

Building Britain's Future

June 2009



Building Britain's Future

Presented to Parliament by the
Prime Minister by Command
of Her Majesty

June 2009

This paper outlines the action that the UK Government is taking to move the UK from recession to recovery and forge a new model of economic growth; restore trust and accountability to the political system through democratic reform and renewal; and modernise our public services and national infrastructure.

Much of the work outlined applies across the UK, in those policy areas where Government's responsibilities extend across England, Northern Ireland, Scotland and Wales.

However, many other aspects of policy highlighted in the document are devolved, in differing settlements, to the administrations in Northern Ireland, Scotland and Wales. It is the benefit of devolution that the Devolved Administrations can tailor their policies and thus deliver public services to meet the specific needs of their countries.

Government and the Devolved Administrations will continue to work closely together to build a more prosperous, stronger, fairer UK, whilst recognising their particular and varying responsibilities.

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Contents

Foreword	7
Executive Summary	10
Introduction	23
Chapter 1: Rebuilding trust in a modern, democratic Britain	26
Chapter 2: Real help now that builds a stronger Britain	37
Chapter 3: Investing for the future: Building tomorrow's economy today	48
Chapter 4: Fair chances for all: Building the next generation of public services	61
Chapter 5: Fair rules: Building a strong society	75
Chapter 6: Strengthening family and community life	85
Chapter 7: Britain in a fairer and safer world	94
Annex A: Draft Legislative Programme	106
Annex B: List of Major Forthcoming Policy Publications	115
Annex C: Key Deliverables for 2009/10	118
Annex D: Key Deliverables 2011 to 2020	121

Foreword



This is a moment of profound change in our country driven by the global economic downturn and the crisis of trust in our political system. We recognise that recent events have badly shaken the public's confidence, both in the financial markets and in politicians of all parties. We will take the tough action necessary to restore confidence.

We know that bold reforms and the setting out of clear priorities – based on a new strategy for governing – are needed to restore people's trust in public life.

All of our work is driven by the best of British values – responsibility and fair play. We want those values to underpin every institution in our country – whether public or private – to keep them accountable to the people they serve.

We also know that if we take the right decisions now, we can come through these immediate difficulties and create a better future for our country. In this plan for building Britain's future we are determined to take forward the reforms of the last decade. Since 1997, we have demonstrated that strong, active government works: saving the NHS for a generation, expanding educational opportunity, a National Minimum Wage, employment rights for millions of workers, tackling child and pensioner poverty, devolution in Scotland, Wales and Northern Ireland, and ensuring that Britain is engaged in Europe and the wider world.

Equally, this Government has cut corporation tax to the lowest rate ever, helped to grow millions

of small and medium-sized businesses, and driven the expansion of both London and the regions as engines of growth in the new global economy. We have shown that social justice and competitiveness are not mutually incompatible, but two sides of the same coin. That is a record of which any government can be proud.

After more than a decade in government, I am ever more convinced of a profound but simple truth: our greatest successes and our most enduring reforms have come when we are boldest and most determined in overcoming those forces and vested interests holding back change.

We believe that dynamic markets and energetic government are more vital than ever to ensure that opportunity and security are available to everyone in our country. But the lesson of the banking crisis and the expenses crisis is that banks and politicians cannot be above the law: the work of markets and of governments have to be underpinned by the sensible, decent values of the hard working majority of families – values founded on responsibility and fair play. Indeed, we cannot be agnostic or neutral about the ethical values that are needed to underpin our banks, our politics, our economy and our society.

Our institutions must be rebuilt for the global age so that they are held to account by a set of values we can all share – based on a fair balance between duties and rewards, opportunities and obligations to the wider society in which we live. Markets need morals, and so too do government and politics.

A society based on shared values also means standing up for the British people who believe that rights and rewards have to be earned, not taken for granted. So we will fight hard to get Britain back to work. We will encourage companies to invest for long-term return, not short-term deal-making. We will strengthen communities by tackling fear of crime and disorder. We will ensure that citizenship is earned by those who give something back to the communities in which they choose to make their home. And we will fight to ensure that every British family has full access to the next generation of high-quality, personalised, public services.

When we, as a people, are optimistic about the country's prospects, Britain thrives. When we have confidence in our capacity to rise to new challenges with our genius for invention, discovery, manufacturing and trade, Britain's talent rises up. When we invest in world class public services today, we all achieve more of our potential tomorrow, and our economy grows faster. When we stand up for ordinary hard working families against the irresponsible few, our nation responds with one voice. And when we face outwards to the world, and draw on the goodwill and respect we have earned on the international stage, the world speaks with a more coherent voice and finds solutions to humanity's greatest problems.

Our task after three terms in office is not merely to defend Britain's achievements over the last decade but to work harder and drive forward so as to meet new challenges with the same sense of conviction that has always brought us through stronger. In these extraordinary times, we must fight even harder for the ordinary hard working majority:

- We will not accept those who block change or protect narrow vested interests. We embrace radical modernisation in the welfare state and public services. We are committed to an

enabling government that, wherever possible, wants national targets turned into individual entitlements in service delivery.

