

Modernising the United Kingdom



Unleashing the power of the Union – ideas
for new leadership

Jack Airey, Gabriel Elefteriu, Sir Stephen Laws,
Warwick Lightfoot, Benedict McAleenan, Rupert
Reid and Jan Zeber



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Executive summary

“It is time we unleashed the productive power not just of London and the South East but of every corner of England, Scotland, Wales and Northern Ireland.”

Rt Hon Boris Johnson MP
Prime Minister of the United Kingdom

1. For some, the benefits of the Union have been forgotten. The new Government should pursue a Grand Strategy to modernise the United Kingdom, drawing on the strength of the Union to stimulate local areas through both an audacious programme of infrastructure investment and further devolution of powers. It should take an approach that builds upon the success of City Deals, devolution deals and other partnerships. At its heart, this should establish a more engaged partnership between the UK Government and the communities of the United Kingdom. This can be achieved by the UK Government acting with renewed confidence, respecting the devolved institutions and enhancing the voices of England’s communities.

Unleashing the power of the Union:

2. To ensure the benefits of the Union reach every corner of the United Kingdom, and respecting the constitutional settlements with the devolved administrations, the new Government should be bold in supporting projects that enhance communities – no matter in which part of the country they happen to be. This should include a recognition that the UK Government can fund projects that fall both into reserved and devolved areas of competence.
3. To ensure England’s communities are properly represented in the Union, there should be added representation from institutions such as the mayoral combined authorities, county councils and other metropolitan authorities on bodies such as the Joint Ministerial Committee (JMC). This committee of UK and devolved administration ministers, that is intended to coordinate policy, would address the problem of UK Government Ministers wearing ‘two hats’ on issues related to reserved policy areas.
4. The UK Government should establish a Council of UK Civic Leaders – chaired by the Prime Minister – that should meet regularly over the course of the year with Ministers and officials. This should include civic leaders from across the UK, for instance the Mayor of the West Midlands and Leader of Glasgow City Council.

5. As the United Kingdom resumes competence for various areas of policy previously held by the EU – such as competition, product standards and science policy – it should ensure statutory and regulatory bodies have representation from Scotland, Wales and Northern Ireland.

Power to the people, funding from the Union – empowering places to drive prosperity, create jobs, build beautiful homes, improve liveability, enhance connections, strengthen culture and support skills:

6. The UK Government should announce a new programme of devolution that gives the UK's great cities and counties more effective control over how their place is run. This should include bolstering City Deals with places in devolved nations, deepening existing devolution agreements with mayoral combined authorities in England; and agreeing new devolution agreements with local areas in England that have so far been overlooked. It should also build on the progress made in the UK Government's Industrial Strategy, for instance agreeing more Sector Deals and Town Deals across the country as well as developing and improving the UK science base and the application and diffusion of technology.
7. The UK Government should publish a devolution framework outlining the range of powers and funding available. As part of this, the UK Government should:
 - a. Make it clear that places in England with appropriate government structures will automatically be given these competencies. With appropriate support from the UK Government, places should then be responsible for adopting these structures to take advantage of new powers.
 - b. Explore whether there are alternative political structures in England (beyond the metro-mayor model) to which they would be confident to devolve enhanced powers. In non-metropolitan areas, for instance, county councils could take an expanded strategic economic role.
 - c. Consult with the devolved administrations to explore how this could also be pursued in Wales, Scotland and Northern Ireland, for instance through bolstered City Deals and more Town Deals with local authorities in devolved nations.
8. In England, the new devolution framework should outline a programme to empower places to drive prosperity in their area. The UK Government should consult with the devolved administrations to explore what powers and responsibilities can be transferred to places in Wales, Scotland and Northern Ireland. These programmes should include powers and funding related to:
 - a. A more formal role in attracting Foreign Direct Investment (FDI) for their area with greater freedoms and support to

promote themselves as an FDI destination internationally. Local areas should conduct trade missions and be able to contribute to the Department for International Trade's overall strategy. As part of their trade promotion roles, local areas should also be given powers to propose wide-ranging trade policy divergence in their area, such as increased capital allowances, national insurance holidays along with a streamlined and less complex approach to planning policy, based on evidence of interest or commitments already secured as part of trade missions undertaken.

- b. Control over the principal policy instruments that influence their local labour markets. This should include devolution of relevant budgets for skills and training, for instance the Apprenticeship Levy and the Adult Education Budget – which has already been devolved to mayoral combined authorities. It should also include control of the work of the employment service, the level and framing of social security benefits of people of working age and the testing of benefits and active labour market policies. As part of this, a local schools, career and employment service should be developed to ensure close coherence between local schools, colleges and employers (i.e. a local vocational training system).
- c. Enhanced decision-making powers on transport infrastructure spending with the objective of improving connections within their area and achieving self-sustaining regional transport systems across the country over the next few decades. This should include full control of a new UK Government Modernising Transport Grant in local areas (transport is a devolved matter so this grant would be England only, though a similar policy could be encouraged in devolved nations), with local areas having complete flexibility in how they use this grant in relation to transport. This new fund should include relevant parts of the Department for Transport budget – to this end, the UK Government should review what parts of the Department for Transport's revenue and capital budgets (including funding for Network Rail and Highways England) can be devolved to local areas and allocated as a block grant. Local areas should also have the discretion to raise tax levies and charges to fund specific local infrastructure projects, for instance through supplements on Business Rates and Tourist Taxes. As part of receiving enhanced responsibilities for determining transport investment, local areas must have to produce statutory transport strategies. These strategies – which many places already produce – should be in alignment with the transport strategy of the wider region that are produced by Sub-national Transport Bodies

- like Transport for the North and Midlands Connect.
- d. Planning powers to provide land for jobs and homes. Local areas should produce statutory strategic spatial plans for their area and a set of design principles that apply across their area, with strong weighting in planning decisions made in places without an adopted and up to date local plan.
 - e. Freedom and discretion over funds such as those received for transport or skills to spend as they wish, removing any centrally-imposed rules or frameworks of hypothecation subject to nationally-agreed governance arrangements.
9. The UK Government should review whether there is scope for devolved and local economic decision makers in England to vary the rate and structure of corporation tax and certain aspects of payroll social security taxes. The review should consider what practical scope there is for local decision makers to use part of their grant funding to lower tax rates to encourage economic development.
 10. The UK Government should review and examine how it can support comprehensive local bus and other transport networks in England as part of the core infrastructure and connectivity of local areas. This should consider:
 - a. What regulatory responsibilities can be transferred from the Department for Transport to local areas which have appropriate governance structures to manage local transport networks in a democratic and accountable way;
 - b. How local areas can be supported to transform services in their area by utilising new powers afforded to them by the Bus Services Act 2017;
 - c. The potential for local areas, particularly rural ones, to procure on-demand bus services (as opposed to regular services).
 - d. What support can be provided for future transport needs, such as infrastructure for electric vehicles.
 11. Local Enterprise Partnerships (LEPs) should not be given any more responsibilities and should be phased out. Their responsibilities for allocating funding and writing Local Industrial Strategies should instead, where they are not already, be transferred to mayoral combined authorities and county councils (assuming they develop a more strategic role). The chief executive of each authority should be made the accounting officer for each fund, rather than the relevant Permanent Secretary in the central government department. Any expertise informing the LEPs should continue to be drawn on by the new authorities.
 12. The Government should accelerate the creation of sub-national transport bodies (such as Transport for the North with representation from the relevant mayors and country leaders) in areas that are not already represented by such a body. They should also be made statutory where they are not already. Each sub-national transport

body, where they have not already, should produce a Strategic Transport Plan. This should include detail of sub-national projects and how they can be financed through government grant, local revenue raising measures and sources of private finances.

Upgrading UK infrastructure – a new UK Modernisation programme:

13. In the forthcoming Comprehensive Spending Review, the UK Government should create a UK Modernisation spending programme. This should replace current UK Government and European Union regional growth funds that are due to end in the next few years. The spending programme should include funding to deliver national projects that support economic development across the country as well as providing places with funding to stimulate prosperity in their areas, including:
 - a. A UK Modern Ports and Harbours Fund to upgrade UK port capacity, revitalise fishing communities across the United Kingdom and strengthen the sector as a whole.
 - b. A Global Britain Trade Promotion Fund to help places to set up export promotion offices and activities.
 - c. The UK Stronger Towns Fund, partly used to support a second wave of Town Deals agreed across the country.
 - d. A Modernising Transport Grant giving local areas freedom to decide how public money for transport investment is spent in their area.
 - e. Increased funding to deliver ultrafast broadband to all corners of the UK.
 - f. The UK Government should lead a strategic infrastructure strategy to improve the economic connections between all parts of the country to reduce the disparities, for example extending the Border Railway (which runs from Edinburgh to Tweedbank) to Carlisle, and connecting North Wales with Merseyside and Greater Manchester.
14. The UK Government should continue working to promote an effective and competitive UK-wide market in wholesale full-fibre networks, but it should also consider whether its ambitions for ultrafast internet connectivity across the UK should take into account different ways people today use the internet, for example, in the context of the relative balance of importance between full-fibre broadband connectivity and 5G coverage, especially considering developing technologies such as fixed mobile broadband. It should work directly with local authorities in order to reach areas promoting voucher-based funding programmes for residents and SMEs, increasing the funding in instances where there is. At the same time, it should prioritise measures aimed at overcoming barriers to deployment, such as difficulties with

accessing premises and carrying out roadworks:

- a. Tackling barriers to deployment – through granting ‘right to entry’ in line with rules in the energy and water sectors, placing local authorities under a duty to facilitate deployment in the context of street works, and considering what measures, if any, aside from the voluntary agreement between Openreach and Home Builders Federation are needed to further increase the percentage of new build houses which are connected to full-fibre infrastructure.
- b. Review the level of funding for voucher-schemes in hard to reach areas to determine what level of subsidy increase might be needed - To amplify and accelerate the roll-out, community groups such as parish councils and local chambers of commerce should be supported to make residents and local business aware of the opportunities. They should be offered logistical support where needed by local authorities and should coordinate with infrastructure providers etc.
- c. Refraining from directly regulating wholesale providers, except in emphasising need to share access to ‘ducts and poles’ – the UK Government should allow a healthy market in wholesale provision of full-fibre infrastructure, but it should continue to emphasise the need for providers to share ‘ducts and poles’ infrastructure, and it should consider whether a system of oversight with penalties for non-compliance should be developed.
- d. Working directly with local authorities - where close government involvement in the rollout of full-fibre broadband is needed (for example, in the context of providing subsidies for hard to reach areas) the UK government should work directly with local authorities.
- e. 5G coverage should be integrated into the full-fibre strategy – the goal of making access to ‘ultrafast’ internet speeds should include not just the rollout of full-fibre infrastructure, but also be coordinated with the rollout of 5G coverage, which is at least just as important for connectivity as broadband (and in the future, even more so) and in harder to reach areas, mobile broadband may in the long run prove more economically viable.

One Green Nation:

15. The UK Government should create a single, economy-wide carbon tax that will establish a trajectory for the total carbon price towards net zero by 2050 (set by an independent body such as the Committee on Climate Change to ensure investment confidence). This should be payable by UK producers and those importing to the UK and a rebate on the tax should be paid to British exporters,

to avoid carbon leakage and disadvantaging British industry. To counter the regressive nature of creating a new and ever-growing tax, the Government should pay the tax directly back to British citizens as a ‘carbon dividend’ on a progressive basis.

16. Hydrogen offers a major opportunity to decarbonise transport (particularly heavy goods), domestic heat and industry. To develop and deploy this technology at scale, the UK Government should focus on regional hubs in North East England and Scotland, whose economies and geographies are best placed to maximise our competitive advantage, with a strategic view towards a sector deal for hydrogen once the sector is better established.
17. To support use and development of Electric Vehicles across the country, the UK Government should:
 - a. Create a single Electric Vehicle delivery body to sit across Whitehall departments, devolved administrations, industry bodies, National Grid and DNOs to create an interoperable ultra-fast charging network throughout the UK, especially outside the larger cities.
 - b. Set a new date of 2030 for the end of new industrial combustion engines.
 - c. Work with the carmakers and other firms involved in the supply chain to encourage creation of a ‘gigafactory’ as a key component of a city deal.
18. The UK Government should launch a new project to create a new Forest of Britain – a green spine running down the full length of the country. This would consist of a single, unbroken, two-mile-wide line of protected natural habitats from John O’Groats to Land’s End, via the east of Wales. It should aim to connect as many existing nature conservation sites as possible along its route, with afforestation, peatland restoration, grassland creation, etc.
19. To protect declining species and enhance the built environment, the UK Government should work with devolved administrations to create a Nature in the City Act that:
 - a. Works with local authorities to implement a programme of ‘rewilding’ of public green spaces under their ownership, including parks, commons and verges. This would include the planting of trees, creation of wild grasslands and planting of flower meadows in ‘rewilded’ areas;
 - b. Apportions a certain area of each park to the stewardship of local schools or wildlife trusts, allowing them to encourage nature and involve citizens in local stewardship;
 - c. Supports the inclusion of bee bricks and bird boxes, roof nesting sites, wildlife garden access routes and other measures in the design of new buildings;
 - d. Includes local authorities as recipients of payments under the new environmental land management schemes to create a revenue stream for the provision of environmental

- services, such as tree planting, so that authorities will view such services as assets rather than costs.
20. Natural Capital Strategies should be created at the level of river basins to provide a framework for proactive investments in our natural world, such as net gain in the planning system and the environmental land management schemes (ELMS).
 21. The Government should create a single Office for Natural Statistics, combining relevant datasets from government bodies to create the most comprehensive and accessible view of Britain's natural capital, enabling researchers and policy makers to take advantage of cutting edge data science and AI.
 22. The UK Government should create a nationwide Festival for Nature at the time of the 26th Conference of the Parties - the meeting of the signatories to the UNFCCC climate treaties tasked with coordinating action on climate change which is expected to meet in the UK in 2020. This should include villages, towns and cities hosting events and making pledges to cut their emissions and preserve local environments.
 23. Local areas should be given the right to levy a Tourist Tax for Nature that would be ringfenced for local investment in natural features, including better access for tourists and local people to enjoy them fully.
 24. The UK Government should create a Rural Skills Transition fund to support relevant local areas, for example upland farming communities, adapt to a decarbonised economy.

Supporting local business and delivering value for money by replacing public procurement rules:

25. The Government should review the public procurement regime post-Brexit, identifying scope for reform that would be compliant with the WTO Agreement on Government Procurement (AGP), yet address the most troubling aspects of the EU regime, namely serious lack of flexibility within the rules which fails to recognise certain realities of commerce. The current regime is clumsy, legalistic and effectively discriminates against smaller providers. The whole procurement framework should be reviewed. Possible reforms include:
 - a. Increasing tender value thresholds before regulatory mechanisms kick-in.
 - b. Amending the regulatory criteria for tender selection to take account of the benefits of longstanding relationships between local business and local areas, but with a mechanism to evaluate how such relationship is progressing and whether it is delivering best value and quality.
 - c. Flexibility on regulatory notice periods for time-sensitive projects.

Supporting science and the knowledge economy – bringing rigour to regional growth:

26. The UK Government should draw up an initial plan of relocating or establishing capacity of central government departments in places of the country where their work is most relevant, and in particular, in the case of departments with reserved functions, in the constituent nations. For example, the Department for Environment, Food and Rural Affairs (DEFRA) could expand its operation in places like Peterhead. Though the Department for International Trade (DIT) has offices in England, it should offer its services more directly to places in Scotland, Wales and Northern Ireland.
27. The UK Government should make its world class statistics and analysis more accessible to places across the UK. It should:
 - a. Commission reliable, timely and informative economic and statistical analysis of the way that product, investment, financial labour and housing markets function throughout the UK.
 - b. Commission a systematic and coherent evaluation of public expenditure, taxation and borrowing across the UK. This should focus on establishing benchmarks for estimating the unit cost of public services and the returns that spending yields.
 - c. Enable local areas to access data held by the Department for Work and Pensions and other departments where the appropriate governance structures are in place.
28. The UK Government should create a new Economic Council of the Union that reports to the Prime Minister and UK cabinet on how the UK economy works and can grow. Its membership should include business leaders, financial market practitioners, trade unions and entrepreneurs from across the UK.
29. To ensure empowered local areas a) have high quality and up-to-date economic intelligence that enables them to look at the dynamics within local economies; and b) their policies are appropriately evaluated:
 - a. The Office for National Statistics (ONS) should be requested to review its sources of data on local and regional economies, for instance real time digital transactions (e.g. VAT data).
 - b. The Bank of England should review its network of twelve local agents to ensure that the central bank has a comprehensive and systematic coverage of all parts of the UK. The central bank should consider how the information that is currently collected could be deepened, extended and improved; how it could be used better by the central bank in deciding monetary and credit decisions; and how it can be shared with economic decision makers in local areas.

