Conservative tax and spending promises
Introduction

- Because David Cameron and George Osborne are either unable or unwilling to set out the true costs of their promises, the Labour Party is today publishing a factual account of the cost of a Conservative government based on the Conservative Party’s own figures and analysis from publicly available figures, such as costings from HM Treasury.

- What is clear is that the Conservatives have so far only set out how they would raise a fraction of the money needed to pay for their plans to introduce new tax cuts, reverse current tax changes, and fulfil their spending commitments.

- Just to meet those promises, let alone to cut the deficit faster, they would need new tax rises and deeper cuts to frontline spending.

- The Conservatives have planned tax cuts that would cost the exchequer £21 billion each year by the end of a Parliament.

- They have also said they would reverse planned tax increases in areas like national insurance, the new 50p top rate and pension tax relief, which raise £13.3 billion per year.

- In addition, they have made £11.1 billion of clear spending commitments. That does not even include the many potentially expensive promises, like tax credits for grandparents, that are simply too vague to cost.

- They say that they can raise this money by cutting back spending and making savings in certain areas, like scrapping big IT projects or holding back public sector pay. However, much of these savings are already being implemented by the Government. Of those that remain, even in the best scenario for the Conservatives, these pledges would yield annual savings of £6.6 billion.

- They have also promised a handful of tax rises – for instance, a levy on ‘non-doms’ from their first day of arrival in the country. But in even the most optimistic view of the Conservatives, all their tax rises would only raise £5.1 billion per year.

- As a result, they have a significant credibility gap in their plans.

- The net effect of all of this is a £34bn total gap remaining by the final year of the Parliament, which they cannot explain.

- They need to find this extra £34bn to fund their promises. It could only be found by extra taxes or cuts in spending. Or they need to be clear that they won’t fulfil these promises.

- This has nothing to do with getting debt down – it’s just what needs to happen to meet their promises to the public.

- However, if they want to cut the deficit ‘further and faster’ than Labour as they often claim, they need to explain both this £34bn and their additional deficit cuts. Meeting Labour’s plan to halve the deficit over four years, even just one year faster than planned would mean identifying a further £26bn of cuts in spending or rises in taxes.
In the last year of the next parliament the Conservative commitments total as follows:

\[
\text{Tax cuts} + \text{Reversing Labour's planned tax changes} + \text{Spending commitments} = \text{Total costs}
\]

\[
£21,030m + £13,345m + £11,146m = £45,521m
\]

\[
\text{Tax rises} + \text{Spending cuts} = \text{Total revenue}
\]

\[
£5,125m + £6,579m = £11,704m
\]

\[
\text{Total costs} - \text{Total revenue} = \text{Additional revenue needed from additional tax rises or spending cuts}
\]

\[
£45,521m - £11,704m = £33,818m
\]
Methodology

Summary

• This is a factual list of the promises that David Cameron, George Osborne and the Shadow Cabinet have made.

• All of these promises have been made or confirmed in 2008 and 2009.

• The costs of the promises that are detailed in this document are provided either by the Conservatives themselves or analysis from public sources, such as from official public documents or HM Treasury official costings.

• As a rule of thumb, we have chosen to be as generous as possible to the Conservatives.
  
  o We have estimated their costs at a minimum and their revenues at a maximum.
  
  o Where the Conservatives have pledged a tax cut but not been clear on the timing of their pledge, we have assumed that it would only come into full, steady state effect in the last year of the next Parliament.
  
  o Where they have claimed they would be able to save money, we have credited them with being able to do so as quickly as possible.
  
  o And we have not included many expensive promises, like ‘tax credits for grandparents’ or a ‘National School Leaver’s Programme’, if they are too vague to cost at this time.

• All the costings provided in this document are based on the following publicly available sources:
  
  o The Conservative Party
  
  o Answers to Parliamentary Questions
  
  o Analysis provided by HM Treasury under Cabinet Office guidelines for costing opposition policies
  
  o Other public sources, such as the Budget, Pre-Budget Report, Government statements and reports etc.

• For costing the policies, we have given the Tories the benefit of the doubt and used their estimates except where there are clearly more recent or more credible numbers available (e.g. from the Treasury official costings).

