



National Audit Office

**BRIEFING FOR THE
HOUSE OF COMMONS
POLITICAL AND
CONSTITUTIONAL
REFORM COMMITTEE**

APRIL 2012

Cabinet Office

Constitution Group

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This report can be found on the National Audit Office website at www.nao.org.uk

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Summary

1 This report summarises the work and spending of the Constitution Group (the Group) within the Cabinet Office. It has been prepared to assist the Political and Constitutional Reform Committee in scrutinising the Group. The report sets out the Group's work and spending over the period 2010-11 to 2014-15. It does not attempt to evaluate value for money.

2 The Cabinet Office formed the Group to take over responsibility for political and constitutional reform from the Ministry of Justice. Four main business areas, overseen by the Constitution Office, carry out the Group's work (**Figure 1**):

- The Group spent £5.9 million internally in 2010-11, including when it was part of the Ministry of Justice. It expects this underlying expenditure to stay broadly similar over the five years covered by this report, with the exception of spending on the Electoral Registration Transformation Programme.
- Spending on the Electoral Registration Transformation Programme is expected to rise from £0.2 million in 2010-11 to £86.0 million in 2014-15 as changes to the electoral registration system begin in 2014.
- The Group spent an additional £0.7 million in 2010-11 on the two Boundary Commissions for England and Wales.
- Over half, or £1.3 million, of the Parliament and Constitution Division's 2010-11 spending was on Lord Lieutenants' expenses.
- Budgets for later years, presented throughout this report, are the Group's current best estimates but remain under review and may change.

3 The **Elections and Democracy Division** has overall responsibility for policy, legislation and funding for UK-wide elections and other polls. Its core budget from 2010-11 to 2014-15 is £9.0 million. It also expects to authorise total payments of £10.3 million to fund the two Boundary Commissions for England and Wales.

4 The **Parliament and Constitution Division** is responsible for the Government's parliamentary reform programme and wider reform of constitutional arrangements. Its current work includes House of Lords reform and introducing a power of recall for Members of Parliament. It plans to spend £14.9 million in total by the end of the current Spending Review period.

5 The **Electoral Registration Transformation Programme** is intended to implement changes to electoral registration which would require voters to register individually rather than by household. Most of the £108.3 million budget for the Programme will be spent in 2014-15, when electoral registration officers will process individual electoral applications.

Figure 1

The Constitution Group expects to administer spending of £146.8 million from 2010-11 to 2014-15

	Estimated budget from 2010-11 to 2014-15 (£m)
Constitution Office	2.6
Elections and Democracy Division	9.0
Parliament and Constitution Division	14.9
Electoral Registration Transformation Programme	108.3
Devolution Strategy Division	1.6
Total excluding Boundary Commissions	136.4
Boundary Commissions	10.3
Overall total	146.8

NOTES

- 1 Figures do not add exactly to the total due to rounding.
- 2 The table shows totals over five years in order to give an overall picture of spending that varies greatly from year to year and for which there are no typical annual figures. The overwhelming majority of the spending is for the Electoral Registration Transformation Programme.

Source: National Audit Office analysis of Cabinet Office data

6 The **Devolution Strategy Division** leads for the UK Government on devolution policy issues that span the United Kingdom. It works with the devolved administrations, the Scotland Office, Wales Office and Northern Ireland Office, and Whitehall more widely, to coordinate a coherent approach to devolution. It plans to spend £1.6 million in total by the end of the current Spending Review period.

7 The Group oversees the administration of expenditure, paid directly from the Consolidated Fund and not from the Group's planned budgets, on the costs of conducting certain elections. Analyses in this report exclude this spending. Election costs for the May 2010 General Election were £102.2 million. The European Parliament election in 2014 is expected to cost up to £120 million.

8 The Group currently authorises Privy Council spending, expected to be £2.1 million from 2010-11 to 2014-15. Oversight of this expenditure is due to move outside the Group and is therefore excluded from analyses in this report.

9 The Cabinet Office includes an impact indicator on the Group's work in its Business Plan for 2011-15 and will publish progress against it annually. The Business Plan also includes actions covering the Government's priority tasks for reforming the political and constitutional system, with expected completion dates. The impact indicator is to:

“Hold the General Election as provided by the Fixed-term Parliaments Act on a voting system chosen by the British people, more equal constituency boundaries and a more accurate and secure electoral register based on individual registration.”

Part One

Introduction

1.1 In May 2010, the Coalition Government indicated its intention to reform the political system (Appendix One).¹ Proposals relevant to this report include those to:

- establish fixed-term Parliaments;
- introduce a Referendum Bill on electoral reform;
- legislate for the power to recall MPs;
- introduce an elected Upper House;
- reform the House of Commons; and
- introduce individual voter registration.

1.2 In June 2010, the Prime Minister announced that responsibility for political and constitutional reform would transfer from the Ministry of Justice to a new Constitution Group (the Group) within the Cabinet Office under the Deputy Prime Minister.

1.3 The Group is overseen by a Constitution Office, comprising a Director General,² a Director and two other staff members making up the secretariat, which manages the work of the Group's four units (**Figure 2**). This report describes the work and budgets of the four units:

- Elections and Democracy Division (Part Two);
- Parliament and Constitution Division (Part Three);
- Electoral Registration Transformation Programme (Part Four); and
- Devolution Strategy Division (Part Five).

