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new things
Make
new connections

Ditchley Regional Devolution Paper

1. Introduction

In June 2021 Ditchley held a conference, *Take Back Control Part Two*, exploring continued demand in the UK (and in other states) for increased local control over public policy. The conference gave rise to a pilot programme of conversations and visits to the North East of England to ensure that Ditchley's global conversations on the renewal of democracy were complemented and informed by conversations on how democracy and the democratic state is working at a more regional and local level.

As part of this work on local and regional engagement (which contributes to our broader aims for the renewal and strengthening of democratic societies, states and alliances), then Ditchley has prepared this short paper comparing different approaches to regional engagement across different democracies, comparing especially some federal countries with the more unitary governance of the home nations that make up the United Kingdom.

In the Ditchley tradition, the paper draws on a series of conversations with experts, opinion formers and policy makers, supplemented when appropriate by research, with a list of curated sources appended. The paper does not seek to make prescriptive recommendations, which is the business of politics, but rather suggests areas for cross party consideration and further discussion following publication of the government's recent Levelling Up White Paper. The paper will certainly form a basis for further Ditchley discussions but hopefully will also have wider utility.

Following devolution of significant powers to Scotland, Wales, and Northern Ireland, the UK is now a hybrid between a federal and a unitary structure. There are significant interregional inequalities and within England particularly, there are regional differences of health, income and productivity, that are amongst the most extreme in OECD countries.

Our international calls highlighted that trust is linked to successful regional devolution, which is necessary to tackle over-dependence on central government. The paper explores whether elements from the experience of other countries might be used to help further the ability of communities to develop their own capabilities.

Our conversations identified the central roadblocks facing regional devolution in England, with scale, fiscal processes, and equalisation at the crux. The issues of identity, accountability, representation at the centre, and rural & urban coexistence overlap with each of the aforementioned roadblocks.

The countries we selected to help inform our findings are the United States, France, Germany, and Canada. Each of these has unique contexts and cultures, but lessons can still be learned from their approach to regional governance. We take the major hurdles we have identified and seek to understand how others have successfully or unsuccessfully addressed them. The global dimension is at the forefront but the work is also informed by what is currently happening on the ground in UK politics and civil society.

2A. Research

The following section briefly outlines some of the relevant findings on best practice from current leading research into regional devolution.

In our research, unitary states generally fare worse than federal ones (McCann, 2020) across nearly every metric that measures regional inequality (OECD, 2020). The United Kingdom, 80% of whose population lives in a unitary state, England, has the fourth highest regional economic disparity among 29 OECD countries with comparable data, and it recorded the fourth largest increase in disparities over the last twenty years (OECD, 2020).

Regional devolution, which involves and enables experimentation, might help to solve these challenges. To quote David Tuckett (2020): “Since no model can be trusted to guide decisions, the generic principle for such problems is to encourage experimentation and rapid learning that, as with spatial proximity, helps to fuse the tacit knowledge of practitioner experience with the codified knowledge of experts (Nightingale, 2009). For this, devolved decision-taking is essential (Gibbons and Henderson, 2012). The initial context of prevailing narratives differs between regions and is best-known locally.”

The overwhelming amount of data and research on regional devolution indicates that reform of subnational governance could have a positive effect.

Local authority funding, regarded as a key mechanism for levelling up, is currently hindered by their lack of size, skills, and autonomy. Large regional bodies benefit significantly from being able to shift and use resources from one area to another. Regions’ ability to evolve cannot be solely achieved via a bottom-up approach. Instead, there is need for a multi-pronged approach with guidance, sharing of best practice, and some key decisions at the top.

Our findings from research and calls across the Ditchley community in the US, France, Germany, and Canada highlight some key considerations for successful regional devolution.

2B. Comparators

In terms of our selection of France, Germany, Canada, and the US as our international comparators, we seek to highlight a selection of unitary and federal countries with a variety of approaches to regional devolution. Our choices are relevant and comparable socially, culturally, economically, and politically. Each of the countries, even if varying in population demographics, broadly shares similar values and per capita wealth.

France is a unitary state like England and to that extent shares a similar history and system to that of the UK. France’s devolution process was kicked off in 1982 and has been regularly amended since. The current trajectory of England’s regional devolution plans shows signs of following closely in the direction of France. The similarity is apparent in the hesitation to significantly devolve autonomy for each country’s regions, with thin regional budgets and limited powers for regional governments.

Germany is often regarded as an agglomeration of states without a process of devolution. In 1948 the decision was made not to return to the borders of Prussia, which like England had been dominant, and in 1990, five new Laender were formed from what had been the

unitary state of East Germany. A small number of Laender emerged with an historical sense of identity, but most had none. Their system has evolved into a highly federalised and generally effective approach.