- We do not tax for its own sake. We govern for the whole country in the national interest. We seek support from entrepreneurs and business as well as the trade unions, and we govern with a sense of fiscal responsibility and the economic realism that comes with experience.
- We are a government of the people and serve no other interest. Our purpose remains to break down the barriers that hold people back, to extend opportunity, and to protect the most vulnerable in our society.

We will push ahead further and faster over the months ahead with a bold, reformist agenda that will build a better future for our country.

Our first and most urgent priority as we fight for the interests of the British people is to clean up our politics. Britain's future cannot be built when our politics is still governed by the rules of a Victorian past.

We stand for a decent, honest politics in this country in which politicians are dedicated to serving the public, not themselves. We are introducing legislation to create an independent regulator for Parliamentary standards, and a tough, legally binding Code of Conduct for MPs. Every claim made by MPs over the last four years will be audited: those who have broken the rules will be held to account. But we need to go further in responding to the crisis of trust in the political system, opening up our constitution and Britain's political institutions to reconnect citizens with our representative democracy. The task of modernising the British constitutional settlement is not yet complete: we must be prepared to give power away, reforming Parliament and devolving and decentralising power even further throughout our country.

We will fight hard to expand opportunities for the British people, by getting Britain back to work quickly and by developing new, stable, sources of growth. We will build Britain's future by investing in that future – all the way from guaranteeing jobs or training for young people who have been out of work for a year, to carefully targeted investments in vibrant new sectors like advanced and green manufacturing.

Above all, we will fight hard to deliver world-class public services that give those who contribute to our society a chance to get on. We stand for fair rules and believe that a strong economy and a strong society go hand-in-hand. This will involve a radical dispersal of power: in the future, patients and parents must drive the system, with real rights of redress where their entitlements are not delivered. Neighbourhood policing teams should serve, and work with, their communities by cracking down on the irresponsible few who create fear. We must ensure that everyone, not only those with wealth and privilege, is able to enjoy world-class health and education. That requires the next generation of public service reforms spelt out in this plan.

The current economic climate is not an excuse for drift or inaction, but the moment to forge a new economic and constitutional settlement for Britain. Doing nothing is not an option. To have no plan for taking us through recession or building for recovery is to fail the British people. We will not walk away from people in challenging times. We will continue to fight for a fairer prosperity and a responsible society on the basis of our enduring values. This is not a job just for the Government but for the country as a whole. Together, we can do it.

A handwritten signature in black ink that reads "Gordon Brown". The script is cursive and slightly slanted to the right.

Gordon Brown
Prime Minister

The challenges of a new era



1. Britain's place in the world is changing. Our success in responding to new global and domestic challenges will determine our future prosperity.

Meeting the challenges and opportunities of globalisation

2. The global downturn revealed fundamental weaknesses in corporate governance, financial markets, global institutions and the interdependence of nations. Its intensity has required action on an historic scale and changed our demand and conception of government's role in securing our prosperity.
3. At the same time, the potential for rapid growth in the future is huge: by 2020 China will be the second and India the sixth largest economy in the world, with 40 per cent of the world's labour force between them.¹ But the entry of China and India and other emerging economies increased the labour supply and trade and pushed down prices. The global imbalance this has created needs to unwind.
4. We also need more effective regulation of financial sectors so that systemic risk is more tightly controlled and regulated. We need the real cost of carbon emissions to be reflected in every market and investment decision. And we need to ensure that Britain is ready for the greater competition a more highly educated world will bring.
5. Countries are now more affected than ever by the decisions of states far beyond our borders, whilst new and changing security threats, climate change, and the dangers of extreme poverty and human rights abuses require a global response.
6. Events in recent months have vividly demonstrated the complexity and interdependence of the modern world. Most recently, the swine flu pandemic has reminded us of the unpredictability of global crises, as a disease swiftly transmits from one continent to another.
7. All this means that Britain's ability to shape the international agenda will depend ever more on our ability to work effectively with other countries and international institutions, rather than withdraw into isolation.

Responding and adapting to the threat of climate change

8. Climate change, driven by human activity, is the greatest long-term threat facing the world today. The potential costs of climate change are huge, estimated at up to 20 per cent of global GDP. Taking action to mitigate it is possible, but will require decisive action in every country. Britain will also need to act to protect vital infrastructure, including transport and energy, from the unavoidable impacts of climate change. Putting adaptation at the heart of the planning system will be critical to guard against the increased risk of flooding and storm damage.
9. It will also require changes in attitudes and behaviours across the public and private sector, and in people's own lives. But Britain

should also look to take advantage of vast new markets in environmental technologies (with the global carbon market valued at \$30 billion) and lead the transition to a low carbon, resource efficient economy.² 400,000 people in the UK already have jobs in environmental goods and services, and this market is expected to at least double in size over the next ten years.³

Restoring public trust in politics and democracy

10. The revelations around MP's expenses demand urgent reform but they have also brought the longer term problem of public disengagement from politics into a sharper focus. There is an increasing alienation in political and civic participation – with the young and disadvantaged half as likely to participate in politics as other groups.⁴ People increasingly feel they are not able to influence political decisions, and are less willing to take things on trust.
11. This demands further democratic and constitutional reform, and the reform of government institutions, which need to provide increased opportunities and influence for people to be involved in decision-making (nationally and locally). It demands a response to public calls for greater transparency and accountability in all areas of life, driven by the internet, a more questioning media and a decline in deference to authority. Without a genuine stake and a real say in the decisions that affect people, cynicism and disengagement will grow.