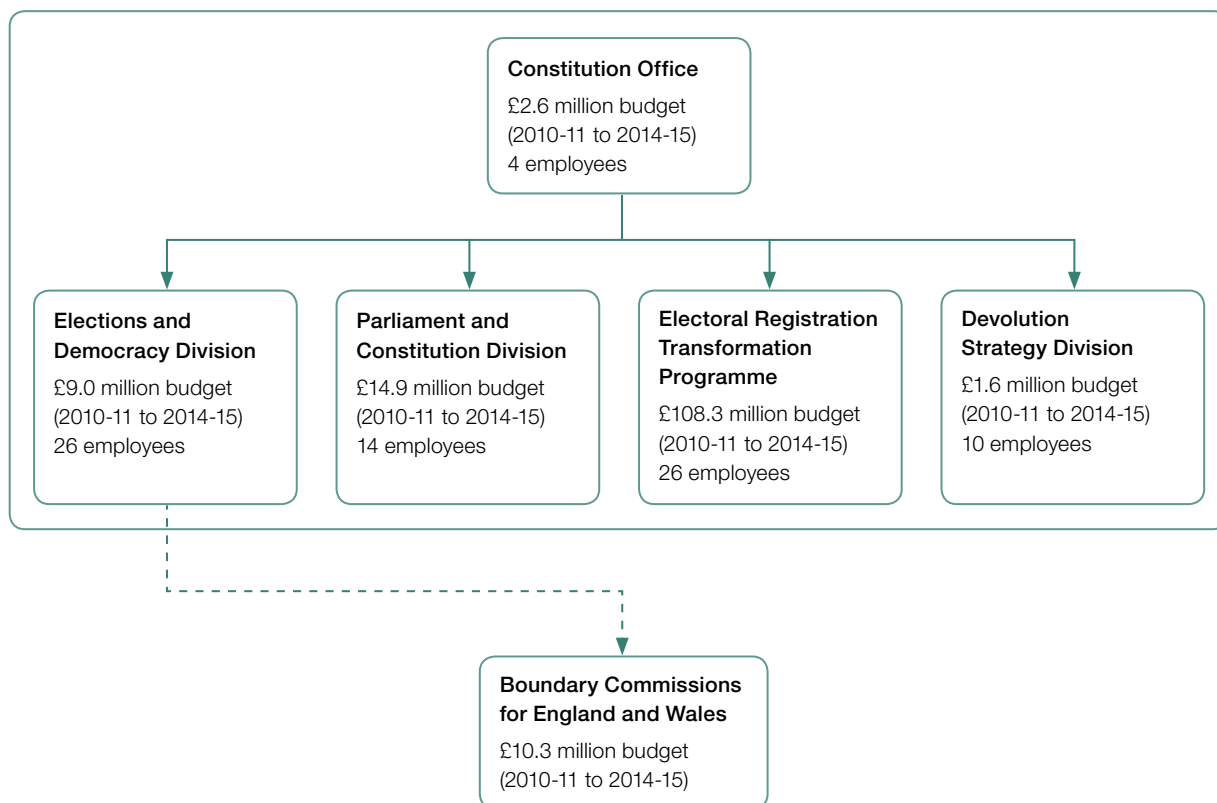
1.4 The Group has a planned budget of £146.8 million from 2010-11 to 2014-15, which includes the current Spending Review period. Planned expenditure has a large spending spike at the end of the period relating to the Electoral Registration Transformation Programme (**Figure 3** on page 8). External spending includes £10.3 million to the Boundary Commissions for England and Wales.

¹ HM Government, *The Coalition: our programme for government*, May 2010.

² The Director General's responsibilities go beyond the work of the Constitution Group and cover the Deputy Prime Minister's interests across the whole of government.

