

## The Conservative Party's Manifesto Pledges Related to the Work of the Board

### Purpose

For information, discussion and direction.

### Summary

This paper focusses on pre-election manifesto pledges of the Conservative Party that are related to the remit of the Board, with an assessment of what they mean for the LGA's policy work programme. The manifesto of the Democratic Unionist Party (DUP) did not include any pledges directly referring to English and Welsh local government. However, their manifesto includes several pledges on Brexit and on funding for Northern Ireland.

Please note that this is a very early analysis after the General Election and may have been overtaken by events by the time the Board meets on 22 June.

### Recommendation

That the members of the Board consider the initial assessment of the pledges and offer views on the policy positions the LGA should adopt in its work with the new Government.

### Action

Officers to proceed as directed.

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## The Conservative Party's Manifesto Pledges Related to the Work of the Board

### Background

1. The 2017 General Election took place on 8 June. The Conservative Party won the most seats but did not win enough for an overall majority. Following the election the Prime Minister, Theresa May, announced that the Conservative Party would form a Government working with the DUP with a 'confidence and supply' arrangement. Sajid Javid will continue as Secretary of State for Communities and Local Government.
2. The LGA is in the process of preparing a work programme for engaging the new Government. To that end, officers have summarised the contents of the Conservative Party's pre-election manifesto and provided some initial commentary on the implications for local government and the LGA's work below. Officers have also produced a series of documents outlining the key commitments of interest to councils in all the party manifestos. These are grouped by policy areas, including local government finance and welfare.<sup>1</sup>
3. Members are invited to offer views on the pledges and the potential policy positions the LGA could take when working with the Government as it seeks to implement these commitments.
4. The list below focusses specifically on commitments about the local government finance system, welfare reform, workforce matters and EU funding, rather than pledges and policies that are not within the remit of the Board. It is clear that many other manifesto commitments are likely to have a financial impact on local government and the Board will be involved in reviewing the financial aspects of such policies as and when they arise.

### Local Government Finance

5. In its manifesto, the Conservative Party pledged to:

5.1. *'Continue to give local government greater control over the money they raise and address concerns about the fairness of current funding distributions.'*

This potentially hints at the continuation of both business rates retention reforms and the fair funding review in England, but neither of the policies are mentioned explicitly. The LGA continues to promote the policy of further retention of business rates with a focus on use of newly retained resources to properly fund existing services, as well as considering the potential of further fiscal devolution.

5.2. *'Make longer-term reforms to the [business rates] system to address concerns about the way it currently works. We will make sure that revaluations are conducted more frequently to avoid large changes to the bills that businesses face, and explore the introduction of self-assessments in the valuation process. To ensure the system is sustainable for the future we will also conduct a full review of the business rates'*

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<sup>1</sup> What the Manifestos Say – General Election 2017 <https://www.local.gov.uk/parliament/what-the-manifestos-say>

*system to make sure it is up to date for a world in which people increasingly shop online.'*

The LGA has in the past called for more frequent revaluations provided they assist with managing the risk of appeals, as well as for the business rates system to ensure that online businesses make a fair contribution and for councils to be given maximum flexibility on reliefs and we will continue to work with these positions in mind. The most recent review of business rates as a tax, conducted in 2015, recommended a permanent extension of small business rates relief in England. The LGA will engage with this review and provide proposals, to be cleared by members of the Board with priority given to measures to reduce avoidance. It is unclear whether this could affect the implementation of business rates retention reform, should it continue.

- 5.3. *'Continue to ensure that local residents can veto high increases in council tax via a referendum.'*

This was a policy of the previous Government and the LGA will continue to oppose council tax referenda.

- 5.4. *'Continue to restore the public finances over the course of the next parliament. We will continue with the fiscal rules announced by the Chancellor in the Autumn Statement last year, which will guide us to a balanced budget by the middle of the next decade.'*

This does not imply a departure from current spending plans. However, the new Government might choose to introduce a Spending Review to cover a larger part of the Parliament than the current Spending Review period allows. The LGA will continue to lobby the Government to address the funding gap that local authorities face in the future. Should the Government decide to hold a Spending Review, the LGA will prepare a submission as usual.

6. The DUP manifesto does not mention local government finance for England and Wales. However, it does call for a raft of financial benefits from the UK government for Northern Ireland. If more funding is allocated to Northern Ireland, this will reduce the amount available for public services in England and Wales.

