

## Briefing: General Election 2015 Manifestos

### What do the parties have in store for cities?

April 2015

As in previous contests, the main debates that have dominated the 2015 General Election campaigns have focused on major national issues including the future of the economy, the NHS, Europe and immigration. But reflective of a year in which devolution and cities have risen up the political agenda, many of the manifestos also include specific proposals for further decentralisation and more investment in individual cities, regions and nations.

This briefing looks in more detail at what each of the parties has said about cities, devolution and on policy areas that impact on cities' ability to support economic growth. The key policies from the Conservative, Liberal Democrat and Labour manifestos are set out, as well as those of the nationalist and smaller parties who could yet hold the balance of power in the new Parliament.

### The parties' specific proposals for cities and devolution

It is encouraging to see cities and devolution feature in most of the party manifestos. All of the major parties have committed to honouring the terms of the Smith Agreement for devolution to Scotland in full, as well as providing further freedoms for Wales and Northern Ireland. But the proposals and policies in relation to cities specifically were more varied across the manifestos.

#### **Conservatives**

The Conservatives would continue with the City Deal based approach of the last Government, with promises made to **devolve more powers to large cities**, specifically to those who choose to introduce an elected metro mayor. Their manifesto also re-states commitments made in the last Parliament including: legislating for the Manchester devolution deal, implementing local business rate retention pilots, devolving more skills and planning powers to London and delivering more bespoke Growth Deals with local councils.

Their manifesto includes support for the **'Northern Powerhouse'**, with £13 billion funding for transport in the North, including for an HS3 line between Manchester and Leeds, and road investments. Commitments to invest in R&D institutions in advanced materials, medicine and computing are repeated from the Budget. The manifesto groups together certain policies to invest in the South West, Midlands and East of England through transport investment and support for specific local industries.

In addition to granting more powers to Scotland and Wales, the Conservatives would give English MPs a veto on England-only matters in Parliament, and require English consent over how spending is distributed and taxes set within England – an English Votes for English Laws (EVEL) approach.

### ***Labour***

The Labour manifesto takes a more universal approach to urban policy. The party has pledged to introduce an **English Devolution Act** and provide £30 billion of devolved funding to cities and county regions, as well as setting longer-term multi-year budgets for local authorities.

They would allow city and county regions to retain 100 per cent of additional business rates growth, create an English Regional Cabinet Committee and local Public Accounts Committees, and give Wales the same powers as Scotland under the Smith Commission Agreement.

The manifesto also contains promises to support high-tech knowledge clusters based around universities, especially outside of the South East.

### ***Liberal Democrats***

The Liberal Democrats propose a system of **Devolution on Demand**, which would continue with the city deals and growth deals process of gradual devolution, but would shift the emphasis more towards a presumption in favour of transferring powers wherever cities can demonstrate a local appetite and capacity to deliver. The Liberal Democrat manifesto also talks about establishing a Government process to deliver greater devolution of financial responsibility to English Local Authorities, and any new devolved bodies in England.

Place-specific proposals include a commitment to delivering Transport for the North to promote growth, innovation and prosperity across northern England. Their manifesto also singles out the South West, London and East-West connections as areas for transport infrastructure investment.

The Liberal Democrats would also give Wales more power over Network Rail funding, as well as additional powers for Scotland and Wales over the Crown Estate, borrowing for investment and benefits for older people, carers and disabled people.

### ***Others***

The **SNP** would like to see City Deals made available to more cities in Scotland (Glasgow has already agreed a Deal) and the creation of a £300 million Scottish Cities Fund, as well as similar funds for Northern and Welsh cities. Above and beyond ensuring that the Smith Agreement is honoured in full in the next Government, the SNP will seek more financial powers for Scotland, as well as greater freedoms over employment policy and welfare.

The **Greens** call for a Constitutional Convention to set out devolution plans for counties or city-regions, as well as to Wales, Scotland and Northern Ireland.

**UKIP** would give seaside towns additional planning powers and reform the Barnett formula, resulting in lower levels of grant to Scotland.

**Plaid Cymru** support the full transfer of powers recommended by the Commission on Devolution in Wales, and want Wales to be given the same levels of funding (on a per capita basis) and taxation powers as Scotland.

**DUP** want increased budget and capital investment, and support the proposals to devolve Corporation Tax to Northern Ireland. The party also wants a permanent seat in the Cabinet for a Secretary of State for Northern Ireland.