Figure 2

The Constitution Group comprises the Constitution Office and four units

**NOTES**

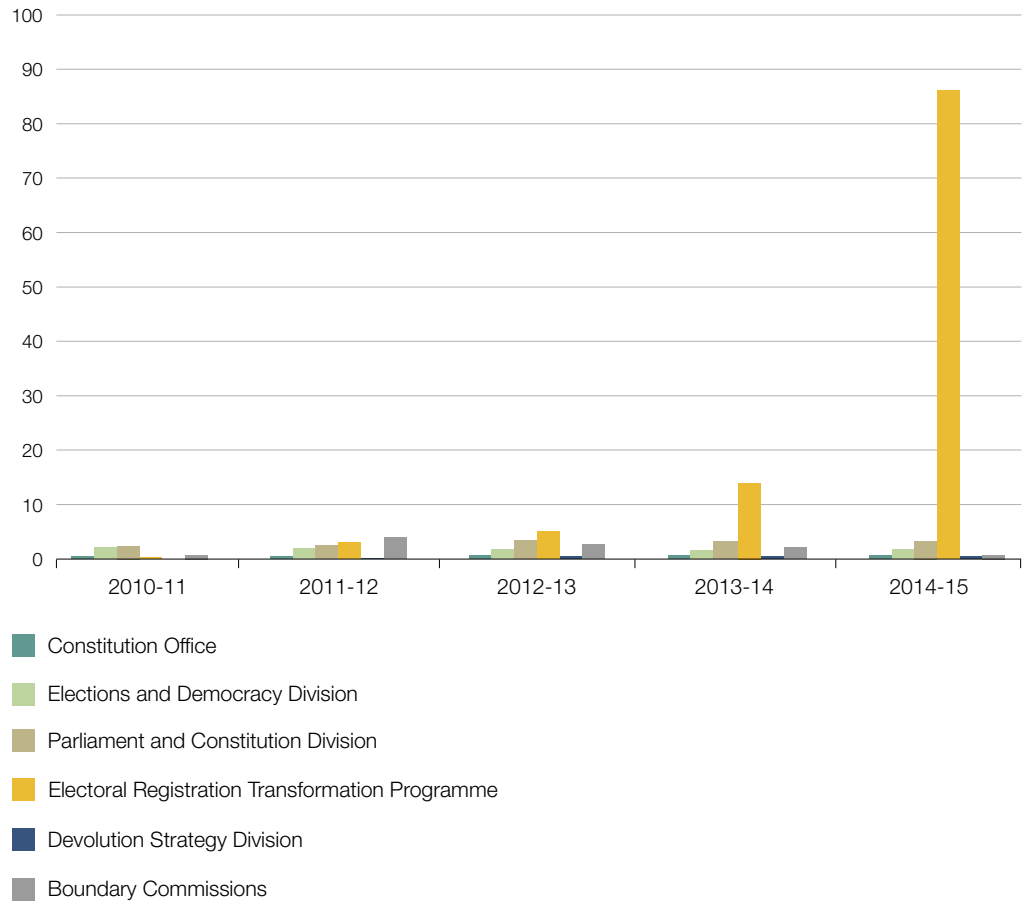
- 1 All financial figures are for the period 2010-11 to 2014-15, unadjusted for inflation. Budget figures do not include Privy Council expenditure, which is budgeted to be £2.1 million from 2010-11 to 2014-15.
- 2 Employee numbers are headcounts rather than full-time equivalents. The Cabinet Office advises that most staff are employed full-time.
- 3 The Constitution Office comprises four employees: one Senior Civil Servant Band 3; one Senior Civil Servant Band 2; one Band A; and one Band B1.
- 4 The Elections and Democracy Division comprises 26 employees: one Senior Civil Servant Band 1; five Band A; one Band B fast-stream; 16 Band B2; and three Band B1.
- 5 The Parliament and Constitution Division comprises 14 employees: four Band A; eight Band B2; and two Band B1.
- 6 The Electoral Registration Transformation Programme team comprises 26 employees: one Senior Civil Servant Band 1; ten Band A; 11 Band B2; and four Band B1. Most of the Programme's budget is for the costs of electoral registration officers who will process and verify registration applications from individual voters.
- 7 The Devolution Strategy Division comprises ten employees: one Senior Civil Servant Band 1; five Band A; and four Band B2. Three other members of staff sit outside the team: one Band A and one Band B2 perform secretariat roles for the McKay Commission on the consequences of devolution for the House of Commons, and one Band A is in the joint secretariat for the British-Irish Council.

Source: National Audit Office analysis of Cabinet Office data

Figure 3

The Electoral Registration Transformation Programme dominates the Constitution Group's expenditure to 2014-15

Spending (£m)



NOTE

1 Spending figures are unadjusted for inflation.

Source: National Audit Office analysis of Cabinet Office figures

1.5 In addition to the Constitution Group, the Deputy Prime Minister has a private office to support him in his wider functions.³ The cost of the private office between May 2010 and February 2011 was £1.16 million.⁴ The Deputy Prime Minister has six civil servants working as private secretaries in his office, headed by a Principal Private Secretary at director level. One of these officials, at Band A level, is dedicated largely to the work of the Constitution Group.

3 As deputy head of Government and co-chair of the Coalition Committee, the Deputy Prime Minister has responsibilities for the policies and decisions of the Government as a whole. He is also Lord President of the Privy Council and chairs the Cabinet Committee on Home Affairs, which coordinates domestic policy issues including those relating to constitutional and political reform.

4 Hansard HL, 26 April 2011, vol. 727, column WA29.

Part Two

Elections and Democracy Division

2.1 The Elections and Democracy Division (the Division) has overall responsibility for the policy, legislation and funding relating to UK-wide elections.⁵ It aims to ensure accessible and secure elections, contested fairly and transparently. It is divided into five teams (**Figure 4** overleaf).

2.2 The Division has budgeted expenditure of £9.0 million from 2010-11 to 2014-15 (**Figure 5** on page 11). It administers additional funding relating to the Boundary Commissions and the costs of elections:

- The Division authorises the payment of £10.3 million to fund the two Boundary Commissions for England and Wales.⁶ The Boundary Commissions aim to maintain constituencies with similar numbers of voters by reviewing and amending electoral boundaries. They are funded by, but operationally independent of, the Cabinet Office.
- The Division is also responsible for setting, and overseeing the administration of, the fees and expenses of Returning Officers at General and European Parliamentary elections. Election expenditure includes Returning Officers' costs, purchases of equipment for conducting the poll, and the cost of delivering candidates' election addresses to voters.⁷ Legislation provides for the costs of conducting elections to be met directly from the Consolidated Fund. The cost of conducting the General Election on 5 May 2010 in England and Wales was £102.2 million, and the European elections in 2014 are expected to cost up to £120 million. As part of this role, the Division works with Returning Officers to ensure that the resources which are required for the conduct of the UK General and European Parliamentary elections are utilised and accounted for effectively and efficiently.