Meeting rising expectations of public services

12. Public and individual expectations of public services will continue to rise. People will increasingly access information and opinion from more diverse sources, impacting not only on their attitudes, but also their values, expectations and behaviours. Our public services must match these changing

aspirations, and not settle for delivering the minimum.⁵

13. But responding to these higher expectations, must not come at the expense of ensuring that services are universal, and that everyone is given a fair chance. For example, in our education system, gaps persist in the likelihood of success between people with different social, economic, ethnic and other backgrounds, so we need a school system that delivers excellence for every child, not just the majority. The potential benefits are enormous: countries with strong investment in early years rank highly on measures of educational excellence and equity, laying firm foundations for future growth.⁶ So reform must ensure that public services are the engines of fairness and opportunity, as well as growth.

Supporting families in an ageing society

14. Demographic change will bring a complex set of challenges. In 2007 the UK went through a demographic tipping-point – the number of people of working age compared to those over State Pension age began to decline for the first time in 25 years.⁷ By 2020 the number of people over 85 is expected to grow by 50 per cent. This is a profound shift that will create new opportunities; older age can become a time of leisure and liberation as we live longer and enjoy healthier lives. New jobs are created to provide the services and facilities that older people need; new ways of working that better suit an ageing society will be established. But this will also add further pressures to health, social care and other services.
15. At the same time family life will continue to change with average family size continuing to get smaller, more women delaying or having no children, more people living alone or further from family. All of this has diverse and complex impacts on housing demand, childcare needs and wider services.

But despite all these changes we know that good family relationships remain crucial to wellbeing and quality of life.

16. These trends are in turn placing new pressures on family life, as hard pressed parents try to reconcile the demands of new patterns of work with their responsibilities to care for both their children and elderly relatives. New forms of family life are emerging as relatives and friends help each other to cope with the stresses and strains of modern life. So this can mean greater pressure on families themselves as well as public services, for example as the numbers of people with greater health and care needs grows, demand for informal care from family, friends and community members is projected to rise by 40 per cent by 2022.⁸

Strengthening civic responsibility

17. Whilst long term trends suggest people are becoming more aspirational, less deferential and more assertive of their individual identities, they still look to the wider community for shared values and social bonds.⁹ People remain strongly concerned about the places where they live, work and play. They are especially interested in things that are close to home – such as how safe their streets are, how clean the environment is, and how good local schools are.¹⁰
18. At the same time, increasing population diversity, rising mobility, easier communications, and better technology are all likely to impact on the places we enjoy living in and how we feel about our local neighbourhoods.
19. Given these social and demographic changes, a key challenge will be to find ways of renewing a strong sense of community. Government's role is not just the drive to improve the material quality of life and the security of local people, but to enable the majority to assert the common values of decency, respect and responsibility which are

the foundations of a strong community. In a minority of communities where there are disproportionately high levels of anti-social behaviour, local people can feel that these values are being undermined and quality of life threatened. The tough action we are taking on anti-social behaviour is critical to maintaining a strong sense of community.

20. We must also ensure that in every community, our national policies such as managing migration or building and allocating social housing, are tangible, real, and seen to be fair. When we are treated fairly we naturally treat others in the same way: but when a minority break the rules, try to cheat the system, or fail to contribute, the majority rightly expect a tough response: that is what fairness demands. Our society and our communities are strongest when those who work hard and play by the rules have a say in how their communities are run. This is the best way to ensure that people have institutions they can rely on and that we all have a fairer, more responsible society in which talent and hard work are rewarded.

Building Britain's future

21. This plan sets out how we will work with the British people to respond to these challenges over the coming months and years, building on a clear understanding of how the world is changing and the opportunities this brings. The energy of the government in the years ahead will be focused on three clear priorities:
 - Cleaning up politics and reforming our democracy
 - Taking Britain out of recession into recovery, so as to put in place the conditions for future economic success; and
 - Further reforming Britain's public services and modernising our national infrastructure.

Rebuilding trust in a modern, democratic Britain



Summary

We face a crisis of trust in British politics. We recognise just how important this is: change and renewal in Britain cannot take place when the public lack trust in politics, are losing faith in Parliament, and are starting to question whether some MPs they have elected continue to represent their best interests.

Government holds these reforms as urgent and as fundamental as the action we are taking to tackle the recession. Our immediate priorities are to clean up expenses and restore the covenant between elected representatives and the people they are privileged to serve. So **we will clean up politics by creating an independent regulator for Parliamentary standards and a statutory Code of Conduct for all MPs**. We will also:

- Audit all MPs' expenses and take tough action against all those who have defied the rules; and
- Ensure that all future expenses are published online alongside other measures to increase transparency.