## National manifesto policy pledges: what's in it for cities?

Alongside specific urban policies, a number of the promises, policies and reforms set out in other areas stand to significantly impact upon the future of UK cities. This section looks in more detail at what the manifestos say on jobs and skills, housing, transport, immigration and finance.<sup>1</sup>

### Jobs and skills

All of the manifestos have a focus on improving vocational and technical education, with all parties committed to increasing the number and availability of apprenticeships. Young people are also a focus, with various measures designed to get more young people into employment. Specific pledges include:

#### Conservatives

- Create 3 million apprenticeships and ensure there is a University Technical College within reach of every city.
- Introduce a Day One Work Requirement for young people claiming out of work benefits and also calls for Jobcentre Plus to work with schools and colleges to supplement careers guidance.
- As announced in the 2015 Budget, cut National Insurance for apprentices under the age of 25, give small businesses a £2,000 discount on NI contributions and provide postgraduate loans for masters and postgraduate students.
- Support knowledge clusters, especially outside of the South East.
- Invest £6.9 billion in the UK's research infrastructure up to 2021 and maintain University Enterprise Zones.

#### Labour

- Guarantee an apprenticeship to every school leaver with the correct grades, increase apprenticeships in the public sector and require large companies hiring skilled foreign labour to provide apprenticeship opportunities.
- Commission a replacement of the Work Programme at local level.
- Introduce a Compulsory Jobs Guarantee to give a paid starter job for young people unemployed for over a year (funded through a levy on bank bonuses).
- Introduce a new technical baccalaureate for 16-18 year olds and expand the availability of technical degrees within the university system.

#### Liberal Democrats

- Expand the availability of high-quality and advanced apprenticeships, including degree-equivalent, and sector-led National Colleges, extend the Apprenticeship Grant for Employers and give young people discounted bus passes.
- Enable Scotland, Wales and Northern Ireland to deliver a reformed and improved Work Programme.

<sup>1</sup> For the SNP, Plaid Cymru and DUP manifestos the briefing looks at what is said in respect of reserved matters only.

- Ensure advice and training are more tailored to local employment markets and better integrated with other services.
- Double innovation and research spending, create more ‘Catapult’ innovation and technology centres and increase support for green innovation from the Green Investment Bank.
- Continue and expand the What Works Network to promote evidence-based policy making.

### **Others**

The **SNP** would support an increase in the Employment Allowance for businesses and reduced NI contributions for employers, as well as tuition fee reductions across the UK. They pledge to deliver 30,000 apprenticeships, to continue to provide free university education and make the Educational Maintenance Allowance in Scotland available to more full and part-time students in Scotland.

The **Greens** would provide an additional £1.5 billion in funding to the FE system, as well as more powers over FE to local government and push for more young people to take apprenticeships.

**UKIP** would introduce greater flexibility to students to study for an apprenticeship as part of GCSEs and allow schools to become vocational schools or colleges.

**Plaid Cymru** would continue to support apprenticeships and pledge that Welsh students in Welsh universities studying subjects demanded vital to the economy should pay no tuition fees. The party calls for additional Jobcentre Plus powers to be transferred to Welsh Government.

**DUP** supports reform of zero-hours contracts, including exclusivity clauses.

### **Housing and planning**

The manifestos contain a range of policies on housing, from boosting home-ownership and improving conditions for renters, to commitments to dramatically increasing the supply of new homes. Specific pledges include:

#### **Conservatives**

- Build 200,000 Starter Homes (sold at a 20 per cent discount for under 40s only).
- Extend the Right to Buy scheme to housing association properties and maintain the Help to Buy ISA.
- Extend the Help to Buy scheme to 2020 (equity loan element and mortgage guarantee would be phased out in 2017).
- Push forward with Bicester and Ebbsfleet garden cities and create new Housing Zones.
- Ensure that 90 per cent of suitable brownfield land has planning permission by 2020.
- Protect the green belt.

#### **Labour**

- Build 200,000 homes per year by 2020 by implementing the recommendations of the Lyons Review.
- Give local authorities the power to prioritise first time buyers of new homes in areas of housing growth and ‘use it or lose it’ powers over developers.
- Introduce mansion tax on properties over £2 million (progressive structure).
- Invest Help to Buy ISAs savings to invest in housing supply.
- Encourage three-year tenancies in the private sector and reduce fees and excessive rent rises.