- c. The Bank of England should work with the ONS to develop better and more detailed statistical information on credit, banking and monetary conditions in distinct regional and local economies throughout the UK.
 - d. A new body should evaluate the effectiveness and efficiency of policies enacted by decision makers in local areas.
 - e. Places should have power to invite the Competition and Markets Authority (CMA) to investigate local markets that exhibit monopoly power that is potentially harmful to local consumers and businesses.
 - f. The UK Government commissioned review of local authority audit and financial reporting should be expanded to include a wider and more fundamental review of policy evaluation in English local authorities and devolved institutions.
30. Like the Chief Scientific Adviser role in central government, economic authorities in local areas should consider appointing scientific advisers. A key objective of science advice in local areas should be to focus on the diffusion of science and technology, giving priority to practical, commercial and other applications of innovation to promote technical progress.
31. In future, spending plans over and above the commitments arising out of Brexit, the science budget needs to be given greater priority within public spending – together with higher priority given to the application and diffusion of technology. The UK Government should look to further enhance science bases in London, the south east of England and the important centres located in other parts of the country such as Liverpool, Manchester, Newcastle, Plymouth and Glasgow. A distinct feature of the UK science base is its international dimension reflected in the work on malaria and snake bite in Liverpool School of Tropical Medicine and the data used for the measurement of acidity and plankton in the ocean undertaken by the Marine Biological Association in Plymouth.
32. Leaving the European Union offers Britain an opportunity to catalyse faster innovation, and to develop new technologies to better tackle global challenges. Government should make a commitment to audit and identify barriers standing in the way of innovation.
33. The UK Government should review how it supports challenge-led research. It could, for example, examine the strategic oversight of challenge-led research, e.g. Faraday Challenge for energy storage, Health Advanced Research Projects for life sciences, etc. It could examine potential reductions in bureaucracy, build the evidence base lying behind the selection of development and industrial challenges, seeking a coherent, data driven and open process. It could review ways to share learning among researchers, without seeking to direct the pursuit of research or contravene the Haldane

Principle. Taking inspiration from the words of US academic Erica Fuchs describing DARPA, it might be “a new form of technology policy, in which embedded government agents re-architect social networks among researchers...”.

34. The UK should invest more in its burgeoning Space sector to realise its potential in this area of increasing economic and strategic importance. It should:
 - a. Create powerful space innovation hubs to turbocharge regional space industries.
 - b. Boost local authorities’ use of space-enabled solutions.
 - c. Establish a UK Space Business Fund to support FDI in national and regional space sector areas, as well as home-grown companies.
35. To ensure there is organisational capacity in local areas to drive prosperity in their area, the UK Government should:
 - a. Announce a fundamental review of the tax powers and funding of English local government – this should include income tax, expenditure taxes, Stamp Duty Land Tax and other fiscal measures such as tourist taxes.
 - b. Review mayoral combined authority voting requirements with the aim of strengthening metro-mayors’ hands.
 - c. Consider ways in which leaders in England could be afforded equivalent status to other senior politicians, e.g. by temporary membership of the Privy Council for metro-mayors and more regular formal appearances in Westminster and Whitehall.

Celebrating every corner of the UK and boosting access to shared cultural assets:

36. The UK Government should establish Remembrance Day as a bank holiday across the UK.
37. The UK Government should review which sporting events are protected and how under the Broadcasting Act, with a view to widening public access. As part of this review, it should announce full legal protection for live coverage of sports events of a national interest, for example:
 - a. Women’s national football tournaments;
 - b. At least one of England’s home cricket test matches each summer and coverage of the Men’s and Women’s Cricket World Cup final and semi-finals.
38. The UK Government should announce renewed support for the bid to host the 2030 FIFA Men’s Football World Cup in the UK and Ireland. It should also support a bid to host the 2027 FIFA Women’s World Cup in the UK and Ireland. As part of their support for each bid, the UK Government should help to fund the redevelopment of stadia across the UK, for example the Scottish national stadium

Hampden Park in Glasgow. The objective should be ensuring that FIFA Football World Cup matches can be hosted in every corner of England, Scotland, Wales and Northern Ireland.

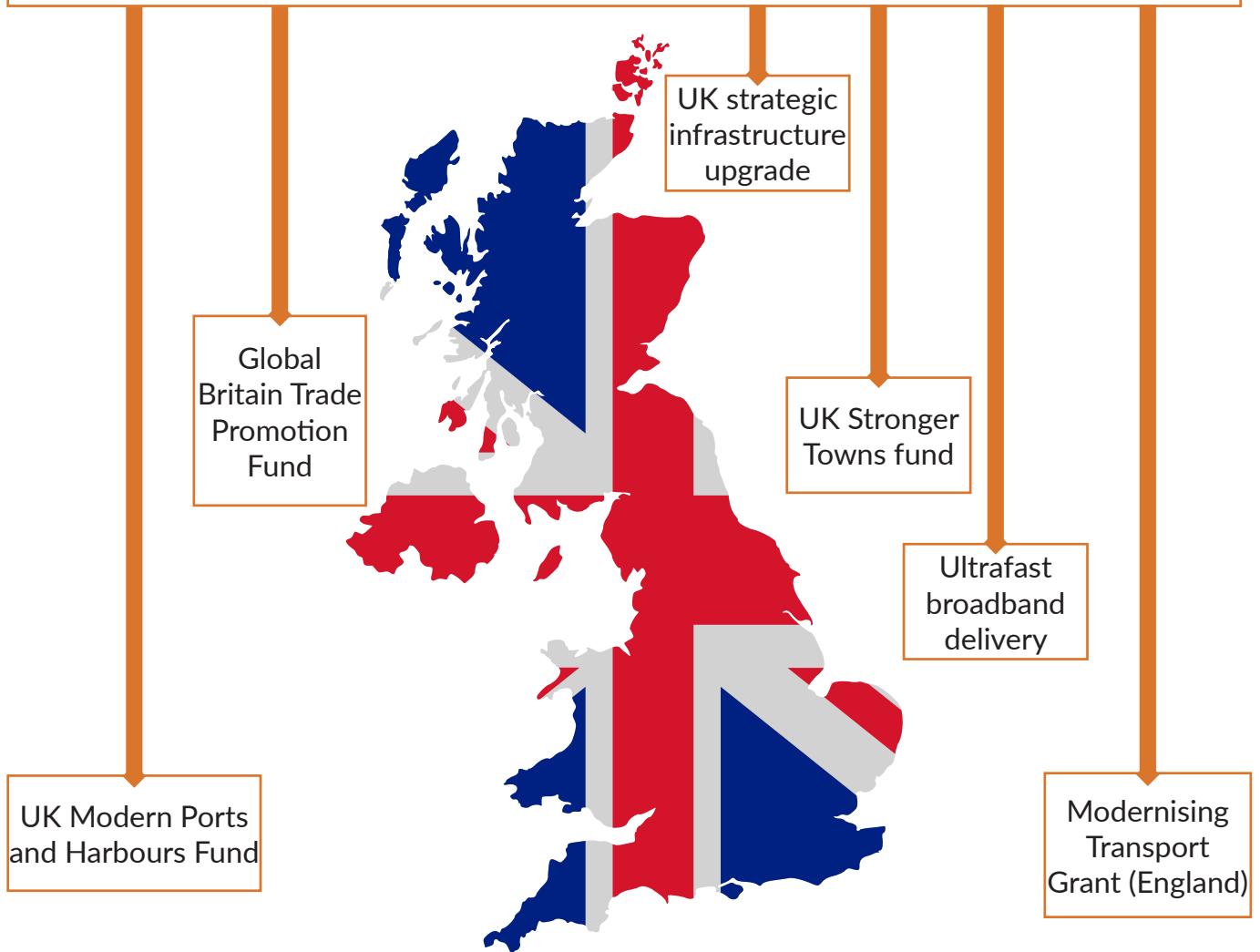
39. National cultural institutions over a certain budget receiving public funding should demonstrate their beneficial impact in other parts of the UK to continue receiving funding. For instance, making paintings, sculptures and other cultural objects of our cultural heritage – particularly those that are not currently needed for public exhibition – available to communities throughout the United Kingdom in an imaginative way. A recent example of this was the 2018 national tour of ‘Dippy’ the diplodocus skeleton usually on display at the Natural History Museum.
40. This exercise should form part of a wider programme to establish a roving exhibition of objects of the UK’s cultural heritage. These objects should tour the country, with people across the UK able to see them without needing to travel hundreds of miles. Consideration should be given to making items in the UK Government’s art collection that aren’t being used available across the country.
41. The UK Government should consider how it can support the building of cultural institutions in places which currently have poor access to culture. This could include building new parts of existing institutions, like the V&A Museum of Design has recently been built in Dundee, or building entirely new institutions. In Northern Ireland, for example, the UK Government could support the establishment of a new institution while Northern Ireland could facilitate the UK touring of exhibitions with themes ranging from the Titanic to Game of Thrones.
42. People should be able to display their local area’s symbol or county coat of arms, flag, or similar, on their number plate, as is the case in many other European countries like Germany and Switzerland. For many people, their identity is strongly attached to where they live and where they were brought up. This can be seen in the way people support their local football team. Providing people the opportunity to display their civic pride would be a positive way for people to express local patriotism in much the same way.

Unleashing the power of the Union to raise living standards, enhance the environment and celebrate shared heritage

Infrastructure	Local control	Society and Culture	Environment
The UK Government being more ambitious in taking forward joint projects with devolved administrations and leading on projects that fall under reserved competencies, for example trade	Places should be given a more formal role in securing foreign investment for their area and contributing to the UK's international trade strategy	Establishing Remembrance Day as a bank holiday	Creating a Forest of Britain – a two-mile-wide line of protected natural habitats from John O’Groats to Land’s End, via the east of Wales
Funding to deliver ultrafast broadband to all corners of the UK	Places should be given control over skills, training and working age benefits to influence local labour markets, for instance developing a local vocational training system	Make the UK the best nation in which to live for people with disabilities	Create a single, economy-wide carbon tax
Enhancing rail capacity between Glasgow and cities in northern England	Places should be given control over how transport funding is spent in their area	Supporting bids to host the Men’s and Women’s Football World Cups in the UK and Ireland	Develop Hydrogen Hubs in North East England and Scotland
Enhancing road capacity between North Wales, Merseyside and Greater Manchester	Places should be given strategic planning powers to provide land for jobs and homes	Legally protect live coverage of sports events of a national interest on free-to-air television, e.g. women’s national football tournaments and England’s home cricket test matches	Create a Nature in the City Act to support tree-planting, rewilding and better stewardship of public green spaces
Examining the business case for a toll-free bridge between the Island of Ireland and Great Britain	Added representation from English local areas to the Joint Ministerial Committee	Touring national institutions’ objects of UK cultural heritage across the country	Set up a nationwide Festival for Nature at the time of the COP 26 Conference in 2020
Upgrading the London-Edinburgh railway to reduce the journey time by an hour	A Council of UK Civic Leaders that meets regularly with Cabinet Ministers	Making the Government’s art collection available to places across the UK	
A UK Modern Ports and Harbours Fund to upgrade port capacity and revitalise fishing communities		Giving vehicle-owners the opportunity to display their local area’s symbol on their number plate	
<i>See Appendix 1 for full list of infrastructure projects</i>			

UK Modernising Spending Programme

(To include replacement EU structural funds, Stronger Towns Fund and other 'local growth' funding)



Introduction

The collective power of the Union should be unleashed by the new Government to generate prosperity in every corner of the United Kingdom (UK). In this paper we outline steps the new Government can take to achieve this with a Strategy for Modernising the UK, equipping the nation's towns, cities, counties and islands to create jobs and raise living standards.

An ambitious agenda that puts the resources of the Union at the disposal of local communities is an essential part of achieving a new national consensus. Policy Exchange believes that such a consensus is within our grasp and is the only basis for a process of national renewal. There is, after all, far more that unites us.

To enact the ideas in this paper, we believe the UK Government should secure the enactment of an Act for Modernising the United Kingdom as well as a UK Modernisation spending package. The details of both are outlined in this report.

A major theme of this report outlines the role of the UK Government – particularly HM Treasury – in funding projects in the devolved nations. A mind-set has developed, remote from the legal and constitutional position, which has artificially confined what the UK Government has been willing to fund directly. If projects have local support – and are subjected to rigorous auditing – the UK Government should be more ambitious in its pursuit of spreading the benefits of the Union.

There are many examples of joint action that reflect and illustrate the shared values that bind the UK and show what together we can achieve – the UK's international development programme, National Living Wage, the Armed Forces and Olympic Team. Even beyond Planet Earth, the Union Flag adorning astronaut Tim Peake's space suit and a world-leading satellite sector are reminders of what the UK's collective endeavour can achieve.

The UK Government, working with devolved administrations and local areas across the United Kingdom, has delivered infrastructure and growth deals laying the foundations for job creation and improved living standards. Supported by billions of pounds from HM Treasury, local partnerships have been supported from Stirling and Cardiff Bay, to the Northern Powerhouse, Tees Valley, and West Midlands. It was, furthermore, the UK Government that brought forward the first national minimum wage and then the National Living Wage.

The power of the Union to drive the creation of well paid jobs and boost green growth in all parts of the country has been demonstrated in the series of City Deals, Metro Mayors and numerous other initiatives. The bespoke nature of these ventures reflects the different needs of different

communities. They all have one thing in common – they can draw on the collective support made possible by the Union.

This Union is not just one between the four nations, it is also between the different parts of England, between generations and across classes. It is between the families who can trace their heritage to before the Domesday Book to the newer arrivals of recent decades who have enriched our country and contribute so much.

Not only does the UK Government provide the additional funds required to enhance local communities, it is also often best placed to facilitate such endeavours. The challenges facing our communities transcend administrative boundaries, for example, the fishing towns of Peterhead and Grimsby have much in common, as do cities like Glasgow, Newcastle and Belfast.

By advancing an effective economic development policy that is ambitious and focused on local areas,¹ it will be important for the UK Government to ensure that this programme coheres with the Industrial Strategy that has been developed since 2016. The UK Government should take the opportunity to review its sectoral priorities and the opportunities that exist to integrate them with an ambitious policy that has the objective of working closely with local economic decision-makers.

This report sets out how a new administration can unleash the potential of the United Kingdom Government – representing all our people – to support communities and places and ensure they are ready to take advantage of the global opportunities of the 21st Century. From high-speed broadband connecting people to each other and to the world beyond, to modernised ports ready to grow our marine economy and international trade, the UK Government should drive a programme of modernisation that draws on and demonstrates the value of the Union.²

1. In this report we avoid using the term region to avoid confusion with elected regional assemblies.

2. For ideas in other areas of policy for the new Government, see Policy Exchange's *What Do We Want from the New Prime Minister?* manifestos: <https://policyexchange.org.uk/what-do-we-want-from-the-next-prime-minister/>

Unleashing the power of the Union

By any comparative international standard, the UK has proved both successful and durable as an arrangement of state. For many years, negative narratives of the Union have predicted its demise but many of these arguments are often based on false or insupportable suppositions. The instrumental case for the power of the UK remains strong and unionists should not be reluctant to continue to make it. But the UK Government must recognise that Brexit has opened up the Union to a new nationalist and separatist agenda and respond in kind.

Of paramount importance will be a change to the self-imposed restrictions adopted by the UK Government – and particularly HM Treasury – to funding projects that fall within the policy remit of the devolved authorities. While law-making is devolved, there is nothing constitutionally preventing the UK Government providing the funds and expertise to deliver projects that are the responsibility of the devolved administrations.

Many such projects will enhance the common wealth of people across the United Kingdom and therefore it is the duty of the UK Government to work with whomever to ensure they are delivered. This will mean partnerships with the devolved administrations and local authorities within them. Partnerships such as the City Deals in Glasgow and Stirling are a good basis on which to develop, however, the UK Government should stand ready to accelerate and enhance programmes such as these. Importantly, the UK Government should not restrict itself to funding programmes that only fall with the ‘reserved’ areas of policy.

Shared competence

In recent years the UK Government has increasingly restricted itself to acting in the realm of ‘reserved’ areas. In some cases, this has denied to the people of the devolved nations the expertise of the UK Government. A more beneficial approach – that might also unlock additional funding – is one of ‘shared competence’, where the UK Government works with devolved administrations and local communities on all matters of import to improving people’s lives.

The UK internal market, for example, is more important to Scotland than the EU internal market and Westminster should be looking for ways to bring Scottish, Welsh and Northern Ireland ministers into UK economic decision-making. Similarly, in the area of repatriated powers from the EU in areas such as State Aid, Competition policy, migration and product safety,

the UK Government should be clear in including explicit representation from across the UK. Physically, meetings of ministers and officials should occur throughout the UK and not just in the capitals.