These actions will help to draw a line under this episode. But they are only the start. They will be accompanied by deeper reform of Parliament because we see clearly that Britain needs a new political and constitutional settlement for new times. And we see just as clearly that reform cannot be done by politicians alone, so we will work with the British people to deliver a radical programme of democratic and constitutional reform. We will shortly bring forward proposals

for wide-ranging public engagement to seek consensus on the key issues of:

- Reform of the House of Lords;
- The possibility of a written constitution;
- Offering stronger powers to local and city-regional government;
- Possible options for electoral reform; and
- How to improve engagement, particularly of young people.

This programme has already begun. We now plan to legislate in the 2009/10 session for further reform of the House of Lords, including completing the process of removing the hereditary principle. And we will now bring forward a draft bill for a smaller and democratically elected second chamber.

The lifeblood of this new settlement will be the redistribution of power from the hands of the few, to the hands of the many. Building on the radical devolution of the last decade, we will continue to shift power from the executive to Parliament; from Westminster to every county in Britain, to every city and town hall; and most importantly from politicians and practitioners to the people they serve. And we will look at spreading the culture and practice of freedom of information to more bodies, so that government information is more accessible and useful for the widest possible group of people. The Prime Minister has asked Tim Berners-Lee, the renowned MIT academic, who led the creation of the World Wide Web, to help drive reforms that will get public information out of the hands of bureaucrats and into the hands of citizens who own it.

The need for change

1. We face a crisis of trust in British politics. The expenses scandal has seen the public lose faith in Parliament and the MPs they elected to represent them. At precisely the moment when the public need their politicians to be focused on the issues which affect their lives – on fighting back against recession, and keeping people in their jobs and homes – the subject of politics itself has become the focus of our politics.
2. Societies cannot flourish under conditions of apathy, still less antipathy, toward politics. A successful Britain depends on the engagement, indeed the active participation, of a public that believes in our democracy.
3. But it is clear that the democratic deficit in Britain is deeper and wider than the expenses scandal. Disenchantment with the political system is increasingly widespread – at a time when people are finding they have greater power in almost every other part of their lives.
4. The challenge facing the country is therefore two-fold: to clean up politics and to begin a radical programme of further democratic and constitutional reform. Without this action, Britain will lack the foundations we need to build a better and more prosperous future. In these difficult economic times, it is clearer than ever that government needs to provide support to help people back to work, ensure our businesses thrive and our communities remain strong. But none of this can easily happen when Parliament's actions are viewed with scepticism and distrust.
5. This chapter therefore sets out our plan to build the strong democratic foundations that will underpin a more prosperous future. It is based on a clear understanding of the depth of public outrage and candour about what has gone wrong.

6. The actions it lays out and the engagement processes it announces represent an intention to refashion our democratic settlement, based on the principles of far greater transparency and openness, accountability and the further redistribution of power from the hands of the few, to those of the many.
7. This new settlement cannot be determined by politicians alone; it must be developed in dialogue with the British people.

Decisive action to clean up politics

8. Our first priority is to take immediate action to clean up the system that made possible the present crisis, strengthening the transparency and accountability of MPs and the relationship they have with their constituents.

MPs and the expenses system

9. First we will hold to account those who have broken the rules regarding expenses. Expense claims made by MPs of all parties over the last four years will be submitted to independent audit with the results declared as soon as possible. And where MPs have wrongly claimed expenses, they will be made to pay them back.
10. But we know that the public do not accept the argument that MPs lived within the rules when they think, rightly, that the rules themselves are wrong. Before this crisis hit, we had already taken action to tighten up on MP expenses, by redrafting the Green Book, which sets out the rules on expenses; cutting the level of unreceipted expenditure from £250 to £25; and setting up an audit of MPs' expenses including internal audit by the House, backed up by an independent audit by the National Audit Office. Finally we asked the Committee on Standards in Public Life to conduct a full independent review of the system of parliamentary allowances.

11. As we await the review's final report, we have acted decisively to introduce interim solutions, including:
 - Abolishing claims for furniture, household goods, cleaning and gardening; and limiting accommodation costs for mortgage interest, rent or hotels to £1,250 per month;
 - Ending the right of MPs who represent constituencies which fall within 20 miles of the Palace of Westminster to claim allowances for a second home;
 - Requiring receipts for any financial claim that MPs make regardless of the amount;
 - Aligning claims of the second homes allowance with the payment of capital gains tax on a sale;
 - Preventing MPs from redesignating their homes for the purpose of claiming higher allowances; and
 - Committing to disclose full details of any second jobs held by MPs, including pay and hours.
12. We will cement these steps by implementing the recommendations of the Committee on Standards in Public Life where these proposals meet the tests of increased transparency, accountability and reduced costs for the taxpayer. And we will make the longer term reforms needed. **We will clean up politics by creating an independent regulator for Parliamentary standards and a Code of Conduct for all MPs.** The new regulator will take over the role of the fees office in authorising claims; oversee the new allowance system; maintain the register of members' interests; disallow claims; require repayment and apply firm and appropriate sanctions, including referral to the police and the creation of new criminal offences of knowingly providing false or misleading information in a claim for an allowance, for which the maximum sanction is up to twelve months custodial sentence or an unlimited fine.