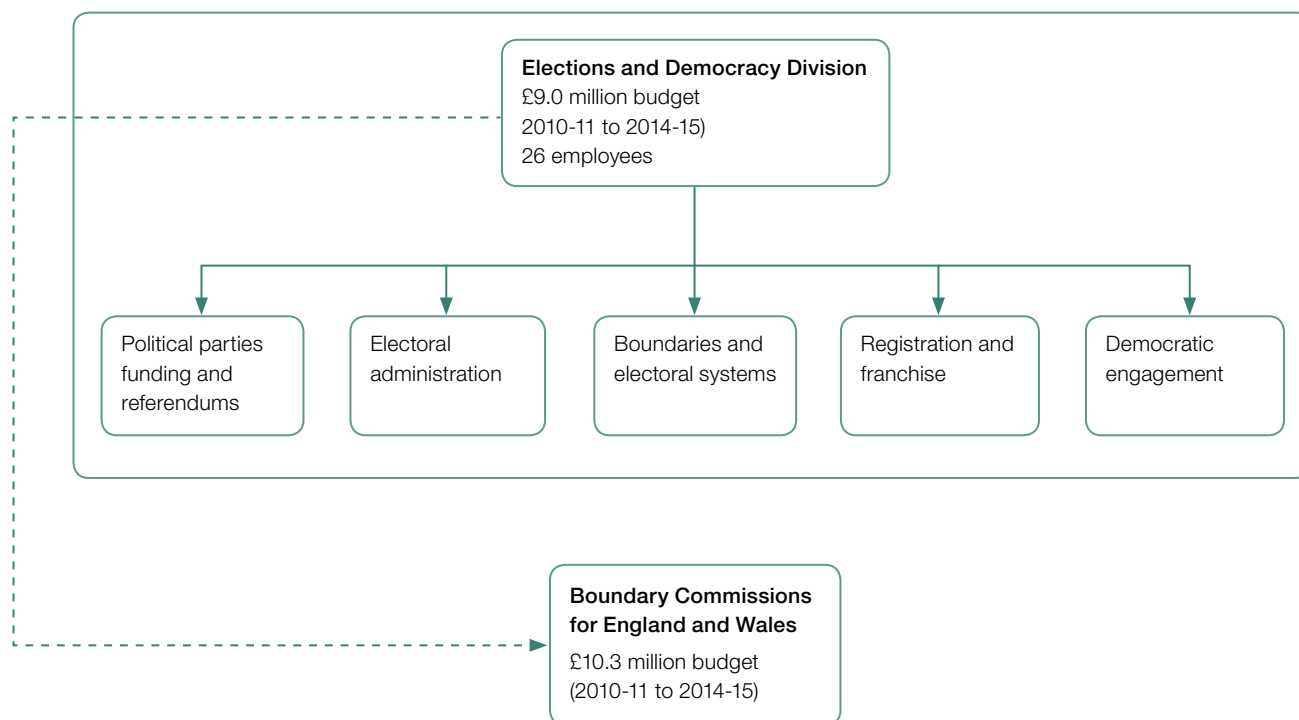
⁵ The Division oversees the administration of UK-wide polls and associated by-elections, paid directly from the Consolidated Fund and not from the Group's planned budgets. It does not provide funding for local elections. The Division advises government departments on other polls, including: the Home Office on Police and Crime Commissioner elections; the Department for Communities and Local Government on mayoral referendums and elections and on other local polls; the territorial offices on elections to the Scottish Parliament, the Northern Ireland Assembly and the National Assembly for Wales; the Department for Environment, Food and Rural Affairs on proposed elections to national park authorities; and any relevant department on possible national or regional referendums. It was responsible for the policy and legislation in the Parliamentary Voting System and Constituencies Act 2011. However, the Electoral Commission was responsible for running and overseeing the administration of funding for the resultant referendum on proposed change to the electoral system in May 2011. Its Chair acted as Chief Counting Officer for the poll, issuing directions to Counting Officers, and its Chief Executive was Accounting Officer for the spending.

⁶ The Scotland Office and the Northern Ireland Office fund the Boundary Commissions for Scotland and Northern Ireland respectively.

⁷ Cabinet Office, *Annual Report and Accounts 2010-11*, HC 999, July 2011.

Figure 4

There are five teams in the Elections and Democracy Division

**NOTES**

- 1 Budget figures are for the period 2010-11 to 2014-15, unadjusted for inflation.
- 2 Employee numbers are headcounts rather than full-time equivalents. The Cabinet Office advises that most staff are employed full-time.