The UK devolution settlement

The distinction between reserved and devolved matters is central to the devolution settlements. Parliament will not normally legislate in relation to the latter without the consent of the devolved administration in question. Devolution to Scotland, Wales and Northern Ireland operates a 'reserved powers model', whereby if a legislative area is not explicitly 'reserved' (or, in Northern Ireland, 'excepted') as a competency of the UK government in Westminster, it is deemed to be a devolved matter. Those reserved competencies are laid out in respective primary legislation governing the devolution settlement of each of the constituent nations of the United Kingdom: for Scotland, in Schedule 5 of the Scotland Act 1998 (amended by the Scotland Act 2012 and 2016);³ for Wales, in Schedule 7A of the Government of Wales Act 2006 (amended by the Wales Act 2017).⁴ Excepted competencies are laid out for Northern Ireland, in Schedules 2 and 3 of the Northern Ireland Act 1998.⁵

Reserved (R) and devolved (D) policy areas as defined by Devolution Factsheet published by the Cabinet Office.⁶

Policy area	Scotland	Wales	Northern Ireland
Health and social care	D	D	D
Education and training	D	D	D
Local Government	D	D	D
Agriculture, forestry and fisheries	D	D	D
Transport	D	D	D
Some taxation	D	D	D
Justice and Policing	D	R	D
Some social security elements	D	R	D
Sports and the arts	D	D	D
Defence	R		
Foreign Affairs			
Immigration			
Trade Policy			
Constitution			
Broadcasting (NI may legislate with SoS consent)			

Administering national policy on reserved matters frequently requires cooperation of local government, for example on logistics, procurement etc. – and this will often involve devolved administrations. Telecommunications, for example, is a reserved matter in Scotland.⁷ Broadband infrastructure rollout is a competency of the UK government, but in Scotland, the Scottish Government had a role in coordinating the process with local authorities in Scotland until the beginning of 2018, when the UK government opted to work directly with Scottish local authorities, expediting the process.⁸

3. <https://www.legislation.gov.uk/ukpga/1998/46/schedule/5>
 4. <https://www.legislation.gov.uk/ukpga/2006/32/schedule/7A>
 5. <https://www.legislation.gov.uk/ukpga/1998/47/schedule/2> and <https://www.legislation.gov.uk/ukpga/1998/47/schedule/3>
 6. Scotland Act 1998, Schedule 5, Head C10 – Telecommunications and Wireless Telegraphy, Section C10 – Internet Services
 7. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/770709/DevolutionFactsheet.pdf
 8. <https://hansard.parliament.uk/Commons/2017-11-22/debates/5E175FD7-C10B-4404-B115-7B859CF72961/RuralCommunitiesInScotlandBroadband#contribution-461D6B7B-8791-4B71-BC5E-CF39DC-D53AE6>

Demonstrating the value of the Union

Brexit has placed a strain on the Union and it is time for the UK Government to redouble its efforts and demonstrate the value of the Union across the UK. On reserved matters, the UK Government should press ahead with modernisation projects, such as upgrading port facilities and broadband roll-out. In areas of shared competence, the UK Government should pursue projects working in partnership with the devolved administrations. It should stand ready, however, to work directly with local communities while respecting the law-making functions of the devolved nations.⁹

Overhauling the institutional machinery

While the devolution legislation has been regularly amended in far-reaching ways,¹⁰ the settlements are now over twenty years old and some problems warrant attention. It is important for the parliamentary systems of government across the United Kingdom to act with comity towards one another, avoiding needless conflict and working together for the common good. This requires attention be paid not only to the interests of Scotland, Wales and Northern Ireland, but to England also. In view of England's size, its interest may often overlap with those of the United Kingdom, but the two are not identical and the responsibility of the United Kingdom authorities is to seek the common good of the United Kingdom, which includes the good of its constituent parts and harmonious relations amongst them. There is good reason for many responsibilities to be devolved within England (in a form we outline in the second part of this paper).

Representing cross-Union interests

The Government should review how cross-Union interests are represented in Westminster and Whitehall. A number of options merit consideration, for instance a new Department of the Union, cabinet committee and/or a senior minister within the Cabinet Office.

The dominant principle governing the devolution of functions across the UK should be based on the value to be gained from more local decision making. The application of this principle is going to be much more straightforward with the involvement of representatives from all parts of the Union, including England. The principles are applicable both to devolution in the different parts of the UK and to the structure of local government in England, and indeed elsewhere. Consulting in the context of the local needs and economic pressures across all the different parts of the UK, giving all areas a say, is likely to produce a more satisfactory and more widely accepted system of devolved powers.

Consultation across the Union should make it easier to identify where and how responsibilities need to be shared between the centre and the devolved authorities or local areas. It should assist the development of structures to accommodate collaboration rather than contested areas of assumed discrete competencies.

9. <https://policyexchange.org.uk/publication/the-state-of-the-union/>

10. The Scotland Act 1998 has been amended several times, most notably by the Scotland Acts 2012 and 2016; the Government of Wales Act 1998 was overhauled by the Government of Wales Act 2006 and amended again in important ways by the Wales Act 2017; the Northern Ireland Act 1998 has also been amended several times, including by the Northern Ireland (St Andrews Agreement) Act 2006.

Inter-governmental engagement

One main weakness of the devolutionary settlements has been the framework for inter-governmental engagement. Developing coherent, stable and efficient machinery for such engagement, which might be put on a statutory footing, will assist the UK Government in delivering a strategy to modernise the UK and its infrastructure. It will be important not only for the devolved administrations to be involved in this exercise, but also for local areas in the UK to be adequately represented.

For example, a key problem relates to the fact that UK Government ministers in departments relating to primarily devolved matters are effectively ministers for England, but ministers in departments such as HM Treasury and the Foreign Office administering reserved matters have to effectively represent interests of both the United Kingdom and England. Professor Richard Rawlings, Professor of Public Law at the University College London, describes this problem as UK government's 'two hats.'¹¹ As has been highlighted by the recent PACAC Committee report on devolution, this can lead to problems for both devolved administrations and local areas in England: for example, First Minister for Wales (Carwyn Jones at the time) has claimed that this has led to England being favoured in policy areas such as fishing, while English metro-mayor Andy Street has asserted that English regional voices are not heard as loudly in discussions with UK government as the voices representing devolved administrations.¹²

Added representation from local areas in England on bodies such as the Joint Ministerial Committee (JMC) – a committee of UK and devolved administration ministers intended to coordinate policy – would work towards addressing this problem. The risk otherwise is that the UK Government may fail adequately to represent the interests of English places and peoples. Any programme of reform should also make provision for more regular meetings of bodies such as the JMC, for a clearer joint decision-making structure, and for deliberation and decisions to be scrutinised by parliamentarians across the United Kingdom.

There should also be a stronger mechanism for engagement between non-ministerial departments and executive agencies which complement devolved functions – e.g. greater involvement of Scottish universities and businesses in Innovate UK, the Government's innovation agency that funds science and technological innovations to support economic growth. In areas of 'shared competence' such as the powers of internal market regulation returning from the EU (over competition, procurement, state aid, product safety, etc.) the general approach should be to facilitate 'common frameworks' across the UK, which are administered by UK-wide bodies, but which nevertheless have explicit and designated representation from delegates from Scotland, Wales and Northern Ireland charged with ensuring the interests of their respective jurisdictions are protected within those future common frameworks. What should be avoided is fragmentation of powers and different frameworks in different parts of the United Kingdom emerging – e.g. a potential future Trade Remedies Authority Scotland breaking off from the future Trade Remedies Authority.

11. 28, <https://publications.parliament.uk/pa/cm201719/cmselect/cmpubadm/1485/1485.pdf>

12. 28, <https://publications.parliament.uk/pa/cm201719/cmselect/cmpubadm/1485/1485.pdf>

Constantly ensuring that the voice of devolved administrations is heard within a single UK framework would help to prevent this from happening. Such UK wide bodies should commit to holding meetings throughout the United Kingdom, and not limit themselves to the national capitals.

A Council of the Union?

The United Kingdom is not a federal state. The sovereignty of the Queen-in-Parliament is fundamental to our constitution and is the engine for shared self-government. However, the devolution settlements have introduced a quasi-federal character to our constitution, in which the strict competence of the devolved administrations is sometimes controversial. There have been legal challenges to important acts,¹³ especially legislative acts, of the devolved administrations and the Supreme Court's jurisdiction over legislative competence may be ever more significant in future. This is a risky proposition, which may unduly empower courts and imperil comity between parliamentary systems across the land. Subjecting primary legislation of the devolved legislatures to post enactment judicial review on grounds of lack of competence undermines legal certainty (which is an essential component of the rule of law) and has the potential to require the imposition of oppressive retrospective remedies.

An alternative could be to expand the workings of the Joint Ministerial Council or perhaps even empower a new Council of the Union consisting of representatives from the UK Government and from the devolved administrations and local areas in England (as well perhaps some judicial representation) authoritatively to vet legislative competence as a matter of course before enactment. The body's functions would invite and require an attempt to hammer out a politically workable accommodation. The body's decision would be as much political as legal but would result in a validating quasi legislative instrument that would create an irrebuttable presumption of regularity that would render the devolved legislation immune from subsequent judicial challenge on lack of competence grounds. The role proposed would be analogous, in a sense, to that undertaken by the Conseil d'État e.g. in the French system.

Another area where such a Council could play a useful role is in relation to cases where devolved legislation has spill over legal or other effects in relation to reserved matters or the law of another part of the UK. The latter (e.g. changes to the law of England and Wales to accommodate a change of law in Scotland) are currently dealt with e.g. in the case of Scotland by Orders in Council under s. 104 of the Scotland Act 1998, but in practice are subjected to a very inadequate level of official or Parliamentary scrutiny.

The British-Irish Council

A key part of the Good Friday Agreement, the British-Irish Council (BIC) was an important innovation and a necessary part of the peace process. The Council was designed 'to promote the harmonious and mutually beneficial development of the totality of relationships among the peoples of these islands' and examine common issues including transport, agriculture and the environment.¹⁴

The Council has undertaken some interesting work however there is scope for it to do more to promote the common welfare of its constituent members. Within the context of Brexit for example, it offers a forum in which to address the unique relationship between the Republic of Ireland and the other members of the BIC. On agriculture, for example, as envisaged by the architects of the Good Friday Agreement, the BIC could be used to work through solutions to the United Kingdom's departure from the EU.

Serious consideration should be given to the increased role the British-

13. See for example THE UK WITHDRAWAL FROM THE EUROPEAN UNION (LEGAL CONTINUITY) (SCOTLAND) BILL – A Reference by the Attorney General and the Advocate General for Scotland (Scotland) [2018] UKSC 64, <https://www.supremecourt.uk/cases/docs/uksc-2018-0080-judgment.pdf>, a decision of the UK Supreme Court holding that Holyrood has partially overstepped its powers with the passing of a Brexit bill designed to ensure that the Scottish Parliament keeps all of its powers after the UK leaves the European Union.

14. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/136652/agreement.pdf

Irish Council might play in future relations between its constituent nations. If necessary, its secretariat could be expanded, perhaps with secondees from the civil services of its members.

UK Modernisation spending programme

A series of complex and opaque mechanisms, including the Barnett Formula, govern the distribution of central government funding across the UK. They merit separate study. This paper will make recommendations that *work with the grain* of present funding arrangements and devolution settlements. There are opportunities for the new Government to apply a clearer, more confident approach to delivering a programme of modernisation throughout the UK while respecting the devolution settlements.

In the forthcoming Comprehensive Spending Review, the Government should deliver a UK Modernisation spending programme. This should replace current UK Government and European Union funds and regional growth funds that are due to end in the next few years. Building on the UK Government's Industrial Strategy, it should include funding to deliver projects that support prosperity across the country as well as providing places funding to lead on prosperity in their area.

The financial and economic scope for an ambitious programme of public investment

From a contemporary economic perspective, the UK public finances are in a condition to facilitate a significant increase in public financed capital investment that focuses on infrastructure and the capital stock needed to improve the performance of both the public and private sectors. The budget is in broad balance, the stock of public debt to national income is manageable and the cost of serving public debt is historically low. There is both financial and economic scope for a more ambitious public programme of capital investment.

In the contemporary economic climate international interest rates are low and inflationary expectations are anchored in a manner that has surprised economists and central banks. This provides the financial and economic scope for an agenda that emphasises the improvement of the public sector's capital stock.

There is also a broader economic context that policy makers in the new administration should take account of. The capacity of monetary policy and changes in short term interest rates to stimulate economic demand is constrained. In the event of an adverse shock to demand or a protracted period where demand is sluggish active use will need to be made of fiscal policy. A medium-term programme of planned capital investment should form an important component of the policy instruments that are available to the authorities as they shape fiscal and monetary policy in these circumstances. There is also a growing consensus in international institutions that fiscal policy should be used and where it is helpful better co-ordinated.

Asymmetric risks in macro-economic management

An agenda of government financed capital infrastructure investment has to be managed with the clear objective of increasing the long-term supply potential of the economy. This will involve careful consideration of the training and skills needed to support an ambitious investment programme. If the UK economy encounters supply constraints, an awkward increase in the domestic price level or in financing the balance of payments there will be scope to use domestic monetary policy to manage them. This may result over time in tighter domestic monetary conditions. This could help to return overall monetary conditions, short term interest rates and long-term bond yields to more normal real rates. Moreover, monetary policy appears to have retained its bite in deflating the economy so that any inflationary risks that may arise from a looser fiscal policy financing an ambitious programme of public investment should be containable. It is easier to identify how policy makers can in present circumstances manage an inflationary shock compared to their difficulty in stabilising a deflationary shock to demand.

This spending programme should form part of a more confident approach to funding the delivery of infrastructure projects in the devolved nations. In recent years, HM Treasury has been too timid in its approach to funding projects throughout the United Kingdom – too often eschewing responsibility to devolved authorities. The result has been major projects going undelivered and places going without the transport upgrades they need to improve liveability in their area. Constitutionally, there is no reason to stop HM Treasury from supporting the delivery of new infrastructure in devolved nations. It should change approach accordingly.

The UK Modernisation spending programme should include:

- A new UK Modern Ports and Harbours Fund to upgrade UK port capacity, revitalise fishing communities across the United Kingdom and strengthen the sector as a whole.

- A Global Britain Trade Promotion Fund to help places to set up export promotion offices and activities.
- A Modernising Transport Grant giving local areas freedom to decide how public money for transport investment is spent in their area [England only]. There may also be opportunities for the UK Government to fund transport infrastructure projects in devolved nations. Under the current approach there are projects related to reserved policy areas, e.g. an improved road network around the UK's new space ports in Sutherland and Cornwall. The UK Government should not feel constraint is funding non-reserved projects.
- The UK Stronger Towns Fund, partly used to support a second wave of Town Deals agreed across the country.
- Increased funding to deliver ultrafast broadband to all corners of the UK.
- Funding to deliver a strategic infrastructure strategy, led by the UK Government, to improve the economic connections between all parts of the country to reduce the disparities, for example extending the Border Railway (which runs from Edinburgh to Tweedbank) to Carlisle, and connecting North Wales with the Merseyside and Greater Manchester.

Giving cities a voice in Westminster

As well as ensuring each nation's voice is heard in government policy making, the UK Government should establish a Council of UK Civic Leaders that meets regularly over the year with Cabinet Ministers. This should include empowered English civic leaders, for instance English metro-mayors, and leaders of city councils in devolved nations.

Empowering places to drive prosperity

Over the last decade, the UK Government has devolved a range of powers and responsibilities to places across the country. This has given places more influence in how their areas are run. It has also enabled them to lead on raising prosperity in their area in a way that simply is not possible from Whitehall and Westminster, responding to local economic and social priorities on policy areas that places know best – supported by the resources of the Union. Given that economic development and local government are devolved matters, this agenda has focused on places in England. However, a number of agreements have also been struck with places in devolved nations as well.

Although there are some issues that can and must only remain as national competencies, we believe there is significant scope to further empower places across the UK to lead on the issues that matter most to them and drive prosperity in their area. Building on progress already made in the Industrial Strategy (and Local Industrial Strategies), the UK Government should charge places with a serious economic agenda on issues such as labour costs, land costs, infrastructure, skills and social security transfer payments. As part of this programme, there is significant scope to empower places that have so far missed out on devolved powers, for instance non-metropolitan areas, as well as further empowering those areas that have already benefited from devolution.

This economic agenda should be implemented with the aim of fostering competitive, contested and open economies in local areas. Places should be equipped to shape the economies of their communities to attract investment, generate employment and create dynamic local sources of economic activity that are sustainable.¹⁵ In the past regional public sector development agencies emphasised public sector investment to attract investors and to promote economic development and regeneration. They did not locate their local economies in contested markets where relative prices and competitive returns to investment determine economic success. The approach was a static one that did not consider the market dynamics that shape and make economies successful.

Devolved powers to places should be calibrated to give decision makers the opportunity to develop their economies by making them competitive in national and international markets. Their success will come from recognising that income and wealth in the long-run come from competitive markets that are efficient as a result of competition, contest and challenge.

15. <https://policyexchange.org.uk/wp-content/uploads/2018/12/Powering-the-Midlands-Engine-Jonathan-Dupont-Policy-Exchange-December-2018.pdf>

In the rest of this chapter we put forward a devolutionary package that gives the UK's great cities and counties more of a say over how their place is run. This builds on existing devolution arrangements – namely metro-mayors and City Deals – while respecting the UK's devolution settlement with the devolved nations.

Appropriate institutional structures to empower

To devolve significant powers to places across the country and charge them with a serious economic agenda, it is essential that there are appropriate political and governance structures in place. Currently there is a myriad of these arrangements and partnerships in place across the country. Wherever possible, the aim must be to work with the grain of existing arrangements.

Greater London Authority

The Greater London Authority, the London Assembly and the Mayor of London were established in the Greater London Authority Act 1999, following a referendum on the matter. The purpose of this Act was to promote economic and social development and improving the environment of Greater London. Powers regarding transport, planning, police, fire, environment and culture were devolved, which led to the creation of Transport for London (TfL) and what is now the Mayor's Office for Policing and Crime (MOPAC). The Mayor was tasked with creating a budget for the GLA, developing and implementing their plans and making GLA board appointments. The London Assembly was created to scrutinise and review the Mayor's proposals and decisions.

London has been devolved further powers in recent years, for instance on healthcare, business rates, transport and infrastructure, criminal justice service delivery, careers services and employment support.