13. We will also bring forward measures to ensure that the sanctions for misconduct or corruption by MPs are updated to meet the needs of the times, potentially including the options of effective exclusion and recall for gross financial misconduct. In addition, the **Bribery Bill** will enable the courts to consider evidence from proceedings in Parliament in the event an MP or Peer is prosecuted for bribery.

Reform of Parliament

14. It is not only the actions of MPs that have been questioned in recent weeks and months, but the structures and processes of Parliament itself. We will not restore trust in MPs until we restore faith in Parliament and its procedures.
15. In the last ten years we have delivered a programme to modernise Parliament, ranging from pre-legislative scrutiny of draft bills and the publication of Explanatory Notes, to the establishment of the PM's twice yearly appearance before the Liaison Committee, and the publication of the Draft Legislative Programme. We have increased staffing for departmental Select Committees; and have committed to introduce regional select committees. And before this crisis the Government set out an agenda for constitutional renewal in the Governance of Britain White Paper.
16. But we are now in new times, and must undertake with urgency the further modernisation of the House of Commons and the House of Lords to strengthen the effectiveness and reputation of both Houses. So the Government will support the proposal from the Public Administration Select Committee – that we will work with a special all party Parliamentary Commission to advise on necessary reforms – including making select committee processes more democratic, scheduling more and better time for non-government business in the House, and

enabling the public to initiate directly some issues for debate.

The task of democratic renewal

17. These actions, bringing independent scrutiny and increased transparency to Parliament will help ensure that Parliament regains public confidence. But even before the allowances revelations our democracy was not as it should have been. Public disengagement, cynicism and a sense of distance from Parliament and the decisions that affect us all have been growing for decades.¹ So reform of our political system and governance must now go further and wider than the Palace of Westminster. We see clearly that Britain needs a new political and constitutional settlement for new times.
18. We must respond to the breakdown of trust in the political process with the same urgency with which we are tackling the recession. The Prime Minister has established and chairs a Democratic Renewal Council (DRC), modelled on the National Economic Council (NEC) that is co-ordinating our response to the recession. Just as the NEC has enabled Government to respond quickly and effectively to the challenges of the downturn, the DRC will ensure a sustained focus at a senior ministerial level on the task of democratic and constitutional renewal. Its work will be guided by the principles of our reform agenda: holding those with power more accountable; ensuring power is in the hands of the many, not the few; and upholding and enhancing the rights and responsibilities of the citizen. At the heart of this will be greater openness and transparency in the workings of Government and Parliament.
19. The first task for the Council has been to take decisions which include the immediate legislative requirements to deliver our response to this crisis, including the establishment of the new independent Parliamentary Standards Authority. The Council is now turning to wider action to reform Parliament and renew Britain's democratic settlement. Here the Government cannot and must not act alone but must work with the other parties and independents that make up Parliament to modernise the way it carries out its business. And, most important of all, true democratic renewal requires a process that engages citizens themselves – people of all parties and none; of all faiths and of no faith; from every background and every part of the country. **We will work with the British people to deliver a radical programme of democratic and constitutional reform.**
20. The DRC will agree a series of proposals for the fundamental reshaping of our constitutional settlement. This process will provide the foundation for a radical new agenda of constitutional reform in Britain, bringing forward proposals for wide-ranging public engagement to seek consensus on the key issues of:
 - Reform of the House of Lords – We have already pursued a radical programme of reform in the House of Lords, including reducing the number of hereditary peers who sit in the House from about 750 to 92 today. But fairness and the democratic principle require that the people's representatives are chosen by the people. Therefore the Government plans to legislate in the 2009-10 session for the next steps on House of Lords Reform by completing the process of removing the hereditary principle from the second chamber. And, building on the Government's White Paper published last July, which committed us to an 80 per cent or 100 per cent elected House of Lords – reflecting the will of the Commons expressed in a free vote in 2007 – we will pursue the final phase of Lords reform by bringing forward a draft Bill for a smaller and democratically constituted second chamber.
 - Rights, responsibilities and the possibility

of a written constitution – at the heart of our constitutional agenda, since 1997, we have sought to set down the values which define our citizenship and help to define our country. And we have strengthened these by implementing the Human Rights Act and by updating data protection legislation. We are seeking to strengthen them further by reviewing the protection for liberty and privacy on issues such as counter-terrorist powers, covert surveillance and how personal data is stored and used. A move to a written constitution would represent a fundamental and historic shift in our constitutional arrangements. So it is absolutely right to involve the public in a sustained debate on whether we should go beyond our current proposals to bring into a written constitution both the duties and rights of individuals and the balance of power between Government, Parliament and the people. This debate will build on the dialogue we began in *Rights and Responsibilities: Developing our Constitutional Framework*.