Canada is divided into Provinces and Territories with extensive levels of autonomy, buttressed by the fact that 60% of taxes are collected at the subnational level. Despite significant variance in size (in economic and demographic terms), Canada has lower levels of interregional inequality than England. Canada's ability to manage sometimes clashing regional identities, and their high standards across social, health, and education—despite significant fiscal autonomy for their subnational governments—underscores this choice.

The United States is the grandfather of modern federalism. It has a complex and adaptable system, as can be seen via its evolution with significant fluctuation in power dynamics between the States and the Federal Government in Washington, D.C. There is a wide difference in the sizes of State populations and Washington carries much of the burden of social expenditure.

Lower and intermediate levels of subnational government are common across our comparators. These are Local and County Councils, Landkreise, Gemeinden, Municipalities, Villes, Communes, Départements, and Townships. They are largely elected institutions that can raise tax themselves via property, business, or personal income. Each is also charged with executing on centrally decided and financed programmes. In addition, their spending is supplemented by payments from the centre (the central government or regional body) as needed, either directly or through sharing expenditure on specific services. All have ancient traditions and are imbedded in the citizen's mind as his main daily supplier of government services.

Subregional governments among our international comparators are all being driven to acquire more scale, either through informal cooperation or more formal mergers. Discussions and research on Germany, Canada, the US, and France suggest that creating viable regional bodies requires a combination of scale and fiscal autonomy to maximise effectiveness.

As a guide, the Riemer Charts in the Appendix are intended to show which levels of government are responsible for those spending areas which are generally devolved, in terms of policy, finance and delivery.

3. Main Body

The English preoccupation with 'the postcode lottery' is an expression of doubt that central government is able to ensure 'Access to broadly equitable levels of public service' (Scotland's future in the UK, HMG, 2009). The level of interregional inequality indicates that that has not been possible.

Regional devolution is generally seen as part of an answer to the issue. Successful regional devolution provides agency and representation across the nation and brings rural areas closer to decision makers. It can motivate investment across the country and incentivise subnational initiative, rather than dependence on the centre.

The following sections address the three major roadblocks and four lesser obstacles in devolution discussions in England as we have found them. The former encompasses scale,

fiscal processes, and equalisation. The latter explores identity, accountability, representation, and urban & rural coexistence.

3A. Scale and Size

The issue of scale is a hurdle that hinders efforts toward greater regional devolution. This is primarily because the scale of any subnational authority must be large enough to provide economic balance, attract and retain excellent people, and gain respect in Whitehall. In the case that it fails to achieve necessary scale, it will not see a significant devolution of powers and is unlikely to receive any fiscal powers, remaining instead dependent on funding for its administration and all policy areas.

The issues faced in England related to scale are not unique. Driven by the need for scale, German Kreise (Counties) have been merged, and in France, the US, Canada, and Germany there has been a strong push to encourage local authorities to form cooperative units for specific tasks. The US and Canada face different issues as they had a federalised starting point, with States and Provinces that were all centred around subnational rights and privileges. In their development, there was often little thought given to scale of each state's population with significant variance in population between States and Provinces.

At the regional level, the US, Canada, and Germany all contain smaller States and Provinces (Wisconsin, Prince Edward Island, Bremen) which, because they are subscale, receive additional federal support over and above what would be required based on per capita levels of income. Those nations accept this as a cost of cohesion.

For example, the equalisation and transfer payments in Canada are calculated not on a per capita basis but on fiscal capacity¹ (an assessment of each Province's tax base) and expressly not on fiscal need. Alberta, British Columbia, Saskatchewan, and Newfoundland and Labrador do not receive payments. The first three of these Provinces all have a population size of circa one to five million people. The trend from the balance of equalisation payments indicates that provinces with smaller populations tend to receive significantly more via these payments. The sole exception is Québec, which has a significantly larger population than any of the other regions, yet still receives the least per person out of all recipient Provinces. A similar trend can be seen in the US and Germany, with larger states tending to be less dependent on federal government or horizontal level supportive measures.

Devolution always involves two levels in our comparators: the regional level (OECD-Territorial Level 2) and the Municipal level/Commune/County Councils (like OECD-TL3). Canada is a good example of this: to reinforce the power of the Provinces, the Provinces were encouraged to substantially increase their own tax raising while power in Ottawa was reduced. Ottawa retained the duty of making equalisation payments to Québec and the smaller Provinces. The recent Levelling Up White Paper suggests using something between the OECD-TL2 and 3 in England, to focus on areas of 600k-1 million people mini-regions as a starting approach. We found that these mini regions would be the equivalent of the newly merged German Kreise, or the institutions France is creating under the label Intercommunalité.