Metro-mayors and combined authorities

There are currently eight areas with a metro-mayor and a combined authority. These include Cambridgeshire and Peterborough, Greater Manchester, Liverpool City Region, North of Tyne, Sheffield City Region, Tees Valley, West Midlands and West Of England. Each has struck separate (often multiple) devolution deals with Central Government over their budget and powers, mainly on issues related to transport, skills, employment, land, housing and public services.

Mayors are elected across the region and local authorities make up the constituent members of the combined authority.

City deals in devolved nations

The UK Government has agreed nine City Region Deals, with six in Scotland (including Glasgow and Edinburgh & South East Scotland), two in Wales (Cardiff and Swansea Bay), and one in Northern Ireland (Belfast). The Deals represent collaboration between the UK Government, the devolved governments and Local Authorities, who along with the private sector have invested in a range of initiatives to encourage sustainable and inclusive growth and create jobs in those regions. Overarching themes across the different Deals are investment in transport infrastructure, digital connectivity, up-skilling and the creation of innovation and business hubs.

Town Deals

In July 2018, the UK Government agreed a Town Deal with the local authority and other local partners in Greater Grimsby. Policy makers and local businesses were able to speak directly with Minister and civil servants on what central government could do to support economic development in the local area. This included support for heritage-led regeneration in the town centre and major road improvements to improve connections between key local industrial areas.¹⁶

Bolstered City Deals – a blue print for empowering places in devolved nations

Since 2014, a number of City Deals have been agreed between the UK Government, devolved governments and UK cities (through their local authority(ies)). They are packages that have reflected the particular circumstances of each area, including funding and decision-making powers which focus on issues such as skills and transport that are relevant to local businesses. City Deals were first agreed with cities in England and then agreed with places in Scotland, Wales and Northern Ireland.¹⁷ In England, City Deals were the first steps to more significant devolution deals agreed between the UK Government and places like Greater Manchester and the West Midlands.

The new UK Government should look to bolster existing City Deals with places in devolved nations. As part of this process, they should consult with the devolved administrations to explore what powers and responsibilities can be transferred to places in Wales, Scotland and Northern Ireland.

The UK devolutionary settlement means that the UK Government cannot empower places in devolved nations on economic matters to the same extent as places in England. Nonetheless the City Deal arrangements are an ideal platform to give places in devolved nations renewed investment and more of a say on some aspects of reserved policy matters, for instance on trade, as we outline in the rest of this chapter. On matters of devolved policy, the UK Government should work in partnership with devolved administrations to ensure that local priorities are met.

Answering the “English question”

The recent report from the Public Administration and Constitutional Affairs Committee argues that, “At a time when devolution has become an established feature of the UK constitution, the question of England’s place in the constitution needs urgently to be addressed. A failure to do so risks a sense of increasing disconnection of the English people from the political system.”¹⁸

The answer to the “English question” is not obviously an English parliament, or the creation of regional assemblies. There is, however, a need to give further powers to England’s cities and counties with the policy instruments that will enable them to make effective progress on the issues that matter most to them. These should include enhancing of the capability of places with existing devolution arrangements – for instance Greater London, Greater Manchester and Tees Valley. This process should

16. <https://www.gov.uk/government/news/government-announces-landmark-town-deal-for-greater-grimsby>

17. <http://researchbriefings.files.parliament.uk/documents/SN07158/SN07158.pdf>

18. <https://publications.parliament.uk/pa/cm201719/cmselect/cmpublicadm/1485/1485.pdf>

also include giving effective powers to places which presently do not enjoy such arrangements.

Universality and accountability

Any authority given further powers must have a single point of accountability with an elected mandate across a strategic geographical area that, in large measure, aligns with a local economy, labour market and identity. Yet England does not easily divide into a neat set of political units which can be given powers. The framework of sub-national, regional and local government is a messy product of tradition and decades of reorganisations and policy initiatives.

In the past, the UK Government has made clear that it will only devolve significant powers and funding to local areas that have appropriate governance structures. Examples of this approach have included the London model and the metro-mayor/combined authority model. Outside of London and most regional cities, these preferred structures are for the most part not in place – for instance, almost all English county areas do not have a combined authority or metro-mayor. In the near-term this is likely to remain the case. It is highly unlikely that the new Government will want to introduce a radical, top-down transformation of the structure of English local government of the sort suggested by the 1969 Redcliffe-Maud report, or the reorganisation of local government that took place in the 1970s. There are also just a few metropolitan areas that are close to adopting the Government's preferred governance model.

Devolution framework

The tension between wanting to devolve more powers and funding to local areas but not having an appropriate authority to devolve to in most parts of England is one that must be urgently solved. To that end, the UK Government should publish a devolution framework making clear what range of powers and funding is on offer, making clear that places with appropriate government structures will automatically be given these competencies.¹⁹ In partnership with the devolved administrations, this should include a commitment to explore what powers and responsibilities can be transferred to places that have agreed City Deals in Wales, Scotland and Northern Ireland.

As part of this process, the Government should explore whether there are alternative political structures that they are confident devolving enhanced powers to in England, beyond the metro-mayor model. In non-metropolitan areas, for instance, county councils could take an expanded strategic role without significant procedural change. They could agree a Memorandum of Understanding with unitary and district councils in the county area where it is agreed that the county council takes on a more strategic economic role. Given there is often parochial and myopic political wrangling between district, unitary and county authorities in non-metropolitan areas, this will necessitate coordination and direction from the UK Government.

19. The MHCLG has previously pledged to introduce a devolution framework, but it has been delayed and gradually watered down over several years. A bold framework is needed, as we recommend.

In the rest of this paper we outline a range of powers, funds and responsibilities that we believe should be included in the devolution framework. In our recommendations we refer to local decision makers, by which we mean metro-mayors, leaders of county councils (assuming they adopt a more strategic role); and, where relevant, local authority leaders in devolved nations. Correspondingly, we also refer to economic authorities in local areas, by which we mean mayoral combined authorities, county councils (assuming they adopt a more strategic role); and where relevant, local authorities in devolved nations.

Phasing out LEPs

As part of the empowerment of cities and counties to lead on prosperity in their area in England, Local Enterprise Partnerships (LEPs) should not be given any more responsibilities and thus should be phased out. Their responsibilities for allocating funding and writing Local Industrial Strategies should instead, where they are not already, be transferred to mayoral combined authorities and county councils (assuming they adopt a more strategic role). The chief executive of each authority should be the accounting officer for each fund, rather than the relevant Permanent Secretary in Whitehall.

Agreeing more Town Deals across the UK

We believe there is wide scope for further Town Deals to be agreed across the UK. Focusing on towns that have so far been overlooked in the devolution agenda – be that by the UK Government or devolved administrations – these can be complementary to the wider programme of devolution and infrastructure investment outlined in this report.

As part of the UK Modernisation spending programme, the UK Government should use part of the Stronger Towns Fund to support a second wave of Town Deals agreed across the country. For towns in England, the UK Government should also consider what powers and responsibilities can be given to local authorities in towns. These will be relatively minor compared to powers given to cities and counties – and it is essential that they do not conflict with devolution agreements with cities and counties – but there is scope to give towns more of a say on a range of issues, for instance culture and regeneration. For towns in Scotland, Wales and Northern Ireland, the UK Government should consult with the devolved administrations to explore what powers and responsibilities can be transferred.

Attracting international trade and investment

As it seeks to become ‘Global Britain’ over the next few years, the UK will regain policy competence in relation to international trade. While there may not be a direct role for places in negotiating trade deals, there should be a more prominent role for leaders of local areas in attracting new investment and jobs to their area. The Northern Powerhouse, for instance, has been effective in attracting Chinese foreign investment in northern cities.²⁰

20. <https://www.gov.uk/government/news/northern-powerhouse-investments-showcased-to-chinese-investors>

Our local areas should become more professional at promoting themselves internationally. They should learn from other countries – such as Australia, the Republic of Ireland and the Netherlands. The Republic of Ireland, for instance, has been able to offer state aids, other subsidies, lower taxes, cheaper borrowing rates and a single point of entry and accountability to/of an area. The key question is: what competencies are needed in local areas and support from central government for a foreign investor to deal with confidently with one organisation that can ease their path to investment?

In England, both domestic and foreign investors navigate a complex web of different authorities when making major investment commitments. Central government should work with economic authorities in local areas to ensure that investors have a straight forward reference point that effectively and seamlessly brings together local areas and national decision makers so that they approximate to a one stop shop that provides clear and coherent guidance to them.

UK trade promotion bodies nationally need to be more proactive and there should be an expectation that they work coherently with the investment and economic objectives of the economic authorities in local areas that they are collaborating with. There needs to be a step change with more ambition, expedition and collaboration being exhibited on the part of the national trade promotion authorities.

Civic leaders should be ‘business ambassadors’ for their areas

The process of securing FDI is much like any other business negotiation; two sides have something the other wants, but want to secure as much for as little as possible. Relative power is determined by willingness and ability to walk away, knowing your strengths and weaknesses, as well as having a flexible mandate.

Greater involvement of leaders of local areas in securing FDI for their area would have the advantage of giving the job of trade promotion to people who have intimate knowledge of and passion for their areas, and are therefore best-placed to be their economic ambassadors. But in order to be effective negotiators, they will need effective powers and a clear mandate. What should this look like in practice? Below are three examples.

Greater engagement between economic authorities in local areas and the Department for International Trade (DIT)

At present, overall trade policy is determined by the Common External Tariffs and Quotas agreed by the European Council – objectives and priorities are set annually for the entire European Single Market, with all stakeholders expected to work within that framework. In future, a national trade policy is required with scope for local areas to work with the Department for International Trade to promote their local economies. Local areas frequently have superior information about the needs and capacity of their places, and are able to identify the best FDI opportunities independently.

- There should be a process whereby local areas are able to influence the approach pursued by the DIT, and the Department should act as a resource for and provide support to local areas in identifying FDI opportunities and pursuing them. In particular, the DIT should encourage cross-border partnerships, for instance Cardiff City Council working with the Mayor of the West of England to promote the Severn region.
- International trade will always have a central government dimension. There should also, however, be a clear channel for smooth interaction between a local area leading on an FDI project and DIT so that the FDI investor is assured central government is aware of all commitments being made by the economic authority in the local area and is willing to stand by them.
- The Department for International Trade (DIT) should provide support to identify potential international investors, link local areas to trade commissioners around the world, and keep in close touch with local areas as their trade promotion activities progress so that they are available to help solve any problems which might arise along the way. DIT should be the agents of local communities, championing their cause throughout the UK Government, for example, working to ensure trade delegations get Foreign and Commonwealth Office consular support, including introductions where it is helpful.

In addition to greater support from DIT regional offices on forging links with trade commissioners and helping to establish international networks with firms potentially interested in FDI, there should also be a role for BEIS to lead on sector-based support where it is needed in the course of trade promotion. For example, regional BEIS capacity could be utilised to help local economic authorities on FDI-related activities, especially in so far as they relate to the relevant Sector Deals.

A role in attracting international investment is consistent with existing devolution deals and City Deals. Amongst other things, they encompass infrastructure, skills and the promotion of innovation – all key factors in promoting FDI and making a place attractive for business. Greater internationalisation is already an explicit part of the Aberdeen City Region Deal,²¹ but a new wave of devolution should place more emphasis on this.

To support economic authorities in local areas to pursue export promotion and seek FDI, a new Global UK Fund should be established as part of a UK Modernisation spending package.

UK Ports and Harbours Fund

As the UK leaves the European Union it should take the opportunity to renew and grow its maritime operations. From international trade to fishing, the UK can build upon a strong tradition and revivify coastal communities. As the UK ceases to be a member of the Common Fisheries Policy (CFP) the domestic fishing industry in all the constituent nations

21. <https://www.gov.scot/policies/cities-regions/city-region-deals/>

of the UK will require both transition measures as the post-Brexit fishing policy is finalised, as well as investment in capacity to take advantage of new opportunities.

To that end, as part of a UK Modernisation spending package, a new UK Ports and Harbours Fund should be established to bolster UK port capacity, revitalise fishing communities across the United Kingdom and strengthen the sector as a whole. This fund should also be available to those ports seeking to modernise their facilities as the UK seeks to boost its global trade.

Greater use of Special Economic Areas and Free Zones

On 29 October 2018, the then Chancellor Phillip Hammond confirmed that a first UK Special Economic Area (SEA) will be established over the 4,500 acre site of former Redcar SSI steelworks. Business rates collected in the SEA will be retained in full by the Tees Valley Combined Authority and reinvested in the area for further development.

There is potential to take this further. Local areas should be given powers to propose more wide-ranging changes, such as increased capital allowances, national insurance holidays or a streamlined and less complex approach to planning policy, based on evidence of interest or commitments already secured as part of trade missions undertaken. Clearly the possible policy divergence from the UK Government will depend on whether the place is in England or in a devolved nation – for instance, the UK Government cannot agree to planning reforms in a place in Scotland because planning is a devolved matter.

These represent considerable powers, the proximity of economic authorities in local areas to their electorate means there would be strong accountability. They would also be limited geographically, giving residents an option to vote with their feet. This could be modelled after Free Zones, common in the Middle East and other EU member states (including France and Germany, both of which have two) which go as far as waiving all tariffs on goods coming from outside the EU Single Market, in addition to a mix of pro-growth policies such as 100 per cent capital allowances. Overall, there are 80 free zones across 21 EU member states – there is no reason why the UK should not experiment with them post-Brexit.

Shaping local labour markets

Places should be given more competencies to shape the labour market in their area with reforms of local skills provision and powers to vary social security transfer payments to working age populations.

There is a longstanding recognition that skills and training offered in the UK are not appropriate and result in shortages of skilled workers in far too many areas. The proposals outlined here for devolving responsibility must be accompanied by a better understanding of the challenges faced by industry and society. Policy Exchange will be publishing research exploring how policy relating to skills can be improved.

Modifying benefit replacement ratios in local labour markets

Transfer payments made to households of working age, particularly out of work benefits and disability benefits, are based around national policies and paid at uniform nationally determined rates.²² Serious consideration should be given to exploring how leaders of local areas could have powers to determine the level of these payments to take account of regional circumstances.

Policy makers in local areas should be given the opportunity to shape appropriate policies for their local communities. They should be free to use savings from a benefits budget to increase spending on skills, training and active labour market polices directed at meeting the demand for skills and labour in their locality.

Skills, training, active labour market measures and careers development

A number of economic authorities in local areas have recently had responsibility for post 18 skills training (i.e. the Adult Education Budget) transferred to them.²³ These powers should form part of a wider devolution offer to places across England including control of the Apprenticeship Levy, along with full responsibility for developing skills and matching people with jobs in their locality. The active labour market measures involving job search, job preparation, training and retraining that has historically been undertaken by the employment service, such as benefit testing, should be transferred to economic authorities in local areas.

As part of this a local-led schools career and employment service should be developed to ensure close coherence between local schools, colleges and employers (i.e. a local vocational training system). This new service should also recognise that it will have a responsibility to help recent graduates and people wanting to change career who may need help. This will allow local policy makers to determine the organisation, priorities and use of resources across these closely related policy areas. It will enable them to take account of differing circumstances, opportunities and priorities. It will be possible to deploy resources differently and to experiment with different methods of service delivery and different cost bases. It will enable economic authorities in local areas to shape their local labour markets with effective powers over the principal issues that structure local labour markets.

Pilot welfare devolution schemes

The UK Government should consider a pilot scheme of devolving further welfare powers to local authorities in devolved areas, giving decision makers powers to determine the local skills need and providing appropriate back to work support. This should include giving devolved authorities access to relevant local data, for example that held by DWP.

22. <https://policyexchange.org.uk/wp-content/uploads/2018/12/Powering-the-Midlands-Engine-Jonathan-Dupont-Policy-Exchange-December-2018.pdf>

23. <https://researchbriefings.parliament.uk/Research-Briefing/Summary/SN07029>

Reviewing the scope of local areas to vary the rate and structure of corporation tax and certain aspects of payroll social security taxes

Consideration by the UK Government should be given to offering devolved and local economic decision makers in England scope to vary the rate and structure of corporation tax and certain aspects of payroll social security taxes. A review should consider what practical scope there is for local decision makers to use part of their grant funding to lower tax rates to encourage economic development.

Any discretion to do this would have to be managed with the assistance of HM Treasury to ensure that there was not an unintended erosion of the UK tax base or other aggravated examples of deadweight costs and substitution effects that would have significant adverse consequences for the economic welfare of the UK.

Improving local transport networks

Many places feel aggrieved at the poor quality of transport in their area. It inconveniences their daily lives and has a knock-on impact on local economic efficiencies. Like potholes are a perennial concern in local politics, issues like train delays, bus costs and coverage and road congestion have become a top priority at a national and regional level.

The building of new and upgrading of existing transport infrastructure will be a key part of improving the quality of transport across the country, especially projects that improve links within and between cities. Along with issues like procurement, planning and skills availability, finance is a significant constraint to this happening. Projects are often funded by a range of finance sources, including funding from central and local government as well as third party private financing.