Source: National Audit Office analysis of Cabinet Office data

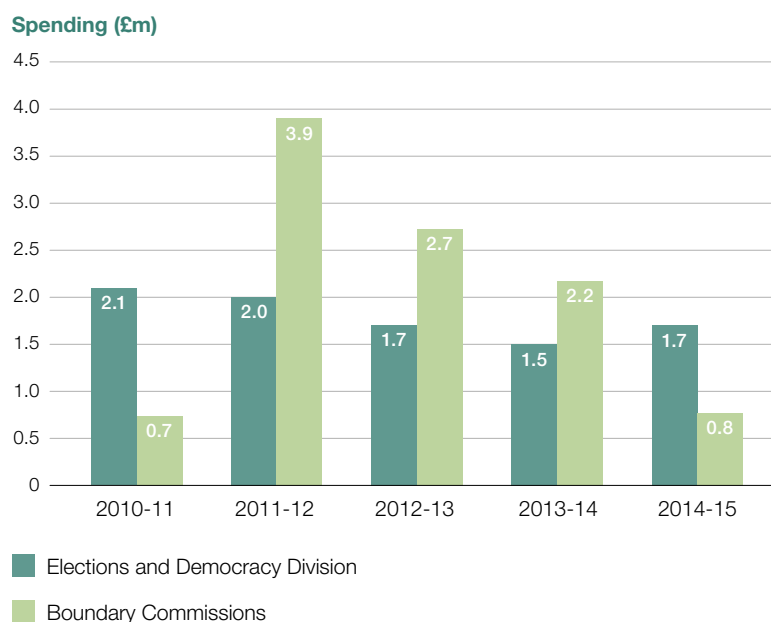
2.3 The **political parties and referendums** team is responsible for policy and legislation on the funding and regulation of political parties, as well as for policy and legislation on referendums. The team is also responsible for the statutory framework governing the role of the Electoral Commission and managing the relationship between government and the Commission.

2.4 The **electoral administration** team oversees election funding and expenditure and is responsible for changes to electoral legislation. It manages these matters with the Electoral Commission, political parties and other stakeholders. In September 2011, it published responses to reports on the administration of the 2010 General Election.⁸

⁸ Cabinet Office, *The UK Government's Response to Reports on the Administration of the 2010 UK Parliamentary General Election*, September 2011; Cabinet Office, *The UK Government's Response to the OSCE/ODIHR's Election Assessment Mission Report on the 2010 UK Parliamentary General Election*, September 2011.

Figure 5

Spending overseen by the Elections and Democracy Division includes external funding to the Boundary Commissions for England and Wales

**NOTE**

1 Spending figures are unadjusted for inflation.

Source: National Audit Office analysis of Cabinet Office figures

2.5 The **boundaries and electoral systems** team is concerned with law and policy on parliamentary boundaries, and policy on electoral systems. It sponsors the Boundary Commissions for England and Wales and authorises their funding.

2.6 The **registration and franchise** team is responsible for the legal framework for voter registration. It deals with issues concerning the eligibility to vote in elections and referendums in the United Kingdom affecting people such as prisoners and UK voters overseas.

2.7 The **democratic engagement** team coordinates policy on the move to individual voter registration and examines wider policy issues on electoral registration. It is leading for the Government on the Law Commission's review of electoral law.

Part Three

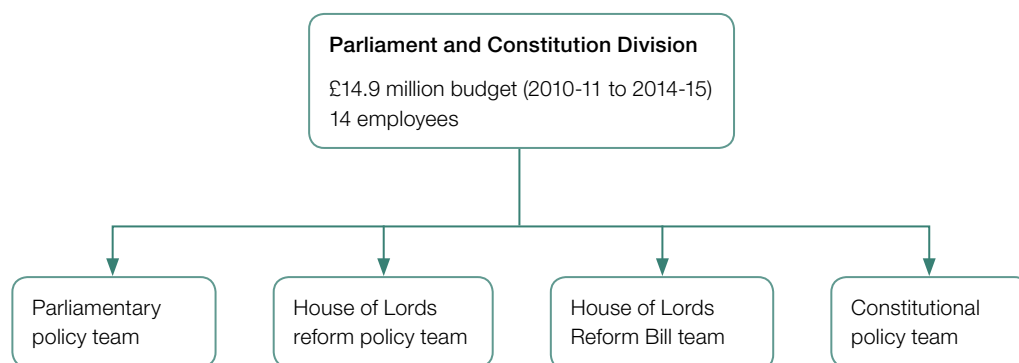
Parliament and Constitution Division

3.1 The Parliament and Constitution Division (the Division) is responsible for the Government's political reform programme relating to Parliament and the constitution. Its current work includes reform of the House of Lords, a power of recall for Members of Parliament, parliamentary privilege, transparency in the lobbying industry and the 'dignified' elements of the constitution.⁹ There are four teams, of which the largest covers parliamentary policy (**Figure 6**).