¹ Not calculated for per capita but in fiscal capacity but other countries are per capita so for this purpose the comparison is drawn.

France's traditional 101 Départements are greater in number than the proposals for England, but remain an interesting comparison. The relevance of Départements is fading in favour of the combined communities below, and the twelve metropolitan regions above.

France's Régions were created with administration capability in mind ahead of identity. According to our calls, the aim of the Régions is to reduce horizontal and vertical bureaucracy, empower regions, and carry out large scale projects. They encompass populations of 2.6- 12.0m people and have been increasingly provided with more powers in areas such as transport, economic development, and some aspects of education. Their budgets are determined in Paris, but the structure clearly seeks to emulate the success of more devolved countries. The approach faces issues arising from the overlapping and sometimes clashing roles of Départements and Régions, indicating that a failure to properly separate responsibilities or remove previous structures can undermine subnational governance.

The populations of the German Laender vary between 18.0 to 0.7m. The smaller Laender receive extra financial support directly from Berlin, suggesting that questions of viability arise where a population is below 2.0m. The case is similar for US States with their federal revenue transfers accounting for a higher proportion of funding for most of the 'rust belt' States and smaller population States. However, it remains the case that all four countries still face lower levels of interregional inequalities when compared to England.

Philip McCann addressed the issue of size in his 2021 paper outlining that sub-central city governance bodies generally have four major functions. Three of these are citizen facing roles (representation, provision/delivery, regulation/enforcement for social order). The fourth is the market facing role of stimulating economic development. McCann (2021) argues that the fourth role can rarely be justified locally, due to the small population size. He refers to other large federal or highly devolved unitary countries which have regional bodies that encompass 3-5 million that are better suited. The larger scale allows for them to work on more complicated market facing issues of attracting foreign direct investment, supply chain development, R&D, and enhancement of innovation. It also allows for greater understanding and effectiveness of regions internally, and for effective exchange with each other, and with the central government. We observe that the French Régions were created for these purposes.

Our calls highlight the need for significant scale, but that not all regions need to be the same size, and not all viable areas of policy need to be devolved at once. The option remains for regional devolution to be a gradual rolling process with the devolution of power increasing in line with regional institutional capacity and quality.

Two additional points on scale arose in our calls. Universities have a key role to play in lessening interregional inequalities, as does centrally distributed research and development funding. In Germany the Fraunhofer and Max Plank Institutes, both centrally led and financed, have specialist units distributed through regions and cities to support particular local strengths. They are typically located on university campuses. In the US, DARPA and the NIH are federal institutions working across the country, as is the case in France and Canada.

We observed from our German calls that the role of vocational training (Duale Ausbildung) is fundamental in powering German industry, with almost half of Germany's youth pursuing this technical education. Technical education is a good example of Nation/Land/Gemeinde (local) coordination with Berlin in charge of standardisation of the curriculum and titles, the

Land in charge of “teaching” and the Gemeinde in charge of the actual physical building. The impact is evident with the biggest German companies in small towns, for example: SAP in “Waldorf” adidas in “Herzogenaurach”.

We also note that Health in England was organised in nine regions prior to 2011 and that the new ICS structures represent a return in that direction. Areas of regional administration in England, such as health and planning, do not currently overlap. Regional health authorities have detailed understanding of their regions in respect of occupation, prosperity, and transport. The health sector is a source of productivity and knowledge as can be seen from the examples of Liverpool Health Partnerships and Leeds Teaching Hospital NHS Trust. Both serve as anchor institutions and partner with councils, universities, and the NHS while covering populations of 1.5m and 3.0m respectively. That approach might be replicated across other policy areas.

3B. Fiscal Processes

In British discourse there is a challenge where proponents of devolution argue that regional devolution can only work if regional bodies are required to raise taxes locally to cover spending ideas. At the same time, it is sometimes argued that devolving local tax raising powers within today’s English structures would be dangerous, because regional difference is already stark. A reliance on local taxation would in this vein make regional inequalities worse.

3B1. Regional Taxation

The smaller budgets and day-to-day deliverables to the citizen are often at the OECD-TL3 and are funded primarily by locally raised taxation. In the US and Canada, this is achieved by a mixture of council taxes, land taxes, and property taxes. However, they are not adequate, and other forms of special taxation are broadly unpopular, while also not moving the fiscal needle significantly.

The big three spending areas, social, health and education, cost between 20% and 30% of GDP (in the UK 25%) which hugely exceeds traditional local tax raising capabilities, while the delivery of each needs to be local. Given the size of the sums, only income taxes and VAT can take the strain. See the Riemer charts in the Appendix for the distribution of responsibilities.