- The accountability of local authorities and city regions – the engagement of people themselves in their local communities, the accountability of local government and the future governance of our cities are all vital questions for the future of our politics. It is critical that we examine how to strengthen the engagement of citizens in the formal democratic life of their communities; reinforce the need for central government to devolve power; establish stronger roles for city-regional government, in particular in enhancing the economic success of their areas; enhance the powers offered to local communities and local councils to scrutinise public services in their area. Governance arrangements at all levels of local government should also be strengthened, and the accountability of the system to regional select committees in Parliament should be built upon.
- Electoral reform – last year we published

our review of the electoral system and there is a long standing debate on this issue. We still believe the link between the MP and constituency is essential, both because it delivers effective representation and allows MPs to be held clearly to account. We should only propose change if there is a broad consensus in the country that it would strengthen our democracy and our politics by improving the effectiveness and legitimacy of both government and Parliament; and by enhancing the level and quality of representation and public engagement. We will set out proposals for taking this debate forward.

- How to improve engagement, particularly of young people – despite being active citizens and volunteers in their local communities, we know that young people are less likely than other groups to take part in the formal democratic process.² Following receipt of the Youth Citizenship Commission Report, we will set out steps to increase the engagement of young people in politics – including whether to give further consideration to a reduction in the voting age.

21. The results of the consultation across the UK will be reported back to the Democratic Renewal Council to conclude in time to shape the Government's forward legislative programme and to feed into the Queen's Speech. All proposed reforms will be underpinned by cross-party discussions. Our proposals will also be informed by leading external figures including academics and others who command public respect and have a recognised interest or expertise in the different elements of democratic reform.

Putting power in the hands of the many, not the few

22. The lifeblood of this new settlement will be the redistribution of power from the hands of the few, to the hands of the many. So

Government will take the necessary steps to devolve power more radically, and open up information about government so that politicians and all those in charge of public funds can be more robustly held to account.

Power from the Executive to Parliament

23. We will continue to drive forward the reforms set out in the draft **Constitutional Renewal Bill** to place the Civil Service Code of impartiality and professionalism, recruitment into the Civil Service and the role of the Civil Service Commissioners on a statutory footing; to create a statutory basis for the Parliamentary scrutiny of Treaties, prior to their ratification by the State; to limit the circumstances in which the Attorney General can intervene in cases, and require the Attorney General to publish a protocol on how she will work with the Directors of the prosecution services that she oversees; and to set out the circumstances in which members of the House of Lords should be disqualified, and give the Lords the power to act appropriately.

Power from the Centre to the Devolved Administrations, English regions and local government

24. Our radical drive toward devolution in the last 10 years means that power is already more dispersed than at any time in our nation's modern history. On coming to office in 1997 the Government initiated a radical programme of devolution for Scotland and Wales. In Scotland a wide range of functions were devolved to the Scottish Ministers, and a Scottish Parliament with limited tax raising and primary law making powers in areas such as health, education, justice and the environment was established. For Wales a National Assembly, with all the powers of the Secretary of State for Wales, was established. In Northern Ireland the Government reinvigorated the peace process, leading to the Good Friday Agreement of 1998, which included new arrangements for

devolved government. These, after a period of suspension, resumed activity in 2007.

25. Since then we have refined these settlements in response to changing circumstances: in Scotland over 170 pieces of secondary legislation have been taken forward since 1998 under the Scotland Act to ensure that the full effect is given to evolving devolved and reserved policies. In Wales we have seen even more substantive changes: the Government of Wales Act 2006 has enabled the National Assembly for Wales to seek and achieve legislative competence in particular fields, for example in relation to child poverty and vulnerable children. A wide range of powers have been devolved to the Northern Ireland Assembly such as health, agriculture, social security, education and other matters. Work is continuing with the Northern Ireland political parties to swiftly bring about the devolution of policing and justice powers.
26. And we continue to adapt and develop these settlements. For Scotland we have welcomed the bold and imaginative proposals of the Calman Commission to strengthen both devolution and the Union. We want to maintain the consensus and develop momentum to do what is right for Scotland. For Wales we are continuing to devolve powers under the Government of Wales Act 2006, and when the All Wales Convention and the Holtham Commission separately report we will discuss them with the Welsh Assembly Government. These will help demonstrate how we can continue to put power in the hands of people whilst retaining the considerable benefits we all gain from being part of the United Kingdom.
27. In England, we have created the Regional Development Agencies (RDAs) and devolved powers to local councils and to cities and sub-regions. We introduced and then extended the powers of the directly elected mayor of