3.2 The Division plans to spend £14.9 million by the end of the current Spending Review period (**Figure 7**).

Figure 6

There are four teams in the Parliament and Constitution Division



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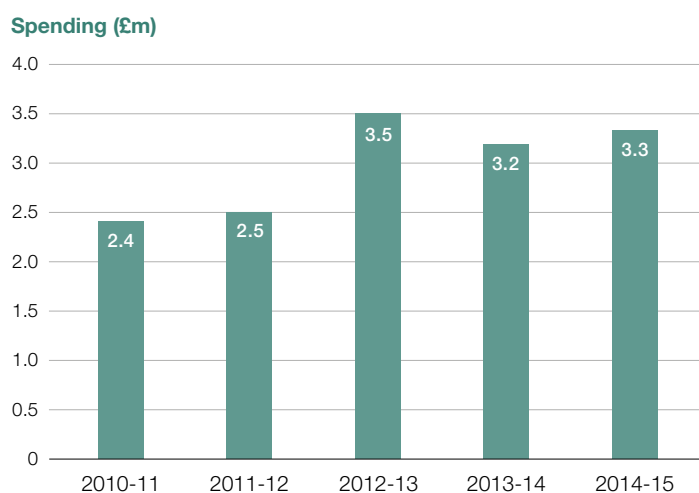
- 1 The £14.9 million budget is for the period 2010-11 to 2014-15, unadjusted for inflation. It includes an estimated £6.6 million for Lord Lieutenants' expenditure.
- 2 Employee numbers are headcounts rather than full-time equivalents. The Cabinet Office advises that most staff are employed full-time.

Source: National Audit Office analysis of Cabinet Office data

⁹ Examples of issues relating to the 'dignified' elements of the constitution coming under the Parliament and Constitution Division's responsibilities include royal succession, Regius Professorships, Lord Lieutenants and civic honours.

Figure 7

Spending by the Parliament and Constitution Division is expected to rise slightly to manage the passage of the House of Lords Reform Bill

**NOTE**

1 Spending figures are unadjusted for inflation.

Source: National Audit Office analysis of Cabinet Office figures

3.3 The **parliamentary policy** team covers constitutional and political reform of the House of Commons. The team developed the policy framework and legislation leading to the Fixed-term Parliaments Act 2011.¹⁰ It is leading on legislation to introduce a power of recall to force a by-election where a Member of Parliament is found to have engaged in serious wrongdoing, and where 10 per cent of his or her constituents have signed a petition to recall the Member of Parliament.¹¹ It is also leading on reforming parliamentary privilege.

3.4 The **House of Lords reform policy** team prepared the House of Lords Reform Draft Bill, which was published in May 2011 alongside an explanatory White Paper.¹² The team will prepare a response to issues raised by the Joint Committee scrutinising the Draft Bill. The team is also responsible for instructing lawyers, who will in turn instruct Parliamentary Counsel, to make changes to the Draft Bill before it is introduced to Parliament as a Bill.

10 HM Government, *Government response to the report of the House of Lords Constitution Committee on the Fixed-term Parliaments Bill*, Cm 8011, February 2011.

11 HM Government, *Recall of MPs Draft Bill*, Cm 8241, December 2011.

12 HM Government, *House of Lords Reform Draft Bill*, Cm 8077, May 2011.

3.5 The **House of Lords Reform Bill** team is currently being put in place to manage the progress of the Bill through Parliament.

3.6 The **constitutional policy** team is currently consulting on introducing a statutory register for lobbyists, to give more transparency about the interests or causes represented by people meeting Members of Parliament.¹³ It is also responsible for the Cabinet Manual, reform of royal succession, and other matters such as payments for Lord Lieutenants.

¹³ HM Government, *Introducing a Statutory Register of Lobbyists: Consultation Paper*, Cm 8233, January 2012.

Part Four

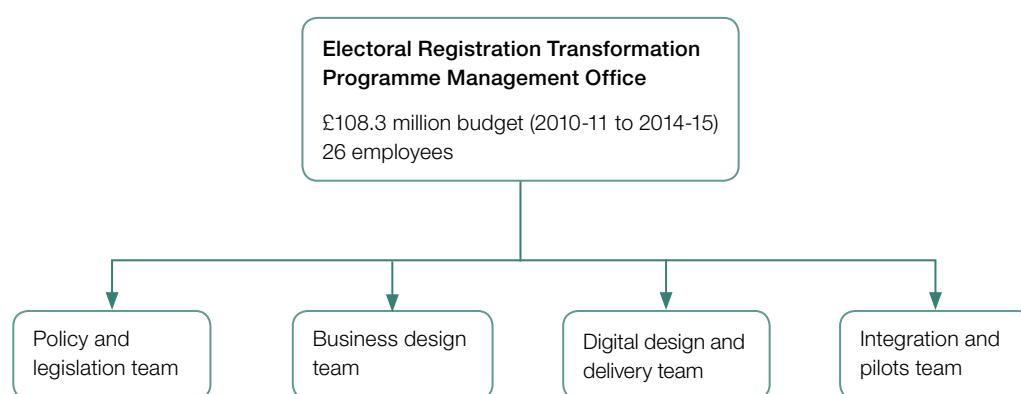
Electoral Registration Transformation Programme

4.1 The purpose of the Electoral Registration Transformation Programme (the Programme) is to implement changes to the electoral registration system so that voters register as individuals rather than on a household basis. Changes to electoral registration are to be introduced as soon as possible after July 2014.¹⁴ The Programme's aim is to tackle electoral fraud and the public perception of fraud, as well as to improve the completeness and accuracy of the electoral register.

4.2 Electoral registration will remain the responsibility of local electoral registration officers, who will administer the new system. The Programme includes arrangements to enable these officers to verify electors' applications by checking their details against the National Insurance database. The Programme Management Office coordinates work across the Programme, with responsibilities for planning, risk management and progress monitoring. There are four teams (**Figure 8**).