In Canada the solution was to reinforce the power of the Provinces. Provinces were encouraged to substantially increase their own tax raising, while that in Ottawa was reduced. Ottawa retained the duty of making equalisation payments to Québec and the smaller Provinces. As a result, 60% of Canadian taxes are raised in the Provinces.

This approach is essentially a moral one. It is the view that in a democracy local spending must be disciplined by local tax raising, a view that also suits the stewards of a nation’s finances.

Moreover, it is true that there is nothing quite like a flow of local tax like the €1.1b which BioNTech delivered to Mainz, a city of 200,000 people. Our comparators all show fiscal structures which would permit that, in contrast to England.

In practice, however, relying on local or regional taxation seldom fills the gap. Scotland currently sets its own rate of income tax, but 70% of the Scottish government's budget comes from Westminster. The main reason for being hesitant about relying on subnational taxation, is that existing regional differences will only be worsened by an emphasis on taxing an impoverished regional population (McCann 2021, p 18). That view is reflected in the practice of all of our comparators.

Local taxation does not avoid the need to determine mechanisms for distributing parts of those major taxes which are collected at the centre. The critical issue is how to avoid creating dependency and its consequences for initiative and the use of local knowledge.

At the heart of this is the need for financial stability, and pre-visibility, the factors which facilitate steady investment. This is reinforced by our international calls which highlight that regional bodies work to address issues (such as regional transport systems and planning) that are above the purview of local institutions, but not always a priority for national government.

Three out of our four comparators handle this by a combination of what we call Block Grants, specific expenditure cover and general equalisation (discussed below). As an example, Canada provides block grants to provinces that are loosely earmarked for certain spending areas. The recipient region has freedom to spend this and is not required to account for it with the centre—though if they do not optionally keep the centre informed, they will receive less in later transfers. In all our comparators, loose earmarking alongside a supportive role from the centre, leads to increased effectiveness of spending and enables regions to take initiative in projects and policy, rather than only executing on ideas dictated to them.

The German system is different with revenue sharing, which is a cousin of tax assignments.

3B2. Revenue Sharing

Revenue sharing is an alternative form of fiscal autonomy. The major centrally collected taxes, personal and corporate income tax, and VAT, are divided between the centre and regions. German Laender receive 50% of the personal and corporate income taxes arising in their land, plus around 45% of VAT distributed on a per capita basis. 10% of income taxes are passed on to local government.²

In our calls there was caution from our UK community over difficulties in drawing the line for the percentage of funding shared. The German answer to these issues has been to statutorily enshrine the rules. In addition, the Laender must approve the rates of the relevant taxes through their membership of the Bundesrat.

Payments come from the central treasury and not from individual ministries. Germany's federal Ministry of Education focuses largely on coordination and the Health Ministry's main focus is on the official Health Insurance agencies which are national.

² Block grants are not a form of revenue sharing; revenue sharing is an alternative to block grant and uniquely practiced in Germany, at least amongst our comparators.

The sharing of tax revenues does not feature much in current UK debate. The essential point is indeed the need to avoid the Oliver problem, *Please Sir I want some more*, by anchoring payments from the centre in statute or formulae which are hard to change.

3B3. Equalisation

Equalisation is used to supplement revenue sharing or Block Grants, in order to ensure that regions that are lagging in different areas are able to access funds to meet their needs. This approach spreads tax revenues so that poorer or smaller regions are not disadvantaged.

The approach is transparent in Canada and in Germany. In both cases a fixed sum is made available from the centre and that is then divided between the regions. Mostly it is formulaic but, in Germany at least, for a small proportion of the monies, deal-making can be required. That said, Berlin and Ottawa both have extra pots to deal with extreme need. Germany has recently instituted a stability council to deal with urgent regional financing issues in a largely non-political process.

Equalisation payments in these two countries are between 0.5 and 1% of national GDP (and are in addition to the revenue sharing or block grants). It is worth noting that that is in the same ballpark as the sum which McCann (2021) calculates to be the surplus yielded by London and the South East.

In the comparator countries there is significant variance in the amounts received, which vary over time. The date when Bavaria moved from net receiver of equalisation payments, to net payer is a source of pride, while regions in the former East Germany continue for the moment to be net receivers rather than contributors. A formulaic approach is at the heart of successful equalisation, as this reduces opportunity for pork-barrel politics and regional bias.

3C. Identity

A lack of identity is often raised as an issue in the formation of regions in our calls with those in our UK community. It seems likely that this is in part because our own examples of devolution, Scotland and Wales owe their devolved status to identity. Identity is most easily found at a local level.

The challenge is whether identity is an essential precondition to regional devolution and needs first to be developed where it is minimal. Identity is indeed often viewed as being important to the citizen according to some of our international calls, but it is worth looking more deeply at this.