Transport is a devolved matter. A criticism of recent public spending on transport infrastructure is that London has benefited at the expense of other places.²⁴ Although a significant amount of funding for London infrastructure has been raised by local taxation – for instance Crossrail was part funded by a levy on business rates paid only by London businesses²⁵ – there are genuine concerns that public money is allocated on the metrics that are perceived to be unfair to some areas of the country. Another criticism of government spending on transport infrastructure is that it is focused too much on large projects.²⁶

There must and always will be a role for national government in transport infrastructure investment. Parts of the country's transport system are so interlinked that change in one area has an impact on the others – as we outline in a later chapter. However, there must also be a better balance between national and regional priorities in decisions made on public spending for transport infrastructure. Leaders from local areas and local people know what projects would be most useful for their area and region rather than Whitehall civil servants.

More decisions on spending should be made in line with priorities in local areas. They should be made by organisations that have both a democratic mandate and other powers and responsibilities for improving

24. <http://researchbriefings.files.parliament.uk/documents/CBP-8130/CBP-8130.pdf>

25. <https://www.london.gov.uk/what-we-do/business-and-economy/promoting-london/paying-crossrail-business-rate-supplement>

26. <https://www.theguardian.com/uk-news/2019/mar/19/axe-hs2-north-midlands-london-new-economics-foundation>

economic competitiveness. As part of their empowerment, leaders in local areas should also be expected to invest in projects that will generate an operating surplus. The aim, like London's transport system, must be to achieve transport systems that sustain themselves, with surpluses used to maintain and reinvest in services.

How can these goals be met?

Increasing public spending on transport infrastructure in local areas

As part of a coherent and ambitious UK Modernisation spending programme, the UK Government should create an English Modernising Transport Grant. This should replace the transport part of growth funds which are due to end in the next few years – for instance the Local Growth Fund, regional elements of the National Productivity Investment Fund and the Transforming Cities Fund – as well as superseding the Shared Prosperity Fund (the Government's replacement of European Structural Funds after 2020 the details of which have not been confirmed). The new fund should also include relevant parts of the Department for Transport budget – to this end, the Government should review what parts of the Department for Transport's revenue and capital budgets (including funding for Network Rail and Highways England) can be devolved to local areas and allocated as a block grant.

The purpose of the new programme should be to give empowered local areas complete discretion on how money is spent. There should be very limited spending principles set by central government, in comparison to the bureaucracy of EU structural funds. This will give leaders of local areas a much stronger hand. They will be able to make spending decisions in line with their transport strategies without the delay of proving the decision is in alignment with rules. Further, local areas should be provided their share of funding as a multi-year settlement rather than an annualised budget. The latter encourages decision makers to allocate funding to 'shovel ready' projects that can be delivered quickly rather than those which are best for the area.

Similarly to the Transforming Cities fund, the new fund should be available on a non-competitive bid basis to empowered local areas with appropriate governance arrangements in place. It should then be available on a competitive bid basis to transport authorities in places that do not adopt these arrangements.

This plan will phase out Local Enterprise Partnerships from making decisions on transport investment. This is because they are an inappropriate vehicle to allocate significant sums of public money to. They have no democratic mandate and their spending profile is often out of sync with transport strategies in local areas.

Current funds/funding streams	Description	Amount
EU Structural Funds (to be replaced by Shared Prosperity Fund)	The Shared Prosperity Fund is intended to be the new vehicle for funds previously spent as part of EU structural funding to the UK, with a remit to 'reduce inequalities between communities.' ²⁷	£15.2bn between 2014-20 financial framework, of which £6.9bn has been spent as of December 2018
Stronger Towns Fund (England)	Allocated using a 'needs-based' formula, the fund will be 'targeted at places that have not shared in the proceeds of growth' and will be used to 'create new jobs, help train local people and boost economic activity - with communities having a say on how the money is spent.' ²⁸	£3.6bn
Single Local Growth Fund (England)	Allocated to Local Enterprise Partnerships (LEPs) to fund projects that would support local growth as part of 'Growth Deals' between the LEPs and the Government. ²⁹ Examples of projects funded include building Business Hubs, local colleges and improving the transport network.	£12bn from 2015-16 to 2020-21
National Productivity Investment Fund (UK/England)	Capital spending for housing (devolved), R&D (reserved) and economic infrastructure, including transport (devolved) and digital telecoms (reserved).	£37bn from 2017-18 to 2022-23 (for devolved policy areas, devolved nations had their capital budgets increased as a result of applying the Barnett formula to changes in spending in England)
Transforming Cities Fund (England)	Funding to support intra-city transport. Around half of the fund is allocated between mayoral combined authorities on a per capita basis. The other half is available to other parts of England on a competitive bid basis.	£2.5bn to 2022-23

27. <https://researchbriefings.parliament.uk/Research-Briefing/Summary/CBP-8527>

28. <https://www.gov.uk/government/news/16-billion-stronger-towns-fund-launched>

29. <https://researchbriefings.parliament.uk/Research-Briefing/Summary/SN07120>

Supporting places to raise funding locally to invest in infrastructure

Economic authorities in local areas should have the discretion to raise local tax levies and charges to fund specific local infrastructure projects, for instance through supplements on Business Rates and Tourist Taxes.

National policy, however, will have to take account of the concentrated geographical character of the English economic base the implications that the wide dispersion of taxable capacity that arises from it. There will continue to be a role for transfer payments in the form of grants as well as locally assigned permissions to borrow through the Public Works Loan Board that gives local authorities access to borrowing on similar terms to the gilt market. In making decisions about grants and the scope to borrow through the PWLB, central government departments will have to make decisions about the relative generosity of funding from these sources that takes account of relative need and economic and taxable capacity.

Supporting places to have comprehensive local bus networks

Improving transport in local areas is not just about funding. It is also about the management and commissioning the procurement of local transport networks and the role this plays in supporting economic growth. In London, for instance, the Mayor is able to regulate fares, routes and frequencies of buses. Transport for London tenders out each route and operators are able to bid for each contract. This system enables people in London to make journeys using the same payment system as other public transport services under the purview of the Mayor, namely the London Underground, London Overground, Docklands Light Railway, London Trams and London River Services. Compared to other places, particularly rural ones, the cost of bus travel is also much lower.

The UK Government should review and examine how it can support comprehensive local bus networks in England as part of the core infrastructure and connectivity of local areas. This should consider:

- What further responsibilities can be transferred from the Department for Transport to local areas which have appropriate governance structures to manage local transport networks in a democratic and accountable way;
- How local areas can be supported to utilise new powers afforded to them by the Bus Services Act 2017;³⁰
- The potential for local areas, particularly rural ones, to procure on-demand bus services (as opposed to regular services).³¹

Formalising sub-national transport bodies (STBs)

As well as empowering local areas, the Government should accelerate the creation of STBs in areas that are not already represented by such a body. They should also be made statutory where they are not already. Each STB, where they haven't already, should be charged with producing a Strategic Transport Plan. This should include detail of sub-national projects and how they can be financed through government grants, local revenue

30. <https://www.gov.uk/government/publications/bus-services-act-2017-new-powers-and-opportunities>

31. For example, the Canadian town of Innisfil procured a transit fleet of Uber vehicles in place of regular bus services <https://www.theguardian.com/cities/2019/jul/16/the-innisfil-experiment-the-town-that-replaced-public-transit-with-uber>

raising and third-party sources.

STBs should not, however, be made transport authorities. This will take powers away from local areas and therefore further away from local people.

Providing land for jobs and homes

One of the most significant roles that economic authorities in local areas in England have taken has been in regulating development and land use. The Mayor of London's London Plan, for instance, sets out how the capital will grow and allocates sites for residential and commercial development.³² The Greater Manchester Spatial Framework, which is currently being analysed following a consultation that ran earlier in 2019, has a similar function.³³

Statutory strategic plans are written to manage the supply of land for jobs and homes across the local area. Each local authority's development plan within these areas must then be in conformity with the strategic plan which produces a healthy tension between local and regional priorities. In areas without a statutory strategic plan, for instance district councils in the South East, local planning policy often barely functions – local planning authorities fail to produce up-to-date and legally compliant local plans.³⁴ The result is land does not come forward for development in areas where it is required and sustainable.

Some local areas have also taken important roles in setting up Development Corporations in their area – which guide public and private investment and produce separate planning regimes for areas with a specific focus on regeneration – and roles in setting region-wide design guidance, for instance in London and the West Midlands.³⁵

Planning is a devolved matter, meaning the UK Government cannot empower places in devolved nations on this issue. It should, however, support economic authorities in local areas in England to take a strategic approach to planning and land in their area. As part of a wholesale reform of the planning system – an issue on which Policy Exchange is currently conducting a review with reports published in due course – this role should involve:

- **Statutory strategic planning.** Each empowered local area should produce a statutory strategic spatial plan with the power to allocate sites for development. As part of this reform, the Government should consider ways to extend the period for which local planning authorities must demonstrate a supply of land available for residential development – i.e. extending the Five Year Land Supply.
- **Building beautiful.** As part of strategic plans, each empowered authority should also produce a set of design principles that apply across their area, with strong weighting in planning decisions made in places without an adopted and up to date local plan. The *Building Better, Building Beautiful* Commission should consider best practice and recommendations for economic authorities' local areas.
- **Master developer.** Local areas should look where they can work with private sector partners to take on a 'master developer' role, where a body works to 'derisk' development land by achieving outline planning

32. <https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan>

33. <https://www.greatermanchester-ca.gov.uk/what-we-do/housing/greater-manchester-spatial-framework/>

34. <https://policyexchange.org.uk/wp-content/uploads/2019/03/Tomorrows-Places.pdf> Also see <https://policyexchange.org.uk/wp-content/uploads/2019/06/Manifesto-Place.pdf#page=13>

35. <https://www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan/london-plan-chapter-3/policy-35-quality-and>

consent and providing necessary infrastructure. Serviced land parcels are then produced to sell onto residential and commercial developers. This would allow better and beautiful development, splitting land and infrastructure from the business of building homes. This role should be adopted by local bodies on public land.

Upgrading UK infrastructure – a new UK Modernisation programme

Improving the quality of the UK's infrastructure – the basic physical and organisational structures needed for the operation of society as a whole – is one of the new UK Government's most important tasks. Working in partnership with devolved administrations on devolved transport policy areas, it should look to better connect the UK nations. There should also be a step-change in the comprehensive provision of full-fibre broadband across the UK.

Transport

The UK Government should lead a strategic infrastructure strategy to improve the economic connections between all parts of the country to reduce disparities. As part of this strategy, the UK Government should take a more active approach to working with devolved nations on improving cross-border infrastructure. The objective should be ensuring devolved administrative boundaries do not artificially hinder cross-border growth. Projects of this nature have been mooted in the past. They have, however, been driven by other necessities.³⁶

HM Treasury and the Department for Transport should take a more ambitious approach to funding the delivery of new transport infrastructure projects across the whole of the UK. Priority should be given to investments that support jobs and prosperity, opening up markets and also those that encourage more sustainable, greener use of transport. A number of projects are possible, including the building of new transport links and upgrades to existing transport links.

Below, we outline some potential projects that the UK Government can deliver both on its own and in partnership with devolved administrations. Although some of these projects are particular to one nation and do not literally span two sides of a border, we believe their delivery would bring benefit across the UK. For example, improved transport links between Glasgow Airport and Glasgow city centre would benefit people living in Carlisle who rely on Glasgow Airport.

- **Extending the Border Railway (which runs from Edinburgh to Tweedbank) to Carlisle³⁷**
- **Enhancing rail capacity between Glasgow, Manchester and other cities in northern England**

36. For instance, in an attempt to get Northern Irish Unionist MPs to abstain in a 1979 confidence vote on James Callaghan's premiership, Roy Hattersley urged the then Prime Minister to build a pipeline from mainland UK to Northern Ireland <https://www.theguardian.com/politics/2009/mar/22/james-callaghan-labour-1979-thatcher>

37. The UK Government and Scottish Government have already pledged £10 million joint funding to assess the feasibility of extending this.

- **Upgrading the London to Edinburgh railway line, potentially reducing the journey time by an hour**
- **Completing the upgrade of the A1, connecting Edinburgh to Newcastle and London**
- **Improving the capacity and quality of road networks around ports in northern Scotland**
- **Upgrading the Chester-Holyhead rail link to increase line speed**
- **Building a railway line between Glasgow Airport and Glasgow city centre – by uniting this great city with its airport, enable by UK Government funding, there is a case for calling this railway the ‘Union Line’**
- **Enhancing the road capacity linking North Wales to Merseyside and Greater Manchester**
- **Improving the links between South Wales and the West of England**
- **Building the Chepstow bypass to address traffic rises as a result of the Severn Bridge now being toll free**
- **Examine whether the potential capacity of the Severn Tunnel is being fully utilised**
- **The UK Government should examine the business case for a toll-free road bridge between the Island of Ireland and Great Britain**
- **The UK Government should announce a review of transport connections between Great Britain and Northern Ireland, focusing on air travel, sea travel and the capacity of road networks around airports and seaports**
- **Extending the motorway network in Northern Ireland westwards and to the north coast**
- **Ensuring that the two new UK spaceports are served by fully-fledged transport infrastructure**

Broadband

An essential part of modernising the UK will include households and businesses in every corner of the country having access to the best possible internet connectivity, through ultrafast full-fibre broadband and 5G coverage.

The UK Government’s current target is for 15 million premises to be connected to full-fibre by 2025, with an aspiration for nationwide coverage by 2033.³⁸ ‘Full-fibre’ refers to a connection by fibre-optic wire right up to the home (‘Fibre to the Home’, or FTTH) capable of speeds of up to 1 Gbit/s.³⁹ As of January 2019, 2 million homes and businesses (7 per cent) have access to this type of connection.⁴⁰ The vast majority of homes and business (94 per cent) are connected to ‘super-fast’ broadband, which means a connection slower than full-fibre – up to 24 Mbit/s according to a definition used by the UK Government, achievable by the current infrastructure based on ‘Fibre to the Cabinet’ (FTTC) technology, which means grid transmission by fibre-optic cables to street cabinets, which

38. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732496/Future_Telecoms_Infrastructure_Review.pdf

39. <https://researchbriefings.parliament.uk/Research-Briefing/Summary/CBP-8392#fullreport>

40. https://www.ofcom.org.uk/_data/assets/pdf_file/0021/146613/connected-nations-update-spring-2019.pdf

then connect with individual premises by existing copper wires.

The UK is currently relatively behind its European neighbours in full-fibre coverage, though there are notable exceptions: while Spain and Portugal boast 71 and 89 per cent full-fibre coverage, the figure for France was 28 in 2017 and Germany's was closer to the UK's, at around 7 per cent.⁴¹ Regardless of the reasons for these disparities, rolling out the best possible digital infrastructure is exceptionally important in an economy which prioritises the technology sector in its Industrial Strategy.⁴² For example, one industry-commissioned study estimates the economic impact of rolling out full-fibre across 100 distinct UK cities and town economies could reap £120bn over 5 years.⁴³

Nation-wide rollout of full-fibre (FTTH) broadband is currently facing a number of issues. Addressing barriers to deployment, according to an association of internet service providers, is 'the single most important lever policymakers can use to accelerate the rollout of networks.'⁴⁴ These are things like the challenges associated with securing access to premises through wayleave agreements, dealing with local authorities when carrying out street works and having access to existing infrastructure such as poles and ground ducts for cables, which saves a provider having to duplicate that work. There are also issues associated with shaping an effective market, divisions of powers and responsibilities between different levels of government, and subsidies for hard to reach areas.

The UK government, if it is to reach its ambitious full-fibre rollout targets, will need radical measures in five areas:

- 1. Tackling barriers to deployment** – through granting 'right to entry' in line with rules in the energy and water sectors, placing local authorities under duty to facilitate deployment, and ensuring all new build homes are automatically connected, either by mandatory rules or incentive structures.
- 2. Review the level of increasing funding for voucher-schemes in hard to reach areas to determine what level of subsidy increase might be needed** – To amplify and accelerate the roll-out, community groups such as parish councils and local chambers of commerce should be supported to make residents and local business aware of the opportunities. They should be offered logistical support where needed by local authorities and should coordinate with infrastructure providers etc.
- 3. Refraining from directly regulating wholesale providers, except in emphasising need to share access to 'ducts and poles' through increased policing of the practice** – the government should allow a healthy market in wholesale provision of full-fibre infrastructure to develop by following the practice of 'regulatory forbearance', but it should consider stepping up oversight of and penalties for breach of rules relating to the sharing of ducts and poles by full-fibre providers.
- 4. UK government should work directly with local authorities -**

41. <https://researchbriefings.parliament.uk/Research-Briefing/Summary/CBP-8392#fullreport>

42. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

43. <https://www.cityfibre.com/news/key-great-british-growth-lie-beneath-streets/>

44. <https://www.ispa.org.uk/ispa-supports-government-ambition-for-world-class-connectivity-addressing-barriers-to-roll-out-should-be-the-no-1-priority/>

where close government involvement in the rollout of full-fibre broadband is needed (for example, in the context of providing subsidies for hard to reach areas) the UK government should work directly with local authorities.

- 5. 5G coverage should be integrated into the full-fibre strategy** – the goal of making access to ‘ultrafast’ internet speeds should include not just the rollout of full-fibre infrastructure, but also be coordinated with the rollout of 5G coverage, which is at least just as important for connectivity as broadband (and in the future, even more so) and in harder to reach areas, mobile broadband may in the long run prove more economically viable.