Figure 8

The Electoral Registration Transformation Programme Management Office oversees four teams



NOTES

- 1 The £108.3 million budget is for the period 2010-11 to 2014-15, unadjusted for inflation.
- 2 Employee numbers are headcounts rather than full-time equivalents. The Cabinet Office advises that most staff are employed full-time.
- 3 Most of the Programme's budget is for the costs of electoral registration officers who will process and verify registration applications from individual voters.

Source: National Audit Office analysis of Cabinet Office data

¹⁴ The Constitution Group expects the transition to individual electoral registration to begin in July 2014. All existing registers will be matched to confirm existing registrations and any people not matched will be invited to reapply. New registrations will have to be under the new individual registration system.

4.3 The Cabinet Office has projected spending of £108.3 million on the Programme by the end of the current Spending Review period (**Figure 9**). Most of this is likely to be in the final year 2014-15, when electoral registration officers will invite individual applications from electors and will verify their eligibility. However, the final costs and profile of spend will reflect decisions made by Parliament. Information technology costs of £13.6 million will fall mainly in 2013-14 and will include the costs of changes to local systems.

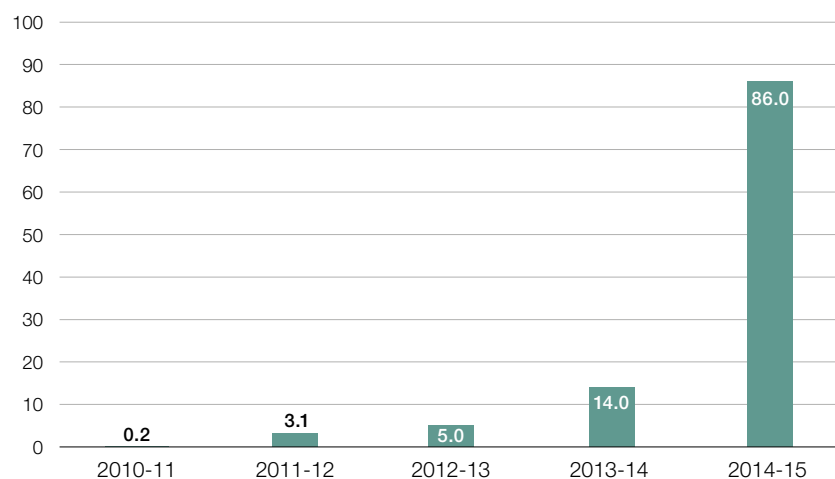
4.4 The **policy and legislation** team prepared a White Paper on individual electoral registration, published in June 2011, which includes a consultation document and draft legislation.¹⁵ The Government published its response to the public consultation in February 2012.¹⁶ The team is now preparing a Bill and draft secondary legislation.

4.5 The **business design** team is developing the framework to deliver changes to business processes in order to introduce individual electoral registration at local and national levels.

Figure 9

Most spending on the Electoral Registration Transformation Programme is for processing and verifying individual electoral applications in 2014-15

Spending (£m)



NOTE

1 Spending figures are unadjusted for inflation.

Source: National Audit Office analysis of Cabinet Office figures

15 HM Government, *Individual Electoral Registration*, Cm 8108, June 2011; HM Government, *Individual Electoral Registration Impact Assessment*, Cm 8109, June 2011.

16 HM Government, *Government Response to pre-legislative scrutiny and public consultation on Individual Electoral Registration and amendments to Electoral Administration Law*, Cm 8245, February 2012.

4.6 The **digital design and delivery** team is designing the information technology requirements for individual electoral registration.

4.7 The **integration and pilots** team is piloting elements of the new system, including data matching. It is investigating a range of options for further improvements to the electoral registration process, such as whether it could be integrated with other activities like applying for a vehicle tax disc.

Part Five

Devolution Strategy Division

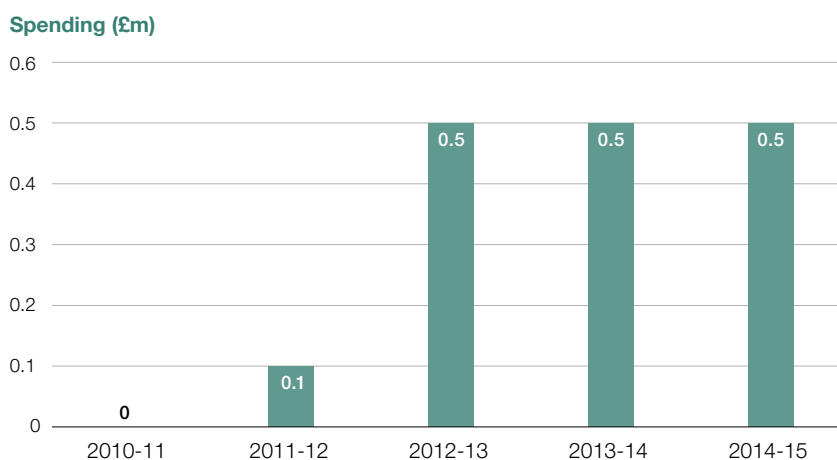
5.1 The Devolution Strategy Division (the Division) maintains an overview of the position of the devolved administrations within the constitution and works to sustain good relations between the devolved administrations, the Scotland Office, Wales Office and Northern Ireland Office, and Whitehall more widely. It provides the UK half of the joint secretariat for the British-Irish Council and the secretariat to the McKay Commission on the consequences of devolution for the House of Commons.