Our calls suggest that rather than perceiving the devolution of powers in Northern Ireland, Wales, and Scotland as measures to suppress independence efforts, those processes can instead be used as experimental examples for the rest of the UK. That would also add a focus on the Union to one on England.

Our two European comparators, France, and Germany created regional bodies that had little to no historical regional identity. For example, in France they combined Auvergne and Rhône-Alpes to become Auvergne-Rhône-Alpes. This exemplifies the French approach

whereby Régions are designed with a focus on execution and implementation of policy, rather than formed primarily to account for historical or cultural aspects. Similarly, as we have said above, many German Laender have no historical identity.

The US and Canada on the other hand began as groups of settlers who combined to Townships and then to States and Provinces before combining into a singular country. Identity formed along the way. Our calls suggest that identity can be formed from shared struggle *and* shared opportunities through scale.

Identity can also be formed without any implications for representative governance. An example is the Golden Triangle of research institutions in England, which leads to a strong voice at a central government level, and in turn provides the communities within the region with a clearer line of communication and ability to speak with national entities.

A German motto that *shared identity follows shared interest* emerged through our calls and is indicative of the ability to *create* an identity in response to opportunity. On the whole, our international calls indicated that regions should be formed around practicality, not identity, because once subnational bodies start seeing real benefits and money then they will work together. The example of the City of Manchester and the wider Greater Manchester region is also reflective of this.

The French example is also instructive. From a survey provided by Professor Pasquier, the French citizen identifies with that part of government with which he most frequently has contact, with the result being the Commune. Meanwhile, the Région is distant. It appears that the conclusion drawn by Paris is not to worry about identity, but to provide greater scale by enlarging the Régions and having them focus on economic development, including regional transportation.

3D. Accountability and Connection

Regional devolution entails the decentralisation of those matters which would be better decided at the subnational level. Certain policy areas are better considered at the national level such as international aid, defence and security, transnational crime, foreign policy, monetary policy, overall fiscal policy, immigration, strategic transport, pensions, and wider internal market collaboration.

As we have seen from McCann (2021) above, subnational institutions are well placed to deliver what the citizen himself requires, and in practice the big three spending areas are by tradition delivered locally in the UK and all our comparators.

Reflecting these traditions, our comparators largely have directly elected teams running the regions and municipalities. At levels between the two, it is quite common to find bodies run by unelected officials, delegated from the level below. We found no case where regional governance is not in the hands of directly elected representatives. While some of our calls highlighted that the introduction of new elected representative bodies requires a referendum, that view was not widely held amongst our community, but the question merits further work.

Our comparators show a range of mechanisms for choosing a regional leader. In the US, State Governors are directly elected. In Canada, Provincial Premiers are chosen from the

directly elected members of each Provincial Parliament. In France, the Régional Presidents are chosen from the directly elected Conseils Régionaux. In Germany the Ministerpräsident of a Land is chosen from the directly elected members of the Landtag (Parliament).

Connections to the centre differ amongst our comparators. In the US, Canada and France a second house of parliament is composed of elected representatives from the States or regions. The US and French senates have real power, the Canadian Senate is like the House of Lords. In Germany it is the regional institutions, the Laender, whose leading figures are ex officio members of the second house, the Bundesrat, which also has real power.

Horizontal links between regions or States, rather than only with the centre has also been a common theme across our comparators. This helps to police standards. For example, in Germany there are meetings between different regions' educational ministers in order to develop curriculum and teaching standards to enable qualifications from one Land to be accepted for entry into a university in another.

Within Canada, the Provinces as a group meet with each other twice a year to discuss their respective positions and then with Ottawa afterwards. At the Ministerial level there are also regular meetings and permanent secretariats in two areas, health and the environment. The purpose is to ensure a base level of standardisation across policy areas, to solve issues outside of the central government level, and to influence Ottawa.

There are lessons that can be learned from the challenges experienced by others too. In the French case the original thinking was that the 101 Départements would over time be absorbed into the Régions. That would require the agreement of the Senate whose complex election process is dominated by the Départements; in consequence the decline of the Départements is likely to be a long and slow process.

Horizontal and vertical support are both essential in developing the quality and capacity for regional government structures, but it is clear from our comparators that horizontal connection can be the key to effective vertical leverage.

3E. Rural and Urban Coexistence

The current approach towards regional devolution in England is focused on city-led regions, and although this is one approach, evidence from our comparators suggest that it is not the only one possible. The notion that the city is well suited to take an administrative and economic lead for the surrounding area is dependent on the particular city. It is not always the case that the identity of the city can envelop and stamp a region.

