

Conservative – Lib Dem coalition programme: reaction and analysis

Chris Webber, 20 May 2010

The new coalition's programme for government has now been released.¹ Overall, while there is a lot of good news for local authorities in the plans, it's clear that the new government still has a lot of thinking to do. This means there will be plenty of opportunity to influence policy in the coming months.

The first important point to note is that the coalition's plan states that 'the **deficit reduction** programme takes precedence over any of the other measures in [the] agreement'. There are three key milestones on this.

- On May 24th, George Osborne will announce £6bn of cuts to 'non-front-line services' that will take effect in this financial year (2010/11).
- On June 22nd, an emergency budget will set departmental spending totals for the period 2011/12 to 2013/14. This will identify the major cuts in public spending that will be introduced over the next spending period in order to reduce the UK's structural deficit.
- In autumn 2010, a spending review will report. This will provide more detail on departmental spending within the limits already set in the emergency budget.

Significant cuts in local authority budgets are practically inevitable. The Centre for Cities will be holding a roundtable later in 2010 to discuss how cities should manage these cuts and we'll be following the debate and providing analysis on it throughout the year.

On **devolution**, the new government wants to 'end the era of top down government by giving new powers to local authorities, communities, neighbourhoods and individuals'. Among other things, this means a 'radical devolution of power and greater financial autonomy to local government and community groups', including 'a review of local government finance' and a 'general power of competence' for councils.

Sceptics might argue that this sounds very similar to Labour's rhetoric on devolution. They might also say that freezing council tax rises (see page 12), giving residents the power to veto them (p. 28) and making it harder to introduce supplementary business rates through a mandatory business vote (p.28) doesn't sit well with a radical devolution of financial powers. Still, there are signs that the new government is serious on this, with key civil servants already being repositioned so that the review can get started as quickly as possible.

1. The Coalition: our programme for government <http://programmeforgovernment.hmg.gov.uk/files/2010/05/coalition-programme.pdf>

On **governance reform**, there are a couple of big ideas. The first is the introduction of directly elected mayors ‘in the 12 largest English cities, subject to confirmatory referendums and full scrutiny by elected councillors’ (p.12). The Centre for Cities has been a long-term advocate of directly elected mayors, though we do have some reservations about the spatial scale of this proposal and how it might work in practice. For example, a single-authority Manchester mayor would find it difficult to take effective decisions within Greater Manchester, a ‘real economic area’ which encompasses ten authorities.

The other big idea on governance is to introduce Local Enterprise Partnerships (LEPs). These will be groups of local authorities that will replace RDAs, even though a new LEP ‘may take the form of the existing RDAs in areas where they are popular’ (p.10). That clause is likely to be a reference to ONE North East, an RDA that’s well liked by the local authorities in its region. In other areas of the country, local authorities should start thinking about how these new LEPs might work and which of their neighbouring authorities they’d partner up with to form one.

The proposals on **planning** are based around the ideas in the Conservative’s Open Source Planning green paper. Regional Spatial Strategies will be ‘rapidly abolished’ (p.11), as will the Infrastructure Planning Commission. There are pledges to protect the Green Belt and Sights of Special Scientific Interest as well as a proposal to introduce a new designation to ‘protect areas of particular importance to local communities’ (p.11).

We think that planning reforms need to be complemented by a significant strengthening of local financial incentives to bring forward land for housing and commercial property. Without these incentives the reforms currently on the table could represent a step backwards in terms of addressing the UK’s housing supply shortfall.

In this context, one potentially interesting change is that the new document does not explicitly confirm the Conservatives’ council tax matching plans, which they’d argued should be used to provide a strong incentive for local authorities to bring forward land for housing. Instead, the document says that the new government will “provide incentives for local authorities to deliver... new homes and businesses”. In the Centre’s recent paper on housing supply, we argued that the Tory council tax matching proposals probably wouldn’t be a strong enough incentive to solve the UK’s housing shortage. We would welcome the new government taking a fresh look at this issue.²

Transport plans look to have been more strongly influenced by the Lib Dems (p. 31). There will be reforms to the way light rail is assessed in transport appraisal, potentially making light rail more likely in cities around the country. There will also be a road user charging scheme for heavy goods vehicles (HGVs). High Speed Rail goes ahead, but in phases which will allow the government to control costs. Crossrail also gets the Government’s support. Of course, it’s difficult to square these kind of pledges with the likelihood that transport spending will be cut significantly over the coming years – but it demonstrates a welcome commitment to the infrastructure which will underpin local economies.

Plans on **universities** clear the way for an increase in tuition fees following the completion of Lord Browne’s report later in 2010, with the Lib Dems given permission to abstain from the vote that will probably lead to them being increased. There isn’t much detail on **FE reform**. The coalition wants to ‘set colleges free from direct state control and abolish many

2. Aldred T (2010) *Arrested Development: are we building houses in the right places?* London: Centre for Cities

of the further education quangos' and ensure that 'public funding should be fair and follow the choices of students' (p. 31).

On **jobs**, there is a big focus on tax and regulatory reform as well as on enterprise and the green economy. There will be a new Work for Yourself programme to encourage entrepreneurship among the unemployed, a new green investment bank and efforts to boost exports among hi-tech companies, small firms and start-ups.

As one of our recent policy notes showed, enterprise policies do not have a clear record of success.³ Also, while government probably does have a role to play in supporting the growth of new industries, it's easy to exaggerate what the scope of this role should be – as Lord Mandelson did during his recent stint at BIS. The new coalition needs to avoid repeating these same mistakes under the brand of green jobs. The Centre will be publishing research on business policy in the autumn.

Chris Webber is a Senior Analyst at Centre for Cities.

Contact Chris on c.webber@centreforcities.org / 020 7803 4314

3. Swinney P (2010) *UK Cities: do they mean business?* London: Centre for Cities



May 2010

© Centre for Cities 2010

Centre for Cities is a registered charity (No 1119841) and a company limited by guarantee registered in England (No 6215397)

Enterprise House
59 - 65 Upper Ground
London SE1 9PQ

t 020 7803 4300
www.centreforcities.org