## **Welfare Reform**

In its manifesto the Conservative Party pledged to:

7. *'...[ensure that The Prime Minister's leadership will be driven by] the interests of ordinary, working families: people who have a job but do not always have job security; people who own their own home but worry about paying the mortgage; people who can just about manage but worry about the cost of living and getting their children into a good school.'*
8. *'...continue to run the welfare system in accordance with our belief that work is the best route out of poverty, that work should always pay, and that the system should be fair both to the people in need of support and those who pay for it. We have no plans for*

*further radical welfare reform in this parliament and will continue the roll-out of Universal Credit, to ensure that it always pays to be in work.'*

9. The language about 'ordinary working families' was repeated throughout the manifesto, and will continue to inform our position on the welfare reforms, and support for social mobility and social justice more generally. Prior to the election there was still a possibility of a social justice green paper in the autumn (originally proposed for the spring, then shelved). We will continue to argue for a more devolved and locally integrated employment and skills system. We will also continue to argue for a significant review of both affordable housing and housing benefit policy to address the growing gap between income and housing costs.
10. 'No further radical welfare reform' does not mean a great deal in the context of the substantial reforms that have already happened (or are happening). We will continue to argue for a slowing of pace, and potential reduction, on the £12bn savings that the previous chancellor set in train. We have good evidence base for the wisdom of this course of action in light of the changed economic context post-Brexit. To continue to implement these savings through reductions in working age benefits is likely to push up costs elsewhere, including for local councils through, for example, increased homelessness.

## **Workforce and pensions**

### The gender and race pay gaps

11. In its manifesto the Conservative Party pledged to:

11.1 *"...require companies with more than 250 employees to publish more data on the pay gap between men and women. ...continue to work for parity in the number of public appointments going to women, and ...push for an increase in the number of women sitting on boards of companies. ...take steps to improve take-up of shared parental leave and help companies provide more flexible work environments that help mothers and fathers to share parenting. ...provide parents and carers with the confidence to return to work when and how they wish. [by] support[ing] companies to take on parents and carers returning to work after long periods of absence and back similar schemes in the public sector, including the country's biggest employer, our NHS.*

11.2 *"...ask large employers to publish information on the pay gap for people from different ethnic backgrounds."*

12. The effective gender pay gap in local government is now zero and so it would not be challenging for councils to publish further details, although it will be important to ensure that any regulations are not onerous and bureaucratic. There has also been some growth in the percentage of women in leadership positions.
13. The LGA will seek to be involved closely in discussions about encouragement for obviously progressive employment practices around parental leave and return to work.
14. The LGA will need to examine the quality of information on pay differentials based on ethnic differences.

### Career learning

15. In its manifesto the Conservative Party pledged to:

15.1 *“...produce the best programme of learning and training for people in work and returning to work in the developed world. We will help all workers seeking to develop their skills in their existing jobs by introducing a new right to request leave for training for all employees. Alongside this, we will help workers to stay in secure jobs as the economy changes by introducing a national retraining scheme. Under the scheme, the costs of training will be met by the government, with companies able to gain access to the Apprenticeship Levy to support wage costs during the training period.*

15.2 *...break down the barriers to public sector workers taking on more qualified roles because of their prior educational attainment. For instance, we will ensure that teaching assistants can become qualified teachers and healthcare assistants can become nurses via a degree apprenticeship route, in addition to other routes.”*

16. There is much to be welcomed in the concept of a part funded national retraining scheme and in expanded apprenticeship routes to career development. The LGA will seek full involvement in the development of these policies.

### Guaranteeing a decent wage

17. In its manifesto the Conservative Party pledged to:

17.1 *“...continue to increase the National Living Wage to 60 per cent of median earnings by 2020 and then by the rate of median earnings...”*

18. This pledge keeps the National Living Wage on the track set by the previous government and provides some stability to plan for changes in the local government pay structure.

### Graduate recruitment and “mutuals”

19. In its manifesto the Conservative Party pledged to:

19.1 *“...continue to fund schemes to get graduates from Britain’s leading universities to serve in schools, police forces, prisons, and social care and mental health organisations. ...provide seed funding for similar schemes to recruit older professionals from other sectors, including those returning to the workplace having cared for children and relatives and those approaching retirement.*

19.2 *...establish in law the freedom for employees to mutualise, where appropriate, within the public sector.”*

20. The LGA will be keen to have full involvement in the development of funded graduate schemes relevant to the sector. There is a longstanding need to bring older returners back into the workplace.