- London, using that clear accountability to devolve strategic powers especially in the areas of sustainable economic development, planning, transport and skills. In other areas where governance is more complex, we have been making steady progress on a bottom-up approach, culminating in the Budget announcement of two City-Regions in Greater Manchester and Leeds. By giving these areas greater powers and freedoms, we aim to show how city-regions can flex their economic muscle and create more and better jobs for people who live in them. We have backed this with improved scrutiny and accountability in regions through the introduction of both Regional Ministers and Regional Select Committees; through the establishment of Leaders' Boards representing local government interests at regional level; and through a new responsibility for RDAs to develop regional strategies in partnership with local authorities.
28. We would like to see more devolution of powers in this area, at both a local and at a strategic level. Drawing upon the city-region pilots we will consider the possibility of announcing further city-regions. We will also confirm a further round of Multi Area Agreements (MAAs) and will allow groups of authorities, where they wish to, to establish Economic Prosperity Boards. We want to build upon the best examples of directly elected mayors and will consider how we can better support their introduction where there is a local wish to see them established.
29. Every local authority now has far greater discretion to respond to differing local needs. For example, employment and skills programmes are now being integrated locally, essential back to work employment support is run more effectively, and capital funding is better planned and co-ordinated, ensuring maximum returns.
30. Our aim is to increase the power of citizens to shape their communities and the services they receive. Although we often talk about devolution, we are really restating the principle that power derives from the wishes and needs of the people.
31. Alongside the right to shape services directly must go the right to elect a local authority with real power to lead, shape and deliver services and to champion the needs of local communities. Effective local government needs to be clear about the powers it can exercise and clear about its relationship with central government too.
32. Our moves to strengthen local councils are working. A radical but natural evolution of local government is taking place. New forms of local governance have been introduced including mayors, cabinets and unitary authorities. New forms of co-operation between local authorities are also emerging at the city region level through MAAs.²
33. We have also given local authorities the power to take responsibility for the well-being of citizens, the prosperity of local areas and community cohesion. Partly as a result, over the past decade the quality of local services delivered by locally elected councils has been rising year on year and the latest independent assessments of local government showed that four in every five councils are excellent or good – and improving further.³
34. But more needs to be done. Now is the right time to set out clearly the relationship between citizen, local and central government and to strengthen these partnerships further. Effective democratically accountable local government depends upon high levels of performance and transparent decision making. Only councils that have the trust of local people are well placed to ensure that the voices of citizens and businesses are heard, and that local needs and opportunities are addressed.

35. While many councils are performing well, there is significant room for improvement. The public are often unclear about their rights and the powers and duties of local councils and their relationship to central government. We need to help local government to clarify its responsibilities and its ability to work in more innovative and collaborative ways to deal with new challenges, to better serve individuals' and communities' specific needs, and to ensure waste and bureaucracy are minimised.
36. Facing up to these challenges requires action in three areas:
- Firstly, councils must work with local business and community groups to develop a vision for their local area, based on a clear understanding of local needs and how to give communities a stronger say in local decisions and the use of resources across public services. To help councils deliver this agenda, we are changing the independent assessment of local government to focus on outcomes that matter to people. We are also increasing the power and reach of local government scrutiny and implementing a new 'duty to involve' to ensure that citizens are provided with information about services, consulting about how they should be shaped and delivered and involved in other ways;
 - Secondly, councils must work more effectively with partners, like the local police and the NHS, to deliver effective solutions to local priorities. Complex challenges cannot be addressed by single organisations acting alone, nor can effective solutions be centrally imposed. So during the past three years, we have moved away from an emphasis on process and institutions to one that focuses on improving outcomes. For example our new approach to regeneration, led by Regional Development Agencies, makes sure investment decisions are made as locally as possible, in particular supporting people to get a job, training and to get on in the labour market and boosting levels of enterprise in those areas; and
- Thirdly, we need to have systems and processes which enable central and local government to work together effectively on the big issue of climate change. We have set national carbon budgets and will shortly be setting out our policies and proposals for meeting them. We will now work with local government on how councils can contribute to meeting the carbon budget challenge.
37. But we need to go further. We will be setting out ideas and proposals for consultation on how we might offer stronger, clearly defined powers to local government and city regions and to strengthen their accountability to local people. We will also demonstrate the real benefits of operating in a more joined up way for local communities and the people that they serve, stripping out inefficiency and duplication between organisations, and putting users first.
- ### Power from politicians and practitioners to the people
38. As well as these formal transfers of power, we have consistently sought to extend devolution to the doorstep by giving people a real say on what happens in their local communities, in their everyday lives. It is in these local places that civic activity continues to thrive: three-quarters of the British population volunteers in some way.
39. We have made progress on participatory democracy with local people now able to shape regeneration projects and to seek election onto NHS trusts. We have placed greater duties on councils and councillors to consult, inform and involve people in local decision-making, to promote democracy, and to respond to public petitions. We have also introduced participatory budgeting – where local people help set priorities for spending in their neighbourhood ranging from community

wardens to tackle anti-social behaviour to new play areas for local children or better local transport. As we learn from these pilots, which are underway across the country, from Sunderland to Lewisham, we will promote their adoption in even more areas, so that as many neighbourhoods as possible have the chance to discuss and prioritise spending on the issues most important to them. And we are giving people a greater say in how public services should be run. For example, in crime, local people can have a say in what Community Payback projects offenders should be made to do, what local projects criminal assets should be spent on and what priorities their Neighbourhood Policing Team should tackle. We say more about this in Chapter 5.

40. Greater choice, greater say and the ability to hold providers to account are all key elements of our work to reform public services, which is set out in more detail in Chapter 4.