Cities have their own lives and develop independently of regions. They grow and spread across state borders. In Germany an overlay of new structures has emerged called Metropolitan regions. There are eleven which represent 70% of the population. As examples, the area of Frankfurt spills into three Laender, as does that of Hamburg. We see similar phenomena on the borders of the City of London where new development happens in neighbouring boroughs. It is these areas which are the focus of investment, and they are seldom coterminous with voting areas.

Several of our international calls suggested that a viable regional devolution concept has to account for local desire and natural communities. Others highlighted that rural-urban

aggregation can be achieved through shared opportunities and challenges. The Leeds City Region as viewed through the eyes of one of its leading health professionals is an example.

In France it was pointed out to us that the Région of Auvergne Rhone Alpes directs its resources to smaller towns and rural areas, as a balance to the domination of the metropolitan area of Lyon. Also, in France, a special element of the budget devolved to the Régions is designated for Intercommunalité; that is, cooperation's between towns and villages.

In the German case of Saxony (population 4.0m), the major cities are quite small with Dresden having a population of 400k and serving as a hub for around 1 million people. Saxony also has the city of Leipzig, which highlights that we observed in our call that most German States have two beating hearts. However, economic development outside the hub is being spearheaded by newly combined Landkreise (similar to OECD-TL3/counties) with the support of the Land.

Rural communities and small towns are often discussed in terms of their need for protection. An alternative is to work on their potential to combine and spur local growth, but it is difficult to see how that could be done from anything but a regional institution.

4. Summary

It is important to understand the difference between regionalism and localism. For example, academies may represent a removal of local powers, but hardly the removal of regional powers. That confusion between regional and local is key because it is wrong to assume that what is a proper local responsibility can be used to combine for scale to enable regional economic powers. Instead, if any lessons are to be learned from regional devolution across countries, it is that a distinction must be made between what can appropriately be done by national government, regional government, and local government.

In terms of main takeaways, this paper highlights the following:

- **Scale:** The issue of scale is a constant pressure in regional devolution discourse in England. Scale is essential, but it is not reached everywhere, and all our comparators are prepared to pay the price for that in terms of supplemental funding. Adapting to the changing demands of realpolitik is key. Regional devolution can be pursued in places where there is a desire to aggregate at a local scale by merger or cooperation, such as in the North-East or Greater Manchester. However, action from the centre is required too.
- **Identity:** From looking at comparators, we found identity not to be the hurdle that it often taken to be. Identity follows interest: it emerges over time. Economic and scale considerations can be more important drivers.
- **Finance:** Social, health and education are the big budget items that by tradition were always devolved. Local taxation on income or property is the traditional way to finance local government, but this never suffices. Top-up funds come from the centre either through block grants, or revenue sharing plus equalisation. In either case, formulae are essential to avoid fights. Shared revenues do not come from

individual Ministries and are routed through a region. Reducing the bureaucracy for the receiving and spending of funds promotes development.

- **Accountability:** Our comparators' local and regional governments are largely directly elected. With the exception of the US, they choose their leaders from their own number.
- **Linkages:** Connections for regional institutions both horizontally and vertically are fundamental. Horizontal links are vital in our comparators as they police standards and make it possible for regions to sort some issues themselves, and effectively communicate on others with the centre. Similarly, continued reduction of dependency on the centre incentivises the development of initiative rather than dependence.
- **Cities and Rural:** Placing a large city in the lead risks its interest growing beyond a single region. Alternatives need to be considered which involve smaller towns and communities.



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Appendix and Bibliography

Appendix A – UK Simplified Riemer Chart

	Key:			X = Primary Role			* = Supporting Role					
	City Policy	Finance	Provide	County Policy	Finance	Provide	Country Level Policy	Finance	Provide	National Policy	Finance	Provide
Functions of Government - UK												
Education												
1. Primary/secondary	*	*	*	*	*	X	X	X	X	*	X	*
2. Vocational/technical		*		*	*	X	X	X	*	X	X	*
3. University	*			*	*	*	X	X	*	X	X	*
Social services						*			*	X	X	X
Public Health				*		*	X	*	X	X	X	X

Appendix B Simplified French Riemer Chart

	Key:			X = Primary Role			* = Supporting Role					
	City Policy	Finance	Provide	County Policy	Finance	Provide	Regional Policy	Finance	Provide	National Policy	Finance	Provide
Functions of Government - France												
Education												
1. Primary/secondary			*	*	*	*			*	X	X	X
2. Vocational/technical	*	X	X	*	*	X	*	*	X	X	X	X
3. University				*	*	*	*	*	*	X	X	X
Social services	X		*	X		X	*		X	X	X	X
Public Health				*		*	X	*	X	X	X	X