Tackling barriers to deployment

The UK Government already introduced a host of planning changes in 2012 to aid broadband rollout, such as removing the need for digital infrastructure providers to ask local councils’ permission to install e.g. broadband cabinets.⁴⁵ In 2017, the Electronic Communications Code was amended so that digital infrastructure providers are able to place, keep and access equipment on sites without landowners permission.⁴⁶ However, further steps are needed to ensure that the UK’s exceptionally obstructionist and convoluted planning laws do not hamper the process.

One important obstacle identified by the Future Telecoms Infrastructure Review (FTIR) is the issue of wayleave (access) agreements, particularly for properties with disengaged landlords, which prevents digital infrastructure firms from accessing the building due to inability to agree a wayleave agreement. The FTIR recommends instituting a ‘right to entry’ similar to that in operation in the context of other utilities such as gas and electricity. The granting of automatic right to entry and/or placing full-fibre infrastructure under ‘permitted development’ planning umbrella would work to address this problem. Finally, though the percentage of new build homes which are FTTH-connected has increased dramatically over the past few years, the government should consider what further measures are required.⁴⁷

The UK Government should consider what amendments to the current system of wayleave in order to address the problems created by absent landlords. A presumption in favour of access unless residents object could be instituted in exchange for the digital infrastructure firm covering more of the cost of installation. The general approach should be that of facilitating agreements between residents and providers wherever there is appetite for such engagement. The Government should also explore whether any measures are required to increase new build home FTTH-connectivity.

Significantly increased support for hard to reach areas

Some areas of the country are harder to reach and more expensive to service, and if the Government’s full-fibre rollout goals are going to be reached, significant amounts of public investment are going to be needed. Currently, there are a number of schemes aimed at channelling public subsidies, such as the Local Full-Fibre Networks Programme (LEFN)

45. <https://www.bbc.co.uk/news/technology-19520294>

46. <https://www.michelmores.com/news-views/news/new-electronic-communications-code>

47. <https://www.ispreview.co.uk/index.php/2019/04/openreach-making-strong-progress-on-ftp-for-new-build-homes.html>

voucher programme, offering amongst other things subsidies to SMEs and groups of residents for installing full-fibre capable connections.

Offering the funding through a voucher scheme has the advantage of letting local businesses and residents assess their own needs and make their own decisions. This is a good approach as it avoids guessing with high level of granularity which areas are really not viable,⁴⁸ but the government should, firstly, assess whether the level of subsidy is capable of reaching full-fibre rollout targets, and secondly, consider whether the initiative for taking advantage of the voucher system should lie with groups such as parish councils or local chambers of commerce, which would be incentivised to promote the scheme to their residents and businesses, and take on most of the burden of organisation and coordination with the infrastructure providers. It should also look at whether any support can be made available to providers specifically targeting rural areas such as B4RN, Gigaclear and TrueSpeed beyond the current voucher system.

Creating effective markets

With 71 and 89 per cent full-fibre coverage, Spain and Portugal are examples of how effective competition can expedite rollout of full-fibre broadband networks. According to the study conducted by Ofcom in February 2019, the regulators in Spain and Portugal adopted an approach of regulatory forbearance with regards to access regulation. Simply, this means that except from mandating that incumbents in telecoms infrastructure allow competitors access to their poles and underground ducts to install their fibre-optic cables ('duct and poles access', or DPA) there was little regulation aside from that, allowing the markets decide which areas are viable and which are not, and for investors to make agreements between themselves about mutually beneficial co-investment:

The forbearance strategies in Portugal and Spain provided freedom for investors to deploy fibre and make commercial arrangements for co-investment and access. This meant that regulators did not need to make predictions about where competitive fibre deployment may have been viable in an uncertain environment (avoiding the risk that the act of regulating could itself affect incentives and outcomes). At the same time, customers were nonetheless protected as the market transitioned to ultrafast by the ongoing access regulation of copper.⁴⁹

The UK is at a similar stage of full-fibre rollout as Spain and Portugal were at the beginning of their current regulatory strategy, and Ofcom has already introduced strong DPA regulation, mandating that Openreach allows all digital infrastructure providers equal access to their ducts and poles, on the same terms as BT.⁵⁰ Nevertheless, the take-up has not yet been strong, with two major 'alternative' infrastructure providers sceptical as to whether this will help solve the problems with full-fibre rollout.⁵¹

Strong commitment to regulatory forbearance would introduce a degree of certainty with regards to the future approach of the Government, incentivising investment, but there should be a heavy emphasis on Openreach allowing other providers use their poles and ducts, with

48. https://www.ofcom.org.uk/_data/assets/pdf_file/0020/145046/b-group-wik-report-annex.pdf

49. <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2019/further-ofcom-rules-to-support-fibre-investment>

50. <https://www.ispreview.co.uk/index.php/2019/03/challenges-remain-as-openreach-improve-uk-cable-duct-and-pole-access.html>

increased monitoring measures and penalties for non-compliance if necessary.

UK Government should work directly with local authorities

Where close government involvement in the rollout of full-fibre broadband is needed (for example, in the context of providing subsidies for hard to reach areas) the UK Government should work directly with local authorities. A common approach across the UK, with responsibilities firmly split between UK Government (setting the targets and general strategy) and local areas (responsible for implementation) should be the blueprint for this process.

5G coverage should be integrated into the full-fibre strategy

The goal of making access to ‘ultrafast’ internet speeds should include not just the rollout of full-fibre infrastructure, but also be coordinated with the rollout of 5G coverage, which is at least just as important for connectivity as broadband (and in the future, even more so) and in harder to reach areas, could in the long run prove to be a more economically viable way of providing ultrafast internet connectivity, not just in terms of mobile internet access but also access to ‘fixed mobile broadband’.⁵¹ In essence, the aim of the policy should not be focused on any particular way of delivering ultrafast internet coverage, drawing on the preferences of local communities.

To that end, the UK Government should be considering barriers to the 5G rollout in conjunction with full-fibre as part of an integrated strategy, especially as aspects of 5G mobile connectivity require full-fibre infrastructure – an additional reason for close coordination between the two. As a priority within a suite of possible steps to further stimulate 5G rollout, the UK Government should largely focus on areas similar to those affecting full-fibre, namely:

Barriers to physically building the infrastructure, especially in the context of mounting lower-powered base stations on street furniture such as street lights and traffic lights.

Incentivising investment in less profitable areas, through increasing the funding available through the National Productivity Investment Fund and the 5G Testbeds and Trials programme. Like with the full-fibre rollout, the policy should be pursued on an ‘outside-in’ basis, meaning focusing on the most difficult regions, and it should be community-led.

51. <https://www.telegraph.co.uk/technology/2019/06/06/time-cut-broadband-cable-mobile-phone-operators-plan-take-fibre/>

One Greener Nation

The United Kingdom is already a world leader in the fight against climate change. International leadership, effected through diplomacy, trade and our role in global finance, is arguably more important than any emissions reductions we achieve at home. However, it begins with setting a good example through domestic policy.

The Union and the regional aspects are central to this:

- ‘Net zero’ means some areas and industries decarbonise faster than others, meaning that it is inherently a team effort.
- Scotland is likely to reach ‘net zero’ carbon emissions five years before England, with Wales and Northern Ireland likely to follow post-2050, making the joint effort highly significant.
- Contributions from local areas are vital, making best use of existing industrial clusters and natural resources (such as carbon capture beneath the North Sea bed).
- The transition to a zero-carbon is inherently decentralising, with an increasing role played by small renewable generation and demand-side response.

The UK Government should therefore design markets so that each industry, local area and nation can play to its strengths through fair participation in markets, research, technology development and fair transition.

Reaching net zero

Pricing carbon fairly

The UK should create a single, economy-wide carbon tax that will establish a trajectory for the total carbon price towards net zero by 2050 (set by an independent body such as the Committee on Climate Change to ensure investment confidence).⁵³ This should be payable by UK producers and those importing to the UK and a rebate on the tax should be paid to British exporters, to avoid carbon leakage and disadvantaging British industry.

To counter the regressive nature of creation a new and ever-growing tax, the Government should pay the tax directly back to British citizens as a ‘carbon dividend’ on a progressive basis. This would lend the tax popular support. Though such a system may sound bureaucratic, it is actually a major simplification of the vast arrays of environmental taxes, subsidies and regulations currently in place across the UK energy and industrial system.

52. <https://policyexchange.org.uk/wp-content/uploads/2018/07/The-Future-of-Carbon-Pricing.pdf>
Also see <https://policyexchange.org.uk/wp-content/uploads/2019/06/Manifesto-Place.pdf#page=27>

Hydrogen hubs

Hydrogen offers a major opportunity to decarbonise transport (particularly heavy goods), domestic heat and industry. Scotland and North East England are particular candidates for scaling up this technology, as it will likely depend on spare wind capacity for electrolysis, or combined with natural gas and carbon capture. As such, it will require close cooperation with cities to ensure research, development and deployment are properly directed.

To develop and deploy this technology at scale, the UK Government should focus on local area hubs in North East England and Scotland, whose economies and geographies are best placed to maximise our competitive advantage.⁵⁴ Building on the sector deals already agreed as part of the UK Government's Industrial Strategy – sector deals are partnerships between the UK Government and industry on sector-specific issues that create opportunities to boost productivity, employment, innovation and skills⁵⁵ – there should be a strategic view towards a sector deal for hydrogen once the sector is better established. Research funding will be an essential element of ensuring this sector achieves its potential.

Greater ambition for electric vehicles

If we want our country to remain connected, we need people to have confidence in its refuelling networks. The lack of high-quality broadband in rural areas is a good example of how market failure can cause a regional imbalance in network-dependent technologies. Electric vehicles are vulnerable to this, with their uptake dependent on public confidence in the ability to recharge quickly anywhere in the country. To ensure this challenge is met, the UK Government should create a single EV delivery body to sit across Whitehall departments, devolved administrations, industry bodies, National Grid and DNOs to create an interoperable ultra-fast charging network throughout the UK, especially outside the larger cities.

Government should also set a new date of 2030 for the end of new industrial combustion engines. The UK Government should work with carmakers and other firms involved in the supply chain to encourage the creation of a 'Gigafactory' as a key component of a city deal.

Reconnecting nature

Climate change is not the only significant challenge facing our natural world. Ecological decline, though significantly worsened by climate change, is also distinct and caused by additional factors such as farming practices and urbanisation. To reverse this decline, protection is not enough – systematic investments in natural capital are necessary. Significant work is already underway through the Environment Bill, Agriculture Bill and other policies. However, the whole country must be mobilised to effect such deep changes to our way of life. These suggestions would help to unite the UK with fair, unifying and high-profile policies.

53. <https://policyexchange.org.uk/wp-content/uploads/2018/09/Fuelling-the-Future.pdf>

54. <https://www.gov.uk/government/publications/industrial-strategy-sector-deals/introduction-to-sector-deals>

A new Forest of Britain

The UK has been successful in creating many sites of nature conservation, including sites of special scientific interest, national and local nature reserves. However, these suffer from being disconnected and isolated, which reduces biodiversity and resilience. Several trusts and charities have begun to prioritise connectivity between such sites.⁵⁶

The UK Government should launch a new Forest of Britain project to lead the way in this great reconnection of nature: a green spine running the full length of Britain. This would consist of a single, unbroken, two-mile-wide line of protected natural habitats from John O’Groats to Land’s End, via the east of Wales. It should aim to connect as many existing nature conservation sites as possible along its route, with afforestation, peatland restoration, grassland creation, etc. It would be one of the longest rewilding projects in the world, attracting tourists to areas along its route for walking, riding and other activities. It would also act as a focal point for smaller projects and nature recovery networks to connect into, just as we plan infrastructure. Any existing or new roads or railways should include nature bridges and tunnels to ensure the Forest’s continuity, whilst all transmission lines should be underground.

Nature in the City Act

Every generation has left its mark on our shared parks and green spaces, reflecting its own values and needs. In the 21st century, our values are inherently connected to a great restoration of nature. To reflect this, the Government should work with devolved administrations to create a Nature in the City Act. This would:

1. Work with local authorities to implement a programme of ‘rewilding’ of all shared green spaces under their ownership, including parks, commons and verges. This would include the planting of trees, creation of wild grasslands and planting of flower meadows in ‘rewilded’ areas.
2. Apportion a certain area of each park to the stewardship of a local school or wildlife trust, allowing them to encourage nature and involve local citizens in local stewardship.
3. Support the inclusion of bee bricks and bird boxes, roof nesting sites, wildlife garden access routes and other measures in the design of new buildings.
4. Include local authorities as recipients of payments under the new environmental land management schemes to create a revenue stream for the provision of environmental services, such as tree planting, so that authorities will view such services as assets rather than costs.

55. <https://www.rspb.org.uk/our-work/conservation/landscape-scale-conservation/>
<https://www.wildlifetrusts.org/about-us/vision-and-mission/living-landscapes>

Natural Capital Strategies

County councils and metropolitan authorities should be given the responsibility, with support from Natural England and the Environment Agency, for creating Natural Capital Strategies for their local areas. These strategies should be based on river basin catchment areas, with different councils working together where they only partially cover a particular basin.

Natural Capital Strategies would set out priorities for natural capital improvements in the local area. These priorities might be geographical, such as tree planting to improve flood prevention in a particular place, or thematic for the whole area, such as soil restoration. The strategies will then provide a proactive strategic framework for nature recovery networks, net biodiversity gain from the planning system, as well as payments within DEFRA's new Environmental Land Management System. Funding could then be apportioned in line with the local river basin's Natural Capital Strategy. The Office for Environmental Protection would also use these strategies in its assessments of delivery against strategic priorities.

An Office for Natural Statistics

The Government should create a single 'Office for Natural Statistics', combining relevant datasets from the DEFRA family, Land Registry, Ordnance Survey, Centre for Ecology and Hydrology and others. This will provide the most comprehensive and accessible view of Britain's natural capital and wilderness, enabling researchers and policy makers to take advantage of cutting edge data science and AI. Its data should be made freely available in open source formats to allow third party developers to repurpose data for new applications.

To grow the database over time, it should become a Legal Deposit Library for relevant academic surveys, government data and environmental impact studies. The Government should also examine opportunities to develop satellite, drone and crowd-sourcing capabilities for monitoring our natural environment, with results fed into the Office for Natural Statistics. This would also provide fundamental reference materials for the Office for Environmental Protection.

2020 Festival for Nature

Rather than succumbing to protestors shutting down cities, the Government should celebrate Britain's environmental leadership and engage the country by creating a nationwide Festival for Nature at the time of the COP 26 conference in 2020. A citizen's forum could be established at Horseguard's Parade and similar venues around the UK to host TED-style talks that include a broad range of views on addressing the crisis, rather than the policy agenda of a few niche campaigners. Towns, villages and cities should be encouraged to host their own events and make pledges regarding local emissions and environmental projects, with funding provided through the National Lottery Community Fund, corporate sponsorship and a public fund.

Supporting rural economies

Tourist tax for nature

A particular candidate for local tourist taxes (as argued for in an earlier chapter) is the upkeep of natural attractions. This model is well supported by international precedents, from French ski resorts to American and African national parks. A small levy of around £2 per adult per night, chargeable on AirBnB or hotel stays, should be put towards a locally ringfenced natural capital fund. This fund should then be used to improve access to and conservation of natural features, such as woodlands, mountains, rivers and water features, special habitats and a range of other natural features. Investment in these natural assets will support regional and rural tourism, boosting local incomes and reducing tourism's dependence on urban centres.

Rural skills transition fund

Decarbonisation of the UK economy is likely to involve massive changes in its agricultural and land management sectors. For example, sheep and cattle farming will likely decline, while forestry, new forms of agriculture and environmental restoration will become more important to rural economies. This will create significant pressures and strains among rural communities and their workers. To support communities and accelerate change, government should create a Rural Skills Transition Fund. This should be accessible to economic authorities in local areas, industry bodies and educational institutes, to fund courses and apprenticeships in cutting edge AgriTech, forestry (including agroforestry), environmental management and similar skills.

Replacing public procurement rules

The UK single market is the fundamental economic benefit of the Union. As the country's economic and political arrangements change in the next few years and decades, protecting and deepening the integrity of the UK single market is vital. An essential part of this will be a UK-wide public procurement regime after the UK is no longer bound by EU rules.

Current rulebook

At present, United Kingdom is bound by a series of EU Directives which outline a series of prescriptive rules applying to how Member States administer the process of public procurement, both at the local and national level. They are intended to create a single EU market for public procurement, where firms from one Member State are able to submit bids in any other Member State and be treated on the same basis as if they were a domestic supplier. The rules primarily outline:

- The requirement to publish all tenders above a certain value threshold in the Official Journal of the European Union (OJEU).
- Information that has to be submitted as part of the bid by the bidding firm, relating amongst other things to their financials and past experience of delivering similar projects, which in the UK is known as the 'Pre-Qualification Questionnaire.'
- The requirement to select bids solely on the basis of either lowest price or best value, known as Most Economically Advantageous Tender (MEAT).
- A remedy process where a losing bidder who nevertheless submitted the most competitive bid is able to challenge the decision.

These rules are underpinned by a desire to create a fair, competitive and open market for public procurement across the EU which secures value for money and offers the best firms most opportunities to grow. However, in reality, they are prone to causing significant delays, excluding smaller suppliers from the market and are costly to administer.