5.2 The Division had a separate budget for the first time during 2011-12 of £0.1 million. It expects spending to grow as a referendum for Scottish independence approaches, and its budget to the end of the current Spending Review period is £1.6 million (**Figure 10**). It has ten members of staff. Three other staff members sit outside the team to perform secretariat roles for the McKay Commission and British-Irish Council.

5.3 The Division published updated guidance in August 2011 on working arrangements between the UK Government and the devolved administrations.¹⁷

Figure 10

The Devolution Strategy Division expects to have higher expenditure in the later years of the Spending Review period



NOTE

1 Spending figures are unadjusted for inflation.

Source: National Audit Office analysis of Cabinet Office figures

Appendix One

Government proposals on political reform

Section 24 of HM Government, *The Coalition: our programme for government, May 2010*

The Government believes that our political system is broken. We urgently need fundamental political reform, including a referendum on electoral reform, much greater cooperation across party lines, and changes to our political system to make it far more transparent and accountable.

We will establish five-year fixed-term Parliaments. We will put a binding motion before the House of Commons stating that the next general election will be held on the first Thursday of May 2015. Following this motion, we will legislate to make provision for fixed-term Parliaments of five years. This legislation will also provide for dissolution if 55 per cent or more of the House votes in favour.

We will bring forward a Referendum Bill on electoral reform, which includes provision for the introduction of the Alternative Vote in the event of a positive result in the referendum, as well as for the creation of fewer and more equal sized constituencies. We will whip both Parliamentary parties in both Houses to support a simple majority referendum on the Alternative Vote, without prejudice to the positions parties will take during such a referendum.

We will bring forward early legislation to introduce a power of recall, allowing voters to force a by-election where an MP is found to have engaged in serious wrongdoing and having had a petition calling for a by-election signed by 10 per cent of his or her constituents.

We will establish a committee to bring forward proposals for a wholly or mainly elected upper chamber on the basis of proportional representation. The committee will come forward with a draft motion by December 2010. It is likely that this will advocate single long terms of office. It is also likely that there will be a grandfathering system for current Peers. In the interim, Lords appointments will be made with the objective of creating a second chamber that is reflective of the share of the vote secured by the political parties in the last general election.

We will bring forward the proposals of the Wright Committee for reform to the House of Commons in full – starting with the proposed committee for management of backbench business. A House Business Committee, to consider government business, will be established by the third year of the Parliament.

We will reduce electoral fraud by speeding up the implementation of individual voter registration.

We will establish a commission to consider the 'West Lothian question'.

We will prevent the possible misuse of Parliamentary privilege by MPs accused of serious wrongdoing.

We will cut the perks and bureaucracy associated with Parliament.

We will consult with the Independent Parliamentary Standards Authority on how to move away from the generous final-salary pension system for MPs.

We will fund 200 all-postal primaries over this Parliament, targeted at seats which have not changed hands for many years. These funds will be allocated to all political parties with seats in Parliament that they take up, in proportion to their share of the total vote in the last general election.

We will ensure that any petition that secures 100,000 signatures will be eligible for formal debate in Parliament. The petition with the most signatures will enable members of the public to table a bill eligible to be voted on in Parliament.

We will introduce a new 'public reading stage' for bills to give the public an opportunity to comment on proposed legislation online, and a dedicated 'public reading day' within a bill's committee stage where those comments will be debated by the committee scrutinising the bill.

We will improve the civil service, and make it easier to reward the best civil servants and remove the least effective.

We will reform the Civil Service Compensation Scheme to bring it into line with practice in the private sector.

We will put a limit on the number of Special Advisers.

We will introduce extra support for people with disabilities who want to become MPs, councillors or other elected officials.

We will open up Whitehall recruitment by publishing central government job vacancies online.

We will publish details of every UK project that receives over £25,000 of EU funds.

We will give residents the power to instigate local referendums on any local issue.

We will stop plans to impose supplementary business rates on firms if a majority of the firms affected do not give their consent.

We will give residents the power to veto excessive council tax increases.

We will continue to promote peace, stability and economic prosperity in Northern Ireland, standing firmly behind the agreements negotiated and institutions they establish. We will work to bring Northern Ireland back into the mainstream of UK politics, including producing a government paper examining potential mechanisms for changing the corporation tax rate in Northern Ireland.

We will implement the proposals of the Calman Commission and introduce a referendum on further Welsh devolution.

We will review the control and use of accumulated and future revenues from the Fossil Fuel Levy in Scotland.

We recognise the concerns expressed by the Holtham Commission on the system of devolution funding. However, at this time, the priority must be to reduce the deficit and therefore any change to the system must await the stabilisation of the public finances. Depending on the outcome of the forthcoming referendum, we will establish a process similar to the Calman Commission for the Welsh Assembly. We will take forward the Sustainable Homes Legislative Competence Order.

We will make the running of government more efficient by introducing enhanced Departmental Boards which will form collective operational leadership of government departments.

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