Appendix C Simplified Canadian Riemer Chart

	City			X = Primary Role	County			* = Supporti ng Role	Regional			National		
	Policy	Finance	Provide		Policy	Finance	Provide		Policy	Finance	Provide	Policy	Finance	Provide
Functions of Government - Canada														
Education														
1. Primary/secondary	*		*		X	X	X		X	X	X			*
2. Vocational/technical	*	*	*		X	X	X		X	X	X			*
3. University			*		X	X	X		X	X	X			*
Social services			*		X	X	X		X	X	X		X	X
Public Health			X		X	X	X		X	X	X		*	*

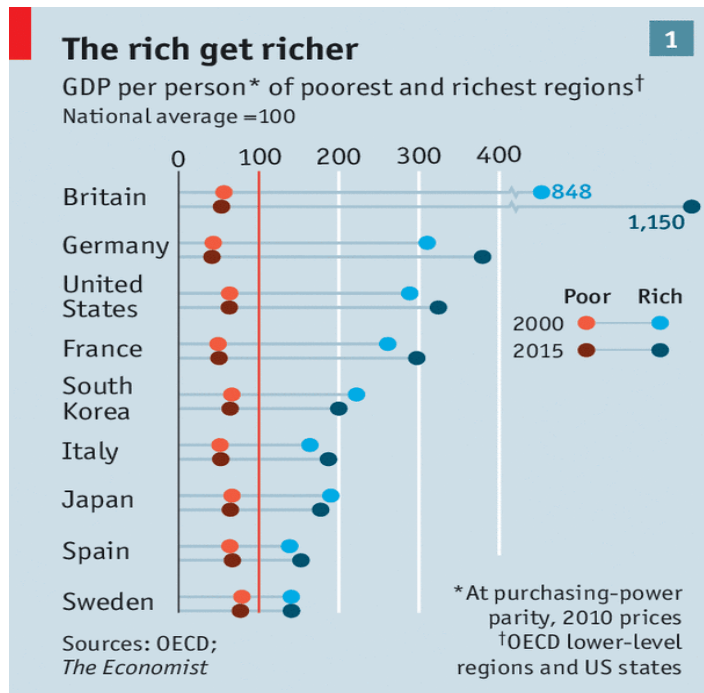
Appendix D Simplified German Riemer Chart

	City			X = Primary Role	County			* = Supporti ng Role	Regional			National		
	Policy	Finance	Provide		Policy	Finance	Provide		Policy	Finance	Provide	Policy	Finance	Provide
Functions of Government - Germany														
Education														
1. Primary/secondary	*		*		X	*	X		X	X	X		*	*
2. Vocational/technical	*	*	*		X	X	X		X	X	X			*
3. University	*				X	X	X		X	X	X		*	
Social services	X	X	X		X	X	X		X	X	X		*	X
Public Health			*		*	*	X		*	*	X		X	X

Appendix E Simplified US Riemer Chart

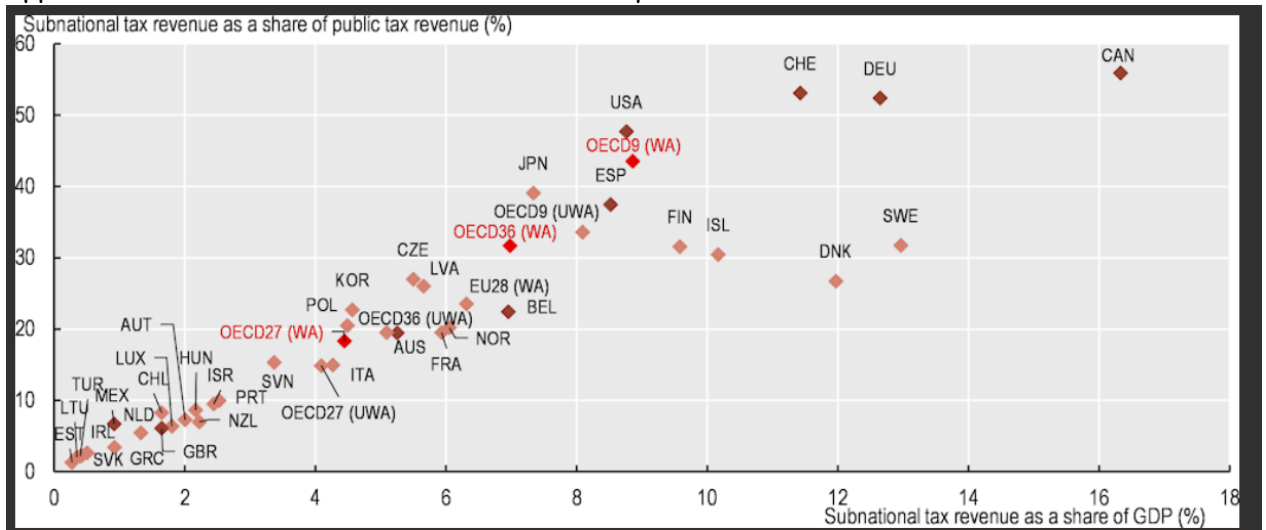
	Key:			X = Primary Role				* = Supporting Role						
	.....City..... .....Policy	Finance	Provide		.....County (Regional)..... Policy	Finance	Provide		.....State..... Policy	Finance	Provide	.....National (US)..... Policy	Finance	Provide
Functions of Government - US														
Education														
1. Primary/secondary	X	X	X					X	X			*	*	*
2. Vocational/technical					X	X	X	X	X			*	*	*
3. University								X	X	X		X	X	*
Social services					X	X	X	X	X			X	X	
Public Health	X	X	X					X	X	X		X	X	X