Membership of WTO Agreement on Government Procurement (AGP)

On 27 February 2019, the World Trade Organisation (WTO) confirmed that in an event of no-deal Brexit, UK will continue to be a signatory to the Agreement on Government Procurement (AGP). The AGP can be seen as the most basic regulatory 'baseline' on which EU procurement regulations build on. It primarily gives effect to the principles of non-discrimination and equal treatment between bidders from signatory members in the public procurement process, which are designed to limit signatory members giving preference to domestic firms for political reasons even if their bids are not the most competitive. The AGP rules are less prescriptive than the EU rules, and are designed to allow for a degree of discretion for signatory members. There will therefore be an opportunity for reform.

As the powers to regulate public procurement return to the UK from the EU, as with other such powers, care should be taken to ensure that the future regime has a unified common approach across the UK, but that also there is an explicit Scottish, Welsh and Northern Irish representation within the body charged with administering and/or overseeing the common UK framework.

Principles for reform

The process should reflect realities of commerce – one of the most frequently cited problems with the EU regime is a lack of flexibility in the rules which does not allow for realities of commerce. For example, the OJEU process can cause significant delays to any project which requires it, even if the contracting authority already has a good idea of which firms are most capable and likely to win the contract as a result of their own research already undertaken as part of the project. These delays will have an impact on the economic viability of the project itself. Further, a business relationship is always founded on mutual understanding of each other's circumstances, and being flexible in the aim of preserving the benefits of the relationship. Yet the EU procurement regime allows for very little discretion and flexibility, which becomes an obstacle to concluding an otherwise successful project.

Nevertheless, the process should preserve the objective of minimising corruption and securing greatest value for money – there should still be an oversight mechanism designed to prevent corruption and situations where overly close ties between local or national domestic businesses and government lead to uncompetitive and uneconomic bids winning, causing needless expense for the taxpayer. But it should be flexible, possibly operating on a 'comply or explain' basis or on the basis of adherence to principle rather than black-letter rules. In essence, post-Brexit procurement policy should balance value, quality and community benefit more effectively.

Suggested reforms

The whole procurement framework should be reviewed. At the heart of this review should be the objective of creating a regime that is less clumsy and less legalistic. Possible reforms include:

1. Increasing tender value thresholds before regulatory mechanisms kick-in.

2. Amending the regulatory criteria for tender selection to take account of the benefits of longstanding relationships between local business and economic authorities in local areas, but with a mechanism to evaluate how such relationship is progressing and whether it is delivering best value and quality.
3. Flexibility on regulatory notice periods for time-sensitive projects

Supporting science and the knowledge economy – bringing rigour to regional growth

One of the many consequences of the giving powers to devolved nations and local areas over the past few decades has been bespoke policy making. This is positive – it is, after all, the point of devolution. It also brings opportunities for policy makers to learn from one another and learn what does and doesn't work in certain circumstances.

To support this learning process, a number of reforms are needed. These should include changes to the structure of central government, better analytics at a national, regional and local scale; and, improved organisational capacity.

Alongside these reforms, the UK Government should support local areas to develop their science and space industries.

Configuring central government to support policymakers in local areas

Co-locating civil service capacity in the existing UK Government hub in Edinburgh and establishing offices in local areas across the devolved nations

As part of the drive to decentralise the public sector away from London, and to make Westminster government more relevant to constituent nations of the United Kingdom, the UK Government should draw up an initial plan of relocating or establishing capacity of central government departments in places of the country where their work is most relevant, and in particular in the constituent nations.

For example, the Department for Environment, Food and Rural Affairs (DEFRA) could expand its operation in places like Peterhead. Though the Department for International Trade (DIT) has offices in England, it should offer its services more directly to places in Scotland, Wales and Northern Ireland to support the aforementioned international trade promotion capacity of economic authorities in local areas charged with administering City Deals.

New analytics of the UK economy and public expenditure

The public and accountable policy makers need a clear and coherent understanding of the strengths and weaknesses of the UK economy – as a whole, in devolved nations and in the way it performs in the communities and local areas that make up England. There needs to be reliable, timely and informative economic and statistical analysis of the way product, investment, financial labour and housing markets function throughout the UK. This analysis needs to identify barriers that prevent them from working efficiently that arise from national UK policy and from decisions made by devolved governments and local authorities. Information should be publicly available.

It should also be possible for people to form judgements about how resources are deployed across the UK, relative differences in spending on similar public services and the outcomes that different policies yield. This should be supported by a systematic and coherent evaluation of public expenditure, taxation and borrowing across the UK. This should focus on establishing benchmarks for estimating the unit cost of public services and the returns that spending yields. Its objective should be to give policy makers and the electorate to whom they are accountable a framework for judging choices in public expenditure and the public finances. It would involve a significant increase in the analytical capacity and sophistication of the UK public sector's approach to public policy evaluation.

Establish an Economic Council of the UK

This economic agenda of understanding how the UK economy works should be directed by a new Economic Council of the UK that reports to the Prime Minister and UK Cabinet as well as the governments of the devolved nations. Its membership should include business leaders, financial market practitioners and entrepreneurs that reflect the diversity and changing character of the contemporary UK economy.

New analytics to see economies in local areas as markets

Just as the Government should only feel confident in devolving power and responsibility when there is a single point of accountability who is elected to take decisions, it should also be confident there is organisational and analytical capacity to inform and take decisions. Empowered authorities must have high quality and timely intelligence that enables them to look at economies in local areas as markets.

This necessitates a number of reforms to improve their capacity to make decisions on public spending and policies, including having a deeper relationship with organisations like the Office for National Statistics (ONS), Bank of England and departments such as Work and Pensions.

Better local economic statistics

To be effective, decision makers in local areas need the assistance of better analytical and statistical services. The ONS should be requested to review its sources of data on local and regional economies, for instance on business transactions. This should include the level of disaggregation of data series as well as their timeliness in relation to geographical data. The ONS should be asked to look at the interesting opportunities presented by collecting data from real time digital transactions to inform this review of the support that it could give in providing fuller and more timely information about regional and local economic activity.

As part of this as much administrative and digitally held data in the possession of central government departments should be made available to local decision makers and the wider public. This may require a review of present data protection legislation and EU law.

Equipping local and regional economic decision makers with the powerful analytical support they need

Some regions and cities have benefitted from having economists based in local universities who chose to research their local economy. Good examples of this are Dr Peter Stoney at the University of Liverpool who researched the Merseyside economy and Professor Tony Travers Greater London group whose work has contributed to a sophisticated analysis of London's economy. Local economic decision makers in England need to be supported by economic and business analysts that can generate focused local market research that supports effective public intervention that improves the economic performance of their localities.

Making better use of the Bank of England's information networks in local areas

Traditionally the Bank of England has had an extensive network of locally based agents – the Bank of England Agents. This network of twelve agents should be reviewed to ensure that the central bank has a comprehensive and systematic coverage of all part of the UK and should explore how its present work can be improved. The central bank should consider how the information that currently collected could be deepened, extended and improved and how it could be used better by the central bank in deciding monetary and credit decisions and how it can be shared with economic decision makers in local areas. As part of this the central bank should work with the ONS of developing better and more detailed statistical information on credit, banking and monetary conditions in discrete regional and local economies throughout the UK.

As part of this work the Bank of England should consider what lessons other central banks could offer the UK, such as the Federal Reserve System in the United States with its network of twelve regional reserve banks that have been distinguished for many years by their research work and the analysis that they produce of their local and regional economies. This review should include a comparison of the Federal Reserve's Beige Book,

its content and presentation with the summary or Bank of England agents' reports published in the UK periodically.

Evaluating competition

A key emphasis of devolution should be increasing local competitiveness. Places should therefore have power to invite the CMA to investigate local markets that exhibit monopoly power that is potentially harmful to local consumers and businesses.

Establishing proper audit and policy evaluation frameworks

Public policy in the UK has not benefitted from systematic and effective policy evaluation. Nationally the National Audit Office and the Public Accounts Committee undertake rigorous evaluation of policy after the event. Yet Parliament is not equipped with an institution that can evaluate policy before legislation and implementation comparable to that of the Congressional Budget Office in the USA. In many respects policy evaluation in English local government is adequate when new policy initiatives are being considered but rigorous evaluation is not undertaken to examine how successful policy is after implementation. There is a process of audit, financial reporting and value for money assessment undertaken under the aegis of the NAO following the Local Audit and Accountability Act 2014.

The transfer of responsibility for skills, transfer payments, employment policy and the use of structural funds will require the framework for policy evaluation to be strengthened. This should build on the review of local authority audit and financial reporting being undertaken by Sir John Redmond the former President of CIPFA which will examine how councils publish their annual accounts and if their financial reporting system is sufficiently transparent to be held to account. The review will also look at whether there is an 'expectation gap' between what taxpayers believe an audit will deliver and it does actually deliver. The review is a requirement of the 2014 Act and will examine the extent to which audits are properly carried out.

This planned review has assumed greater significance due to developments elsewhere including the Kingman review of the Financial Reporting Council;⁵⁷ the Brydon review into the quality and effectiveness of statutory audit;⁵⁸ and the changes recommended by the Competition and Markets Authority to the statutory audit market that will have an effect on local audit.⁵⁹ It would be appropriate to combine this audit review with a wider and more fundamental review of policy evaluation and consistent financial reporting in English local authorities and devolved institutions. Part of this review of policy evaluation should include an assessment of national policy formation in the UK and the manner in which Parliament could be equipped with the analytical resources to assess policy and legislation as it is initiated and progresses in the manner that other legislatures benefit from analysis and advice.

Furthermore, a new body should evaluate the effectiveness and efficiency of policies enacted by decision makers in local areas.

56. <https://www.gov.uk/government/news/independent-review-of-the-financial-reporting-council-frc-launches-report>

57. <https://www.gov.uk/government/publications/the-quality-and-effectiveness-of-audit-independent-review>

58. <https://www.gov.uk/government/news/cma-recommends-shake-up-of-uk-audit-market>

Science and Space

Appointing scientific advisers to economic authorities in local areas

The UK Government and central government departments have benefited greatly from the appointments of the Chief Scientific Adviser and from scientific advisers in individual government departments. Given the importance of science, R&D and the diffusion of technology, careful consideration should be given to equipping local economic decision makers with access to science advice.

In years ahead, this will, if anything, become more important as economic development policy takes increasing account of the green agenda not only in relation to climate change and decarbonisation but the wider ecological agenda of sustainability, habitats and diversity. A key objective of science advice in local areas should be to focus on the diffusion of science and technology, giving priority to practical, commercial and other applications of innovation to promote technical progress.

Technological diffusion

Issue of technological diffusion – level of take up of new technologies and innovations across the economy as a whole – has been frequently identified as a key piece of the productivity puzzle.⁶⁰ Despite having a relatively large number of very productive firms, the UK also has a long-tail of less productive firms which less frequently adopt new productivity-improving technologies and management techniques. BEIS has been piloting a programme in the North West – ‘Made Smarter’ – targeted at the manufacturing sector, which offers grants of up to £20,000 for manufacturing firms to help them adopt industrial digital technologies. The progress of the pilot should be monitored – if sufficiently successful, it should be made into an optional policy lever for local economic authorities.

Future approach to science policy

In future spending plans, over and above the commitments arising out of Brexit, the science budget needs to be given greater priority within public spending – together with higher priority given to the application and diffusion of technology. The UK Government should look to further enhancing the science base in London, the south east of England and the important centres located in other parts of the country such as Liverpool, Manchester, Newcastle, Plymouth and Glasgow. A distinct feature of the UK science base is its international dimension reflected in the work on malaria and snake bite in Liverpool School of Tropical Medicine and the data used for the measurement of acidity and plankton in the ocean undertaken by the Marine Biological Association in Plymouth. There, the Continuous Plankton Recorder provides a large scale global survey providing the scientific and policy communities with a basin-wide and long-term measure of the ecological health of marine plankton. It is the longest running and geographically most extensive marine ecological

59. <https://www.bankofengland.co.uk/-/media/boe/files/speech/2018/the-uks-productivity-problem-hub-no-spokes-speech-by-andy-haldane>

survey in the world. It is used to examine strategically important science pillars such as climate change, human health, fisheries, biodiversity, pathogens, invasive species, ocean acidification.

The UK is in a unique position to take advantage of the coming wave of technological advances in machine learning and gene editing: arguably the world's second best research base; leading global companies like GlaxoSmithKline or Deepmind; a liberal regulatory culture, and the opportunity after leaving the European Union to further reduce regulatory barriers. But taking advantage of this opportunity will take decisive action and strong political will.

Firstly, leaving the European Union offers the UK an opportunity to catalyse faster innovation, and to develop new technologies to better tackle global challenges. Government should make a commitment to audit and identify barriers standing in the way of innovation. As our report *Farming Tomorrow* recommended, Britain should introduce a new Innovation Principle to complement the Precautionary Principle, ensuring that no new regulations are brought in without considering their wider impact on innovation. For example, the Foods Standard Agency should set its own science based regulatory standards for UK agriculture, and in general, while we should pursue mutual recognition of regulation wherever possible, we should be prepared to accept some regulatory divergence when necessary.⁶¹

Secondly, the UK Government should review how it supports challenge-led research. It could, for example, examine the strategic oversight of challenge-led research, e.g. Faraday Challenge for energy storage, Health Advanced Research Projects for life sciences, etc.⁶² It could examine potential reductions in bureaucracy, build the evidence base lying behind the selection of development and industrial challenges, seeking a coherent, data driven and open process. It could review ways to share learning among researchers, without seeking to direct the pursuit of research or contravene the Haldane Principle. Taking inspiration from the words of US academic Erica Fuchs describing DARPA, it might be “a new form of technology policy, in which embedded government agents re-architect social networks among researchers...”. Any development borne out of this review should not seek to micromanage – it should be regarded as a resource. The activities it could undertake include:

- Developing expert-driven research agendas to highlight the most important unknowns, progress of current research programmes and future likely milestones
- Commissioning and hands-off monitoring of new ‘moonshot’ high risk DARPA-style research programmes, such as the proposed Health Advanced Research Programme
- Rigorous cost benefit analysis of R&D proposals
- Drawing up of benchmarks of UK sectoral and research comparative advantage to ensure the UK focuses on what it can do best
- Stakeholder consultation and audits of current regulatory barriers to innovation, with an initial focus on post Brexit opportunities

60. <https://policyexchange.org.uk/publication/farming-tomorrow/>

61. <https://policyexchange.org.uk/wp-content/uploads/2017/11/Global-Britain.pdf>

The national space programme

Space is a great British success story especially considering the comparatively small public investment. Figures published in January indicate a sector worth £14.8 billion, with Britain holding a 5.1 per cent share of the global market. The UK is also a world-leading space science and technology powerhouse and last year announced its first spaceport. More small satellites were built in the city of Glasgow than in any other European city. The potential for bolstering space clusters in Cornwall and Scotland through targeted support should be explored, by emphasising their strategic importance in the Growth Deals active in those regions.⁶³

The UK should invest more in its burgeoning Space sector to realise its potential in this area of increasing economic and strategic importance. Turning the UK into a leading space nation of the 21st century is inconceivable without the development of a robust **space industrial base**. Policy Exchange's [space manifesto](#) called for a “cross-government Space Industrial Support Plan to assess, protect and nurture the UK-based strategic commercial capabilities and companies that the country needs to prosecute its future space programme”. To this end, the power of the Union can drive progress in three key areas – with central government acting to support regional space development, which in turn would increase the UK's space capabilities.

Create powerful space innovation hubs to turbocharge regional space industries.

This should build on the Satellite Application Catapult's national network of existing but heavily under-developed Centres of Excellence (in Scotland, the North East, East Midlands, South West and South Coast). These centres were created precisely with the intention to allow space businesses from other parts of the UK a measure of access to the kind of support offered through Britain's main space cluster at Harwell in Oxfordshire. Yet they are under-funded (as is the Space Applications Catapult overall, whose government grant amounts to about £10m), operating at grant levels in the region of mere tens of £1,000s. This lack of support capacity constitutes a significant brake on local space industry development. In addition, the specific needs of space enterprises in different areas often diverge from what the flagship Harwell model offers.

The Government should therefore take a more focused approach to building up space clusters or hubs that are tailored to the specific strengths and needs of regional industries. For example, Cornwall is emerging as a leader in space operations, drawing on the upcoming Newquay spaceport as well as the powerful Goonhilly earth station. The government could invest in a local space operations centre, similar to the one run by the Space Applications Catapult at Harwell; this would increase the attractiveness of a potential Cornwall Space Hub, allowing new companies access to the full range of support services and facilities from satellite integration to satellite flight operations.

Likewise, Scotland, which has emerged as a leader in small satellite

62. <https://policyexchange.org.uk/wp-content/uploads/2019/07/Manifesto-Space.pdf>

manufacturing, could benefit from a potential Scottish Space Hub offering satellite test facilities on a cost-effective basis, further increasing the competitiveness of the Scottish space industry.

The North East, which is differentiating itself through particular strengths in satellite tracking and geospatial data processing, could benefit from its own regional Space Hub offering local businesses cutting-edge digital infrastructure including systems for testing complex geospatial models and for advanced graphical rendering of earth observation and space situational awareness data.

The UK cannot become a leading space nation in the 21st century without developing a *nation-wide* space industrial base that can harness the skills, energy and potential of all UK regions. At present, UK investment in innovation support infrastructure, like the Satellite Applications Catapult, is about ten times smaller than in competitor countries like Germany. This Government has an excellent opportunity to boost this critical component of the UK's high-tech industry; the sums involved are not even that big: a potential investment on the order of £20m across these regional Space Hubs will turn them into the pillars of a globally-competitive national space-industrial ecosystem. This could dramatically improve the competitive advantages of the local space business environment, leading to new jobs and FDI.