## ***Liberal Democrats***

- Build 300,000 homes a year in 10 garden cities in areas where homes are needed most.
- Enable Government agencies to directly commission homes (for sale or rent) where the market is not delivering according to demand – pilot scheme underway in Cambridgeshire.
- Introduce a mansion tax on properties over £2 million (band structure like council tax).
- Provide loans for under-30s to pay for deposits and new Rent to Own homes.
- Require local authorities to develop 15-year plans with neighbouring councils where appropriate – specifically where the Duty to Cooperate needs strengthening like Cambridge, Oxford and Luton.

## ***Others***

The **SNP** would back investment in an annual house building target across the UK of 100,000 affordable homes a year, support Help to Buy and shared equity schemes.

The **Greens** would create 500,000 social rented homes per year, devolve housing benefit budgets to local authorities and replace council tax, business rates and stamp duty with a Land Value Tax. They would remove the current Help to Buy scheme, add further higher bands to Council Tax on properties above £2 and £4.5 million and remove VAT on renovations to encourage empty homes to be brought back into use.

**UKIP** would build 1 million homes on brownfield sites by 2025 and replace the NPPF with guidelines to build on brownfield and protect the Greenbelt. They would also merge planning and development control functions in local authorities.

**Plaid Cymru** want additional borrowing powers to invest in infrastructure. The party want greater regulation of private sector landlords, rent controls and higher council tax charges on second homes.

## **Transport and infrastructure**

The manifestos vary in their coverage of transport and infrastructure policy, with some parties making specific funding pledges for individual projects and others introducing more wide-ranging reforms. It is encouraging to see some parties focus on improving local bus service delivery through increased local powers. Significant national issues such as HS2, Crossrail and the airport expansion in the South East feature across the board. Specific pledges include:

### ***Conservatives***

- Invest £38 billion in the railway network by 2019 to deliver projects like HS2 and Crossrail. This includes £13 billion assigned to the North for HS3 between Manchester and Leeds, electrification on northern lines and road network improvements.
- Freeze consumer rail prices (cap to RPI).
- Continue to work towards 95 per cent broadband coverage and subsidise satellites for superfast broadband in some areas.

### ***Labour***

- Give city and county regions more power over buses and bring together trains, buses and trams into a single network with smart ticketing.
- Review the franchising process and legislate to allow public-sector operators to take on contracts as well as the private sector.

- Introduce a National Infrastructure Commission and a new National Rail body and pledge to take a decision on expanding airport capacity in London and the South East following Davies Review.
- Support the construction of HS2 while promising to keep costs down.

### ***Liberal Democrats***

- Introduce 10-year rolling capital investment funds.
- Develop a comprehensive plan to electrify the UK rail network by 2030 and proceed with HS2.
- Give new powers to local authorities, allowing them to introduce network-wide ticketing (like in London).
- Carry out a review of bus funding and support for local authorities who wish to bring forward regulation.
- Oppose any airport expansion at Gatwick, Heathrow, Stansted or in the Thames Estuary.

### ***Others***

The **SNP** would support budget plans to invest more in infrastructure, including commissioning high-speed rail between Glasgow, Edinburgh and the North of England. They will seek energy infrastructure policy reforms and investment for 4G broadband coverage across Scotland.

The **Greens** support the regulation of bus services, would give more control to local authorities over transport policy and would support regional smart ticketing options (like Oyster card).

**UKIP** would cancel HS2, remove road tolls and re-open Manston airport in Kent.

**Plaid Cymru** support public ownership of the railway network and call for Network Rail operations to be devolved to the Welsh government. They also support the proposed South Wales Metro in Cardiff.

**DUP** supports airport expansion in the South East, with a preference for Heathrow.

### **Tax and finance**

All parties promise to improve access to finance for businesses and to increase support for small businesses in particular. Although a number of the parties are proposing significant tax changes in their manifestos, these would not significantly impact on the ability of cities to drive growth locally. Specific pledges include:

#### ***Conservatives***

- Deliver a review of the national business rates system, as announced in the 2015 Budget.
- Treble the existing Start Up Loans programme which would allow 75,000 entrepreneurs to borrow money to set up their own business.
- Extend Funding for Lending and the British Business Bank. Roll out Help to Grow to improve access to finance.

