutional in nature.

The Primacy of the House of Commons

There may nevertheless still be concern that giving such a power to the new second chamber undermines the pre-eminent position of the House of Commons, and we have therefore considered how that pre-eminence itself might be safeguarded.

First of all, we propose that the new second chamber should *not* inherit the present Lords power of delaying all legislation, emphasising that the second chamber is in general a revising chamber which cannot overrule the Commons. Its special powers should apply only to a very limited range of constitutional issues, and should only be exercised if the Supreme Court agrees the legal basis for it exists.

But there remains the possibility that the House of Commons may not accept the view of the second chamber. How is such a disagreement to be managed? We have considered a number of options. One would be to provide that a Commons ‘supermajority’, of say 2/3, could overrule the decision of the second chamber. Another might be to require a similar majority in the second chamber itself in a case where the Commons insisted. Another would be to allow a Bill which had been rejected in the second chamber to be passed against its wishes if it was reintroduced after a General Election in which the issue has been put before the electorate in an election manifesto.

We therefore propose that in the event that the new second chamber exercises the power to reject changes relating only to constitutionally protected legislation, this must be subject to the additional safeguards we propose to ensure the primacy of the House of Commons. Which of the options above, or some other, it might be should be matter for consultation. The important thing is to preserve the key purpose of the recommendation – to ensure that the government of the day cannot have a wholly free hand over protected constitutional matters, while making it clear that the

Commons remains the primary legislative body. This should clearly not however apply to legislation to extend the term of a Parliament.

Constitutionally protected statutes

The list of statutes which should have this constitutional protection must be carefully, and narrowly, drawn up. It should include legislation which is of genuine constitutional significance for the long term, and it will be important to resist the temptation to include issues which attract a great deal of public attention or high political priority at any given moment.

Obviously the Parliament Acts themselves, including the legislation setting up the new chamber and giving it its powers, must be included in the list, and so should the Constitutional Reform Act 2005, which creates the Supreme Court and guarantees continued judicial independence. The Representation of the People Acts, which give substance to political rights, and some older constitutional legislation such as the Acts of Succession and the treaty and Acts of Union might also be included.

The most obvious lesson from recent Conservative government disregard for constitutional convention is of course in relation to devolution, and devolution and the Sewel Convention in its strengthened statutory form must receive this form of constitutional protection. Amongst our own recommendations, we would envisage that the purposes of the UK, the duty to promote economic equality across the UK, the 'solidarity clause' obliging cooperation between governments and the principle of subsidiarity would merit such protection. The individual rights we discuss above will be sustained by a balance of direct enforceability with constitutional protection.

These are proposed for consultation, and others may wish to suggest different candidates; there might even be constitutional rules which, if codified in a statute, might also benefit from this protection. (For example, the very well understood convention in the United Kingdom that the Prime Minister must command a majority in the House of Commons is nowhere set down in law.) Any future changes would require the agreement of both the House of Commons and the new second chamber. We see this approach as a way of gaining for the UK many of the benefits of a written constitution while continuing to uphold the principle of the supremacy of Parliament, as there is still no law which Parliament cannot change.

Recommendation 38: The new second chamber should complement the House of Commons with a new role of safeguarding the UK constitution, subject to an agreed procedure that sustains the primacy of the House of Commons

The Composition of a New Second Chamber

It is in the light of these proposed functions and new powers and responsibilities that we consider the composition of the new second chamber. As long ago as 1911, the Labour Party when it supported the Liberal Government's Lords reform said clearly that it was democratic election which brought political legitimacy to legislators.

The new second chamber will exercise important functions for which such legitimacy is required, and we therefore propose that it should be elected a regional basis across the United Kingdom. We envisage a chamber three quarters smaller than the present Lords, at around 200, and more in line with second chambers elsewhere.

The second chamber should certainly be elected on a different electoral cycle from the House of Commons, so that elections for the Commons and new second chamber do not coincide. The precise method of election to be used is a matter for further consideration.¹¹ The proposed post publication consultation should also address the issue of transition.

If the new second chamber is to function as an Assembly of the Nations and Regions, there is a case for elected national and regional leaders to be able to participate in the second chamber to raise issues of pressing concern on which the voices of the nations of the UK, or of its different localities, should be directly heard.

Members of the new second chamber should of course be able to serve as Ministers. We leave for consultation the question of whether, as now with the House of Lords, individuals who are not in Parliament but appointed to Ministerial posts should account for themselves to the second chamber.

Recommendation 39: The new second chamber must have electoral legitimacy, and should be markedly smaller than the present Lords, chosen on a different electoral cycle – with the precise composition and method of election matters for consultation.

¹¹ Lord Murphy recorded his preference for a reformed and smaller second chamber that was in part nominated and in part elected.

Chapter 12: Conclusion and Next Steps

Delivering Change

This Commission was established by Keir Starmer as leader of the Labour Party, and its recommendations are made to the Labour Party. It is for Labour to take these ideas forward, through the necessary consultation and preparation, and we very much hope that the next Labour government will adopt and implement them as an early priority.