Access to information

41. Giving power to the many and not the few depends on people having the information they need to hold local leaders and service providers to account. The right of access to information is now a cornerstone of our democracy, providing members of the public, journalists, lobby and interest groups unprecedented access to information held by public authorities on their behalf.
42. The events in Parliament over the past few weeks have shown the value of the Freedom of Information system that we introduced. We need to strengthen not weaken this system in the years ahead. This is the public's money. They should know how it is spent. So we will:
- Substantially reduce the 30-year rule to 20 years, accelerating the release of millions of public records about critical events within our lifetimes, while strengthening the protection given to communications with the Royal Family and the records of Cabinet Committees;

- Look at broadening the application of freedom of information to include additional bodies which should also be subject to greater transparency and accountability; and
- Improve the ease with which people can access public information, building on the recommendations of the Power of Information report taskforce. To ensure that government data is opened up, accessible and useful for the widest possible group of people, Tim Berners-Lee – the renowned MIT academic who led the creation of the World Wide Web – will help drive reforms that will get public information out of the hands of bureaucrats and into the hands of citizens who own it.

Liberty in a modern democratic Britain

43. Renewal of constitutional reform, greater devolution of power, and maximum transparency of information held by government will give our democracy the firm base it needs. A trusted and modern constitutional settlement will only 'live' if it also puts power in people's hands in their daily lives. But these reforms need to be accompanied by greater reassurance by the Government that it is continuing to defend our historic traditions of liberty and privacy, even where new challenges like terrorism or the rise of identity theft require changes to protect our security.
44. While people understand that Government agencies need to hold personal information to protect people and deliver vital services – and indeed that many private sector companies hold increasing amounts of personal information on people – they want more reassurance about what information is held, how it is stored, how it is shared, and how people's liberty and privacy is protected.
45. In an increasingly complex and fast changing world, new technologies hold the potential

to revolutionise public services and improve personal security and public safety. But if not confronted, they can threaten that security and safety, as for example with the increase in identity fraud and theft, and challenges around cyber security. Government needs to be clearer and more explicit about how technological change is affecting the kind of information Government needs to hold, and the principles and safeguards which will protect people's liberty and privacy. We must rise to the challenge by setting out clear constitutional principles in this area as in other areas of our democracy – principles that will endure even as technology evolves.

Clear principles to protect liberty and privacy

46. This cannot mean denying ourselves the use of technologies that would protect individuals and communities against crime or terrorism, or enable criminals and terrorists to be brought to justice; rather it means careful thought and wider public debate about what uses of new technology are necessary and proportionate, and at the same time a clear commitment to modernise the safeguards for our liberty and privacy.
47. The Home Office has over recent months set out a new approach emphasising the need for strong safeguards against arbitrary treatment; as much transparency as possible, a strong commitment to proportionality and common sense; and greater accountability. These principles have informed recent decisions to tighten up regulation of surveillance (in the consultation on the Regulation of Investigatory Powers Act). These include:
 - Clarifying that Local Authorities should not be using surveillance for minor offences such as dog fouling or litter dropping;
 - Asking whether the list of public bodies is the right one and whether the level of authorisation is high enough;
 - A new stepped approach to the time we
- retain DNA samples for those arrested but not convicted, while ensuring we do not undermine the ability of the police to use DNA analysis to bring serious crimes to justice; and
- Our decision to rule out a single database for holding all communications data on phone or internet use.
48. We will build on this approach to review the protection for liberty and privacy in relation to how personal data is stored and used, with a clearer commitment to only holding data that is necessary for significant public interest objectives, and giving people opt-outs on data held on them wherever possible. And we will strengthen the Information Commissioner's powers to enforce the Data Protection Act – including the power to spot check government departments, and to serve civil monetary penalties if there has been a serious breach of data protection principles – to ensure greater transparency over data held on people and to improve the standards and accountability of all organisations dealing with personal information. As well as ensuring that central government maintains the highest standards, we will increase scrutiny and accountability for local government, public sector agencies, and firms carrying out public functions, where there are areas of concern.
49. In addition to these measures, the **Constitutional Renewal Bill** will repeal legislation that limits protests around Parliament, and standardise the time limit within which legal action can be brought under the Human Rights Act across the UK. We have also set out clearer guidance to ensure that police powers introduced for fighting terrorism – including Section 44 of the Terrorism Act 2000 – are only used where appropriate, and over the coming year we will ensure that this guidance is fully implemented. We will also review

the protection of liberty and privacy in the operation of policing and border powers.

A new settlement

50. The twin crises that we face as a country – challenges to our economy and our parliamentary democracy – necessitate Government action of unprecedented boldness. The programme for democratic renewal outlined above is as radical as the action we are taking to protect our economy, and no less justified.
51. People are right to expect honesty, transparency and faithful service from those they elect to represent them. We must work to regain their trust. Accountability to the people is not an added extra but a necessary feature of a successful democracy. We will only meet the new challenges of security, of economic change, of communities under pressure – and forge a stronger shared national purpose – by building a new relationship between citizens and government that ensures that government is a better servant of the people. The steps we take over the next year will amount to a firm step towards a new democratic settlement. The post war age of government condescension, secrecy and privilege has now firmly ended; a new and more democratic age of openness and public service has now begun.