#### ***Labour***

- Allow local authorities to retain 100 per cent of additional business rates growth.
- Create a Small Business Administration – ensuring procurement contracts are accessible and regulation designed with SMEs in mind – and cut and freeze business rates for over 1.5 million smaller businesses.
- Create a British Investment Bank and network of regional banks to improve access to finance for SMEs and give the Green Investment Bank additional powers.

## **Liberal Democrats**

- Remove the requirement on local authorities to hold referenda for council tax changes.
- Deliver more financial responsibility to local authorities, building on proposals of the Independent Commission on Local Government Finance.<sup>2</sup>
- Deliver a review of business rates and prioritise small and medium-sized enterprises for any business tax cuts.

## **Others**

The **SNP** would support the creation of a Scottish Business Development Bank and a Sovereign Wealth Fund from oil, gas and renewable energy revenue sources.

The **Green Party** manifesto contains the most ambitious proposals for fiscal devolution to local authorities, including giving local authorities income tax rate setting and retention powers.

They would give local authorities the freedom to levy local taxes and set rates and have full assignment on locally collected taxes such as Income Tax and VAT. They would also remove the cap on what local authorities are allowed to raise in Council Tax, and conduct revaluations or set their own multiplier rates without a referendum. They propose that local authorities should set local business rates, and then distribute the whole of Council Tax receipts and Business Rate receipts between local authorities on a basis decided by a Commission independent of central government set up by local authorities themselves. The Greens are also the only party to promise to increase local public spending and would provide a £10 billion-a-year uplift in local authority budgets.

**Plaid Cymru** would create a Welsh Development Bank and an Overseas Trade Initiative to support exports and introduce a Welsh Treasury.

## **Immigration and Europe**

Immigration has featured heavily in the election campaign to date and the party manifestos reflect the political significance of the issue, and the different approaches to immigration adopted by the different parties. Specific pledges include:

### **Conservatives**

- Continue to set a cap on non-EU skilled migration and force migrants not in work after 6 months to leave the country.
- Introduce limits on EU migration, including a four-year benefit ban and abolishing jobseekers allowance for EU migrants altogether.
- Tighten the student visa system, introduce exit checks and provide additional funding for immigration enforcement.
- Hold an In-Out referendum on Britain's position in the EU.

### **Labour**

- Introduce a two-year benefit ban for EU migrants.
- Tackle the undercutting of the UK minimum wage when firms employ foreign workers.
- Make it mandatory for migrants working in the public sector to speak English.
- Would not hold a referendum on Britain's current role in the EU.

<sup>2</sup> Available here: <http://www.localfinancecommission.org/documents/iclgf-final-report>

## **Liberal Democrats**

- Support continued high-skilled migration to the UK.
- Reinstate post-study work visas for STEM graduates who can find a job within six months of graduation.
- Make migrants' access to JSA conditional on attending English language courses for those whose English is poor.
- Promise to maintain Britain's position in the EU.

## **Others**

The **SNP** would support a new two-year post-study work visa. The SNP oppose an EU referendum and propose a double majority rule so that each constituent nation in the UK would have to vote in favour of leaving the EU for it to happen.

**UKIP** would ensure British workers priority access to jobs and introduce a points-based immigration system, with a limit on the number of high-skilled visas issued. Migrants will have to have made tax contributions for 5 years before accessing benefits and NHS services. They would hold a referendum on Britain's role in the EU.

**Plaid Cymru** propose a Welsh Migration Service to assess skills shortages in the country and a two-year post-study visa for overseas students studying in Welsh universities. They also propose that withdrawal from the EU be dependent on support from all countries in the UK.

**DUP** support stronger border controls and state that immigrants should contribute to the country before receiving benefits (but provide no detail). They also support a referendum on the UK's membership of the EU.

## **Conclusion**

On cities and devolution the manifestos put forward different visions for how each party would transfer some policy functions and flexibilities down from Whitehall, from an incremental and deal-based approach focused on larger cities (Conservatives) to a more universal devolution of more modest powers (Labour). While there are few commitments to improve the fiscal and financial tools that cities have at their disposal to support growth, it is encouraging to see more of a focus on place-based investment and urban growth in some of the manifestos.

Unfortunately, this place-based approach does not extend to the other policy areas that could have the biggest impact on boosting economic growth in UK cities, such as housing, transport and skills. While there are important differences between the approaches that each of the parties are advocating in these areas, there remains a lack of emphasis on ensuring policies can be tailored to the specific challenges different places face.

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