The United Kingdom will only succeed economically, politically and socially if it harnesses the talents and listens to the voices of all its people, ensuring that no part of the country is left behind, ignored or silenced. The recommendations of this report are long term changes: the transformation of local economies and the building of more powerful local and regional democratic institutions will take time. It is therefore important to begin preparations now to ensure that change happens as soon as possible in the term of a new Labour government. It is our view that these recommendations could all be delivered and have impact within a single Parliamentary term, and without recourse to a referendum.

Consulting the public

From the evidence we have seen we firmly believe our proposed reforms would command popular support. But to co-author the future of our country, we must put the people at the heart of constitutional change. We therefore recommend the Labour Party should consult widely on our plans and take in the thoughts and feelings of people in all four nations. One practical option would be a series of Citizens' Assemblies as part of a ground up conversation with the people of Britain on the change they want to see.

This is especially significant when considering our proposed statement on the social, economic and political purpose of the UK. Indeed there is further consideration that could be given to the *moral* purpose of the UK – for example, whether it should have a commitment to the eradication of poverty and unemployment. We recommend specific new social rights, focused on education, health, welfare, and housing, but recognise there are calls for such rights to go further and include, for example, rights relating to the environment and culture, which would merit further discussion.

Our report deliberately focuses on change that can be delivered and make a difference in a single Parliament, to address the UK's immediate constitutional and economic challenges. Other issues that would have to span more than one electoral cycle can however also be discussed. Most obviously, the UK now has a patchwork of different electoral systems for its different legislatures and systems of local government, and we recognise that a well-functioning electoral system is vital to the health and defence of our democracy, and that our proposed changes will no doubt be discussed within this context.

Preparation in advance of a Labour Government

Consultation is required to build the necessary consensus to take change forward. But more needs to be done now, to prepare the ground so that change can be brought into effect as soon as possible in the first term of a Labour government. Just as Labour in 1997 prepared swift and radical policy changes to be implemented very early in its term of office, like the independence of the Bank of England, devolution to Scotland and Wales, and human rights legislation, our advice is that the party should ready these proposals now for early implementation.

The major new constitutional provisions on the purposes of the UK and the idea of subsidiarity, obligations on governments to cooperate and to promote equal economic development, and social rights will each require further detailed work, much of it technical, legal, preparation. Some quite technical work is also needed on the Parliamentary procedures for our proposed new kind of Special Local Legislation. We have been very grateful for the help given to us by a number of academic and legal figures (including the Society of Labour Lawyers) but all of those would be among the first to admit that further work is needed to prepare these ideas fully for legislative drafting.

Replacing the present House of Lords with a new, democratically legitimate second chamber is a signature aspect of our proposals. This will create the mechanism to ensure that the constitutional rules of the UK are always followed in future. Our recommendation on the new function of the second chamber is a firm one, but we have left scope for consultation on the precise composition of the new chamber to allow full discussion of the option for how to make such an important change. The second chamber must be democratically legitimate, and different in composition from the Commons, chosen on a different electoral cycle, and it should represent the nations and regions of the UK in a very explicit way. But there may be different ways of achieving this, and our advice is that the Labour Party should now begin a process of discussion on the options for doing so. The aim should be the maximum consensus round its proposals, and a detailed legislative implementation plan, to put into effect what will be a major and inevitably highly controversial reform.

The single most transformative aspect of our recommendations is the distribution of power across England. This is essential to rebuild the broken trust between the central institutions of the British state and the British people, and also to create the local leadership required for successful economic development in every part of the country, so that there is a locally owned plan in every region. There is no one-size-fits all or 'centre-out' model for this: we encourage the growth of local structures - whether mayors and combined authorities or other partnerships - that develop organically but swiftly from local initiative. These must be built, in dialogue, and discussion should start now. This will not be easy, as there will be a tension between local control and identity, and the needs of local and regional economies, labour markets, transport systems and the location of critical economic strengths such as

universities and colleges. Transforming local economies is a project for the long run, and we must get started.

Our proposed new Councils of the Nations and Regions and of England can only be created when Labour is in government and at this stage the most important task is consultation on the legislative basis which will be needed, and the powers and status of the new independent secretariat.

We have recommended additional devolved powers for Scotland, and for Wales. Once we have seen the Welsh government's Commission, the Labour Party may wish to undertake a formal consultation, including with the devolved administrations, on these recommendations.

Legislative change

Our recommendations will require major legislation in the first term of a Labour government. One option would be a comprehensive New Britain Act, including the various new constitutional principles, the new social and economic rights, and the reform of the House of Lords. A Labour government might alternatively choose to make changes step by step, separating the most immediately needed changes which can be done quickly from those which might benefit from more careful preparation.