Appendix F OECD and Economist 2017 Regional Inequality



Economist.com

Appendix G – OECD subnational revenue as a share of public tax revenue

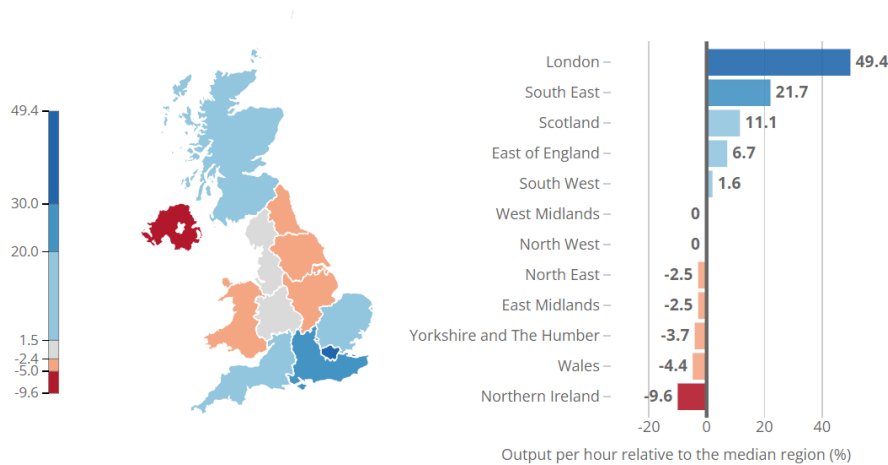


Appendix H – ONS UK levels of regional inequality

<https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/bulletins/regionallabourproductivityincludingindustrybyregionuk/2019>

Figure 1: Productivity varied widely across UK regions, and was highest in London

Output per hour by International Territorial Level region relative to the median region, 2019



Source: Office for National Statistics

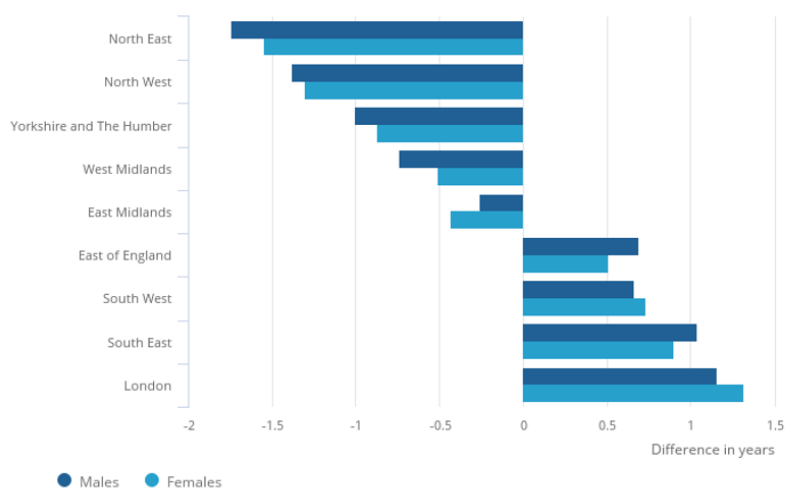
Figure 1: Productivity varied widely across UK regions, and was highest in London
Output per hour by ITL1 region relative to the median region, 2019

Notes	Percentage difference from median region
Unit	Percentage points
Region	Output per hour relative to median region (percent)
Northern I	-9.6
Wales	-4.4
Yorkshire	-3.7
East Midla	-2.5
North East	-2.5
North We:	0.0
West Midl	0.0
South We:	1.6
East of En	6.7
Scotland	11.1
South East	21.7
London	49.4

Appendix I

Figure 2: London, South East, East of England and South West continued to have the highest life expectancies when compared with the England average in 2017 to 2019

Life expectancy differences from the England average across England's regions, males and females, 2017 to 2019



Source: Office for National Statistics - Life expectancy for local areas of the UK

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