Boost local authorities' use of space-enabled solutions.

The benefits of integrating space-enabled solutions in the delivery of local public services and in support of local economy can be transformative, both in terms of increased operational efficiencies and in terms of service quality – for example traffic management and air quality. They also create new economic opportunities and support innovation. Yet governmental efforts to drive public sector (especially local authority) uptake and integration of satellite-enabled services and applications have progressed slowly.

The main government vehicle for this purpose, the UK Space Agency's Space for Smarter Government Programme (SSGP) is poorly funded. This makes it difficult to support pilot programmes with local Councils to demonstrate the benefits of the adoption of space solutions. Without such programmes funded by the national government, local Councils are reluctant to begin procuring space solutions and data services, particularly given existing pressures on their budgets.

The Government should therefore review, upscale and accelerate the SSGP, setting it clear targets for space applications uptake in local authorities across the UK. The review should also consider the appropriate integration of the SSGP with the work of the Geospatial Commission (GC). The GC, which focuses on improving cross-government geospatial services and developing a world-class national space data repository, may assist in extending a geospatial data exploitation chain from central government out to regional and local area authorities. The Government must be relentless in its aim to have geospatial data flowing through the UK's entire public sector, in support of local decision-making and services, as soon as possible.

Establish a UK Space Business Fund to support FDI in national and regional space sector areas, as well as home-grown companies.

Spire Global Inc was brought to UK in 2015 from the US through a \$2.5m grant from Scottish Enterprise. Now Spire has over 60 staff in Glasgow and has become one of the most active satellite manufacturer globally. Meanwhile, central government does not have adequate grant funding available to encourage space companies to establish themselves in the UK (or, in some cases, to prevent UK ventures to relocate elsewhere), despite the fact that the return on government investment is huge for the taxpayer. Additionally, the UK's overall attractiveness as an international space investment destination is declining in the face of aggressive competition from Europe.

These twin pressures should be mitigated via a new UK Space Business Fund (SBF) acting as the main investment vehicle for boosting regional space growth as well as national competitiveness. This would enhance the coherence of the Government's space investment decision-making and send a strong signal to the world that Britain is fully open for space business.

A UK SBF that had significant grant-making financial firepower to support regional space industrial growth should also meet two key requirements. Firstly, given that governmental record on 'picking winners' is generally mixed, the SBF's investment decision-making process should involve private sector investors to ensure they also have "skin in the game". Secondly, SBF-funded grant-based investments should be coordinated – via the Satellite Applications Catapult – with the specific strengths and growth potential of regional space industries and space Hubs.

The second major mission of the SBF would be to make the UK the world's leading destination for space investments. This means maintaining a highly competitive and attractive ecosystem offering a full funding ladder and facilities – such as space-focused business accelerators – to support emerging companies through their growth cycle from start up to profitability.

Again, based on international experience, this must be a public-private partnership, with the SBF acting in conjunction with private sector investment managers to share risks, costs, and to pick the best investment opportunities.

Capacity to lead

English local authority finance: the unavoidable review

It is now over forty years since the Layfield Committee reported on Local Government Finance in 1978. The Layfield enquiry into finance followed the reorganisation of English local government and the Redcliffe Maud Committee on local government that did not include finance in its terms of reference. Since the 1970s there have been significant further changes to the structure of local government and fundamental changes arising from the devolution of power to London and economic authorities in other local areas. Further devolution accompanied with fundamental economic

powers to shape local labour markets and influence foreign direct investment mean that a fundamental assessment of the financial support for local government cannot be avoided. This would be the case even with out the ambitious plans for economic devolution set out here.

The challenges presented by business rates in their current form, the changing character of the high street and the retail sector more broadly along with the perverse inequities thrown up by the present grant distribution would require another fundamental review of the tax powers and funding of local government – this should include income tax, expenditure taxes, stamp duty land tax and other fiscal measures such as tourist taxes.

If anything the contemporary financial challenge is greater than that examined by Mr Frank Layfield in the 1970s. The economic base and the taxable capacity of England and indeed the UK as a whole is now more dispersed in terms of variation and more geographically concentrated in terms of economic activity than it was in the 1970s.

Freedom to create ‘single funding pots’

Empowered local areas should be given freedom to bring different types of growth-related funding – e.g. transport and skills funds – into a ‘single pot’ which is no longer ring-fenced. This will follow the principle that has been established for empowered English mayoral combined authorities, subject to the provisions of the Government’s National Local Growth Assurance Framework.⁶⁴ It will strengthen the hands of empowered economic authorities in local areas, giving them much greater scope to use funds to support genuinely bespoke policy schemes.

Strengthening the role of the metro-mayor and other leaders in local areas

If they are devolved more powers and funding, the Government should review mayoral combined authority voting requirements. This review should be done with the aim of strengthening metro-mayors’ hands. Current voting requirements in combined authorities are listed below. Normal majorities should be the default requirements. This review should cover other types of local area leaders as well, for instance county leaders if, as we recommend, they take on a more strategic role.

The UK Government should also consider ways in which local area leaders in England could be afforded equivalent status to other senior politicians, e.g. by temporary membership of the Privy Council for metro-mayors and more regular formal appearances in Westminster and Whitehall.

63. <https://www.gov.uk/government/publications/national-local-growth-assurance-framework>

Voting requirements in combined authorities by policy area⁶⁵

- Paying grant to member authorities - Mayor only
- Preparation of Spatial Development Strategy - Unanimous agreement
- Preparation of Local Transport Plan and transport spending - Can be overturned on 2/3 majority of combined authority members
- Compulsory purchase - Agreement required from authority where property is located
- Setting up Mayoral Development Corporation - Agreement from required authority/ies where corporation is located
- Budget - Can be overturned on 2/3 majority of combined authority members

64. <http://researchbriefings.files.parliament.uk/documents/SN06649/SN06649.pdf>

Celebrating every corner of the UK and boosting access to shared cultural assets

The Government should build on the shared values that bind the UK. The UK's foreign aid commitment, for example, is popular in Scotland and something that is only possible as part of the Union. The UK's Armed Forces also represent the collective endeavour of the British people while the National Living Wage and National Health Service both fuse the resources of the Union with shared British values.

The UK Government has a responsibility to protect and promote our shared values and access to our rich heritage. As the respected civil servant Norman Dugdale wrote of the Northern Ireland power-sharing executive of 1974, "For a government to hand over its functions in respect of arts and culture to some international authority would be to abdicate its basic responsibility". The new Government should bring forward a programme to enhance cultural access across the United Kingdom, working in partnership with communities across these islands.

There are also a number of ways the UK Government can enable places to celebrate their regional and local patriotisms. The second part is especially important because, to forge a new national consensus, we need to foster and understand better the building blocks of the nation – both what Orwell called the 'connecting thread' that runs through us all and the ties that bind individual communities up and down the country.⁶⁶

Public holidays

The UK Government should establish Remembrance Day as a bank holiday, with the opportunity to celebrate the service of personnel and veterans, as well as remember the Fallen. This should be part of a wider package that seeks to protect service personnel and veterans from malicious judicial pursuit.

Northern Ireland 'Expo 100'

Departments of the UK Government should review what it can do to support the Northern Ireland to mark its 100th birthday.⁶⁷ For example, the Department for International Trade can support trade promotion activities and Department for Culture, Media and Sport can support cultural tourism opportunities.

65. http://www.orwell.ru/library/essays/lion/english/e_eye

66. <https://www.belfasttelegraph.co.uk/news/northern-ireland/centenary-of-northern-ireland-is-to-be-marked-with-major-events-and-exhibition-35404023.html>

Listed sporting events

The Broadcasting Act 1996 gives the Government the power to decide whether sporting events are of a national interest and thus whether to make them a “listed event” that should be shown on free-to-air terrestrial television. A “listed event” has been described as “one which is generally felt to have special national resonance” and which contains “an element which serves to unite the nation, a shared point on the national calendar, not solely of interest to those who follow the sport in question.”⁶⁸

Currently there are two lists – Group A where full live coverage is protected and Group B where secondary coverage is protected. This means coverage of Group A events must be offered to broadcasters whose channels are available to 95 per cent of the UK population. Group B events can be broadcast on subscription channels. However, there must be highlights on free to air channels.

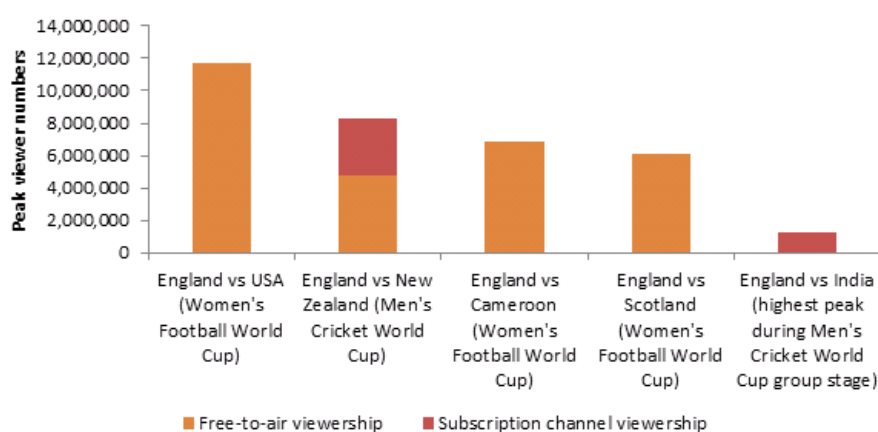
Group A: full live coverage protected	Group B: secondary coverage protected
<ul style="list-style-type: none"> • The Olympic Games • The FIFA World Cup Finals Tournament • The European Football Championship Finals Tournament • The FA Cup Final • The Scottish FA Cup Final (in Scotland) • The Grand National • The Derby • The Wimbledon Tennis Finals • The Rugby League Challenge Cup Final • The Rugby World Cup Final 	<ul style="list-style-type: none"> • Cricket Test matches played in England • Non-Finals play in the Wimbledon Tournament • All other matches in the Rugby World Cup Finals • Six Nations Rugby matches involving home countries • The Commonwealth Games • The World Athletics Championship • The Cricket World Cup - the final, semi-finals and matches involving home nations' teams • The Ryder Cup • The Open Golf Championship

As part of a strategy to modernise the UK, the Government should look again at which sporting events are protected and how, with a view to widening public access. One only has to look at the impact of having the Women’s Football World Cup on the BBC has had for women’s football – the peak audience of England’s semi-final was 11.7 million people – and then compare it to the Cricket World Cup on subscription TV which, despite it being hosted in England and Wales, passed by largely unnoticed by the public until the final was broadcast on free-to-air television at the last minute.

As part of a review of listed sporting events that serve to unite the nation, as defined in the Broadcasting Act 1996, the UK Government should announce full legal protection for live coverage of sports events of a national interest, for example:

- Women’s national football tournaments;
- At least one of England’s home cricket test matches each Summer and coverage of the Men’s and Women’s Cricket World Cup final and semi-finals.

67. <https://www.legislation.gov.uk/ukpga/1996/55/contents>



Data sources: England vs USA (Women's Football World Cup),⁶⁹ England vs New Zealand (Men's Cricket World Cup),⁷⁰ USA vs Netherlands (Women's Football World Cup),⁷¹ England vs Scotland (Women's Football World Cup),⁷² England vs India (Men's Cricket World Cup).⁷³

Supporting bids to host the Men's and Women's FIFA Football World Cup tournaments in the UK

The UK Government should announce renewed support for the bid to host the 2030 FIFA Men's Football World Cup in the UK and Ireland. It should also support a bid to host the 2027 FIFA Women's World Cup in the UK and Ireland.

As part of their support for each bid, the UK Government should help to fund the redevelopment of stadia across the UK. The objective should be ensuring that FIFA Football World Cup matches can be hosted in every corner of England, Scotland, Wales and Northern Ireland. For example, the UK Government could work with the Scottish Football Association to help finance the upgrading of the Scottish national stadium Hampden Park in Glasgow, which is now owned by the SFA. Alongside providing a state-of-the-art modern stadium, this would also provide commercial opportunities in the city as an improved concert venue. This financing could be provided as part of a bolstered Glasgow City Region City Deal.

Number plates

People should be able to display their local area's symbol or county coat of arms, flag, or similar, on their number plate, as is the case in many other European countries like Germany, France and Switzerland.

For many people, their identity is strongly attached to where they live and where they were brought up. This can be seen in the way people support their local football team. Providing people the opportunity to display their civic pride would be a positive way for people to express local patriotism in much the same way.

68. <https://www.theguardian.com/media/2019/jul/03/england-world-cup-defeat-to-usa-watched-by-117m-tv-viewers>

69. <https://www.independent.co.uk/sport/wimbledon-cricket-world-cup-tv-viewing-figures-bbc-channel-4-sky-sports-online-a9005371.html>

70. <https://www.bbc.com/sport/football/48912587>

71. <https://www.bbc.com/sport/football/48743780>

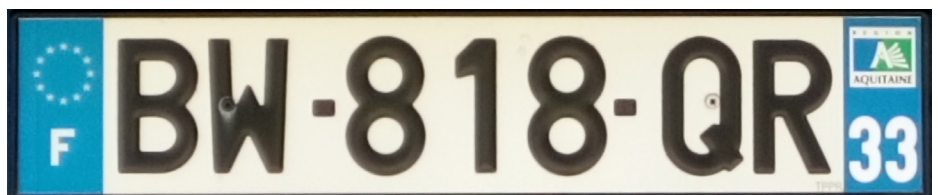
72. https://www.thecricketer.com/Topics/opinion/world_cup_exposing_how_cricket_is_living_on_a_life-support_machine.html



A German number plate including regional symbol (Creative Commons via Wikimedia).



An Austrian number plate including regional symbol (Creative Commons via Wikimedia).



A French number plate including regional symbol (Creative Commons via Wikimedia).

Shared cultural institutions

To improve access to culture across the country, national cultural institutions over a certain budget receiving public funding should need to demonstrate their impact in local areas across the UK to continue receiving this funding. One way of doing this could be by making paintings, sculptures and other objects of our cultural heritage – and particularly those that are not currently needed for public exhibition – available to communities throughout the United Kingdom in an imaginative way. A recent example of this was the 2018 national tour of ‘Dippy’ the diplodocus skeleton usually on display at the Natural History Museum.

This exercise should form part of a wider programme to establish a roving exhibition of objects of the UK’s cultural heritage. These objects should tour the country, with people across the UK able to see them without needing to travel hundreds of miles. For instance, objects from the Titanic museum and Game of Thrones exhibition in Belfast could be displayed across the UK. Consideration should be given to making items in the UK Government’s art collection that aren’t being used available across the country.

The UK Government should also consider how it can support the building of cultural institutions in places which currently have poor access to culture. This could include building new parts of existing institutions, like the V&A Museum of Design has recently been built in Dundee, or building entirely new institutions.

Disability access across the whole UK

Ensuring that everyone can participate and make the most of their lives should be a central purpose of government policy across the UK – which already compares favourably with other countries. This mission should play a central role in national, devolved and local government. Access for disabled people on transport networks is central to this. Whether it is navigating airport terminals, using rail or bus services, inclusive design together with specialist transport services that are specifically developed to help people manage their challenges with mobility are pivotal to boosting access.

The UK has made significant relative progress with this agenda. Our challenge today is to build on that progress and to ensure that people with a disability can have confidence that all parts of the UK offer an accessible environment. With a focus on tourism, the UK Government should consider supporting accessible leisure parks and tourist attractions so that everyone has the opportunity to enjoy sport and recreation across the country and should review how it can further foster and support disability in sport.

Flying the flag

The UK Government should also remove restrictions on how certain flags (e.g. the Pride rainbow flag and sports team flags) can be flown without requiring planning consent.

Appendices

Appendix one – transport infrastructure projects to strengthen the Union

Potential projects that the UK Government can deliver both on its own and in partnership with devolved administrations

- Extending the Border Railway (which runs from Edinburgh to Tweedbank) to Carlisle⁷⁴
- Enhancing rail capacity between Glasgow, Manchester and other cities in northern England
- Upgrading the London to Edinburgh railway line, potentially reducing the journey time by an hour
- Completing the upgrade of the A1, connecting Edinburgh to Newcastle and London
- Building a railway line between Glasgow Airport and Glasgow city centre
- Improving the capacity and quality of road networks around ports in northern Scotland
- Upgrading the Chester-Holyhead rail link to increase line speed
- Enhancing the road capacity linking North Wales to Merseyside and Greater Manchester
- Improving the links between South Wales and the West of England
- Building the Chepstow bypass to address traffic rises as a result of the Severn Bridge now being toll free
- Examine whether the potential capacity of the Severn Tunnel is being fully utilised
- The UK Government should examine the business case for a toll-free road bridge between the Island of Ireland and Great Britain
- The UK Government should announce a review of transport connections between Great Britain and Northern Ireland, focusing on air travel, sea travel and the capacity of road networks around airports and seaports
- Extending the motorway network in Northern Ireland westwards and to the north coast
- Ensuring that the two new UK spaceports are served by fully-fledged transport infrastructure

73. The UK Government and Scottish Government have already pledged £10 million joint funding to assess the feasibility of extending this.



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