Recommendation 40: We recommend that the necessary consultation and preparatory work should begin now, and this should include a ground-up conversation with the people of Britain

Conclusion

This is a point of inflection in the history of the United Kingdom, a constitutional moment. We have suffered a lost decade of progress due to a combination of national and global challenges, from the shock of Covid to the ongoing cost of living crisis, and the political choices of successive Tory Governments. Our own systems and governance cannot continue to be a barrier to our future success. Unless we change radically our deeply unbalanced economy and overcentralised political system, they will continue to hold us back.

The recommendations in this report address both these two pressing challenges directly because politics, the economy and society are inextricably bound up and must be addressed together. We must rebuild trust in our political system and rebalance our economy so that people across all four nations feel represented and empowered to shape their own futures and our collective aspirations as a country.

For this transformative agenda to succeed, we will need to draw on the best resource Britain has: its people. In that way, we will be able to face the challenges of the coming decades with confidence, and the recommendations in this report will help it do so. We commend them to the next Labour government.

Information about the Commission

The Commission's membership was drawn from across the UK and from different backgrounds including academia, local government, the legal profession, and trade unions. It includes members from across the Labour Party, and from outside it, sitting in an independent capacity.

Name	Role
Gordon Brown	Commission chair, UK Prime Minister 2007-2010 and Chancellor of the Exchequer 1997-2007
Anneliese Dodds MP	Chair of Labour Party and Policy Review, Shadow Secretary of State for Equalities, and MP for Oxford East
Marvin Rees	Mayor of Bristol
Cllr Simon Henig	Leader of Durham County Council 2008-2021, Chair of the Association of Labour Councillors
Cllr Arooj Shah	Leader of Oldham Council 2021-22
Cllr Brigid Jones	Deputy Leader, Birmingham City Council
Lord Paul Murphy	Former Secretary of State for Wales and Northern Ireland
Carwyn Jones	Former First Minister of Wales, 2009-2018
Gary Smith	GMB General Secretary
Lynne Morris	UNISON North West Regional Manager
Sarah Sackman	Expert in public law
Shaheed Fatima KC	Expert in public law, civil liberties and human rights
Prof. Philip McCann	Chair of Urban and Regional Economics, University of Manchester
Prof. Katy Shaw	Professor of Contemporary Writings and Creative Industries at Northumbria University
Sunder Katwala	CEO of British Future
Ayesha Hazarika	Journalist and political commentator

Advisors to the Commission: Jim Gallagher. Philip Rycroft

Acknowledgements

We have examined Reports that have been compiled by Governments of all colours over the last 50 years, such as that of the Calman Commission. We are grateful to the Centre for Cities and the Institute of Government for sharing their thinking. We have examined a number of reports by the CBI. IPPR the Fabian Society the Resolution Foundation, Onward, the Social Market Foundation, Lord Heseltine (including Rebalancing Britain), the Covid Recovery commission and many others. We have been in touch with the Welsh Governments own commission on the constitution.

The Commission would like to pass on its grateful thanks to all those who assisted its work since this began in February 2021. Particular thanks should go to Scott Dickson of the Labour party who led the administrative and research work and did most of the drafting work, and to Henry Stannard, who dedicated a great deal of personal time and expertise. We would like to thank Alison McGovern MP, Lord Michael Wills, Trevor Davies, the Labour Party's Drew Smith, Ross Christie, and Joe Fortune of the Co-operative Party, for the support they provided throughout the course of the Commission's work. We would also like to thank Dr Peter Wood and Dr Aveek Bhattacharya for conducting original research in support of the Commission's work. This Report would not have been possible without them.

The Commission ran two consultations on constitutional reform and economic devolution which went to hundreds of businesses, trade unions, economists, think tanks, constitutional and legal experts, and grassroots organisations, both in the UK and abroad. We benefitted enormously from the evidence submitted to these consultations, the insightful and invaluable discussions which followed, and several roundtables with organisations and individuals with a keen interest in these issues. Particular thanks must go to the Society of Labour Lawyers (notably Stephen Hockman KC, its former Chair, and Bren Albiston, Co-Chair of its Constitution Group), Professor Jeff King at UCL, Henri Murison and Sarah Mulholland at the Northern Powerhouse Partnership, Hannah Lazell at LGA Labour, Luke Raikes at the Fabian Society, Parth Patel at IPPR, Marcus Johns, Rosie Lockwood and Zoe Billingham of IPPR North, Daniel Turner at the Harvard Kennedy School, Nick Pearce at the University of Bath, and Michael Jacobs at Sheffield University, all of whom have provided enormously helpful advice and contributions. We also drew significantly on primary research conducted by Our Scottish Future, including *Scotland in a Zoom* and original polling and focus groups carried out over the summer of 2022.

We are also very grateful for the input from elected representatives from across the UK Labour Party, including members of the Shadow Cabinet, MPs, Labour Peers, mayors, Labour councillors from across the country, Scottish Labour and Welsh Labour.

Endnotes

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