### Health and care

21. In its manifesto the Conservative Party pledged to:

21.1 *“...hold NHS England’s leaders to account for delivering their plan to improve patient care. If the current legislative landscape is either slowing implementation or preventing clear national or local accountability, we will consult and make the necessary legislative changes. This includes the NHS’s own internal market, which can fail to act in the interests of patients and creates costly bureaucracy. So we will review the operation of the internal market and, in time for the start of the 2018 financial year, we will make non-legislative changes to remove barriers to the integration of care.”*

22. The prospect of regulatory and potentially legislative changes to facilitate health and care integration provides an opportunity for the LGA to put forward ideas for improvement, including ideas to improve the portability of terms and conditions such as continuity of service. This will help to ensure that terms and conditions do not form a barrier to further integration.

23. The Community Wellbeing Board have undertaken their own analysis of manifesto pledges, and have highlighted the following on the Conservative Party’s manifesto section on, ‘A long-term plan for elderly care’, which states that the current system is “not working”. The Conservative Party’s proposals include:

23.1 ***Aligned treatment of a person’s home in the financial means test.*** The value of a person’s home will be taken into account in the financial means test for home care, as it currently is for residential care.

23.2 ***Guaranteed level of asset protection.*** Broadly speaking, under the current charging system for residential care anyone with assets above £23,250 (the ‘upper capital limit’) has to pay the full cost of meeting their eligible care needs themselves. Anyone with assets below £14,250 has their care paid for, and anyone with assets between £14,250 and £23,250 pays a tariff amount of £1 for every £250 (or part thereof) worth of assets. The proposal would raise the upper capital limit to £100,000, meaning every individual would be guaranteed to retain this amount of their assets. This would apply across homecare and residential care because of the aligned treatment of a person’s home in the means test.

23.3 ***Extended deferred payment agreements (DPA).*** DPAs allow people to defer the costs of their residential care and pay those costs at a later date, typically upon the sale of their home when they die. The proposal would extend DPAs to managing the costs of home care.

23.4 ***A cap on the maximum amount an individual is required to contribute to their care costs.*** This is the ‘Dilnot Cap’, currently codified in the Care Act, Section 15, but previously ‘on hold’ until 2020/21.

23.5 ***Means testing winter fuel payments.*** The money released will be “transferred directly to health and social care”.

24. It is not clear at this stage what each of these proposals will cost or raise. Some figures have been used in national media but these are not Conservative Party figures.

25. The emerging 'confidence and supply' arrangement that the Government has put in place with the DUP may impact on the above proposals. For instance, media coverage over the weekend immediately following the General Election suggested that the DUP would seek to 'water down' some of the Government's proposals, including – and of particular interest for adult social care – the means testing of winter fuel payments and the end of the pensions 'triple lock'.

### **EU Funding**

26. Brexit is likely to dominate Government's and Parliament's time. It is likely to form the cornerstone of the Queen's Speech. The LGA is well prepared for the debate, through work led by our Brexit Task and Finish, and contributions from this Board, we have clear analysis of the most important issues for councils and can articulate where local flex is needed across a range of current EU laws.

27. This is where our "seat around the table" will be important. Therefore, as a priority, we will need to ensure that the series of ministerial meetings promised by previous DEXEU ministers in March to discuss devolution, funding and trade are started soon.

28. Importantly, Post EU "regional aid" has been guaranteed in all manifestoes. There was a consensus. This is a significant LGA win, as it was our first call after the referendum. Following on from the General Election, the LGA is now ready to articulate why successor arrangements to be local and flexible. A later paper sets this out in detail (See Item 8 "Beyond Brexit: Future of funding currently sourced from the EU").

29. There will now be day-to-day Brexit negotiations between the UK and the EU and we will need to have the ability to look quickly at the (unintended or beneficial) consequences of any negotiating position from the viewpoint of councils. This could be the impact of tariffs on housing materials and the consequences for future build or the local benefits from new bilateral trade opportunities. The onus will be on the LGA and other associations to make sure that local government's voice is heard.

### **Implications for Wales <sup>2</sup>**

30. The local government finance reform pledges above relate to matters devolved to the Welsh Government and as such might result in changes in its block grant through the Barnett formula convention.

31. The Welsh Local Government Association will lead on lobbying on these issues in Wales.

### **Financial Implications**

32. This work is budgeted for in the LGA's Core 2017/18 budget.

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<sup>2</sup> The WLGA pays a membership fee to the LGA on behalf of all Welsh councils and we lobby for them on "non-devolved" issues - e.g. DWP work. The WLGA provides "top-slice" for workforce support, but none for "improvement".

**Next steps**

33. Members are asked to:

- 33.1. consider the initial assessment of the pledges; and
- 33.2. offer views on the policy positions the LGA should adopt in its work with the new Government.