• In some cases, official numbers have increased the money available to the Tories – such as their proposal to scrap the Annual Investment Allowance for businesses. In other cases, official costings suggest the Tories have over-estimated revenues or under-estimated costs.
• We have credited them with savings they assert except where a claim is clearly unrealistic, overlaps with savings the government is already making or is delayed beyond this Parliament. These have been clearly set out in the text and with the reasoning behind this decision.

**Judging the timing of Conservatives promises**

• If the Conservative Party have not given an indication as to how soon a promise would be introduced if they were to be elected in 2010, the following process has been followed:

  o Departmental spending programmes (such as new schools, prisons or single rooms in NHS hospitals) are assumed to begin in 2010/11 unless the Conservatives have said otherwise or there are clear reasons not to do so, with their initial start up costs being implemented in that year. If the Conservatives decided to delay introduction of spending programmes, but still fulfil their promises within the Parliament (e.g. 45,000 single rooms in the NHS), then more of the costs would fall in the later years, leaving a larger gap for them to explain in Year 5.

  o Saving policies are assumed to begin in 2010/11 unless there are clear reasons not to do so.

  o For the purposes of the summary figures, tax reduction measures or increases to benefit levels are assumed to be delayed such that they are at their steady state cost only in the final year of the Parliament, unless the Conservative Party have indicated that they would implement them earlier. Indicative figures are provided for earlier possible years of introduction.

  o Tax increase measures are assumed to be introduced in 2010/11 unless there are clear reasons not to do so.

  o Note: if tax reductions are introduced sooner, or tax rises are delayed, there is a larger gap in the overall credibility of their plans to be explained.

• Each costing has a table for its cost in each year, with the figure in bold being that used for the purposes of any summations from this document. Where there are costing figures available for years before the Conservatives are assumed to introduce a policy, these have been provided in brackets but not used for any final calculations, as in the example below.

***Illustrative table: Tax Cuts for Married Couples***

<table>
<thead>
<tr>
<th>Year</th>
<th>(£4,900m)</th>
<th>(£4,900m)</th>
<th>(£4,900m)</th>
<th>(£4,900m)</th>
<th>(£4,900m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
</tr>
<tr>
<td>2011/12</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
</tr>
<tr>
<td>2012/13</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
</tr>
<tr>
<td>2013/14</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
</tr>
<tr>
<td>2014/15</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
<td>(£4,900m)</td>
</tr>
</tbody>
</table>

• If a costing is not available, the policy commitment has been included at the end of this document as an illustration but is not factored into any calculations.
<table>
<thead>
<tr>
<th>Conservative pledges on taxation and public spending</th>
<th>(£m net yield to the Exchequer)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010/11</td>
</tr>
<tr>
<td></td>
<td>-4,588</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TAX CUTS</th>
<th>(£m net yield to the Exchequer)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010/11</td>
</tr>
<tr>
<td>Reducing taxes on savings</td>
<td>-4,100</td>
</tr>
<tr>
<td>Reducing the main corporation tax rate by 3 percentage points</td>
<td>-1,200</td>
</tr>
<tr>
<td>Reducing the small companies rate by 1 percentage point in 2010/11 and 2 percentage points thereafter</td>
<td>-20</td>
</tr>
<tr>
<td>Freeze council tax for two years</td>
<td>-650</td>
</tr>
<tr>
<td>Reduce employers' NICs for some small companies - new businesses</td>
<td>-250</td>
</tr>
<tr>
<td>Reduce employers' NICs for some small companies - businesses with fewer than 5 employees</td>
<td>-225</td>
</tr>
<tr>
<td>Abolishing Stamp Duty on shares</td>
<td>-5,200</td>
</tr>
<tr>
<td>Tax cuts for married couples</td>
<td>-4,900</td>
</tr>
<tr>
<td>Inheritance tax cuts</td>
<td>-1,500</td>
</tr>
<tr>
<td>Stamp Duty reduction for some first time buyers</td>
<td>-300</td>
</tr>
<tr>
<td><strong>Total minimum tax cuts</strong></td>
<td>-6,445</td>
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</table>

<table>
<thead>
<tr>
<th>TAX REVERSALS</th>
<th>(£m net yield to the Exchequer)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010/11</td>
</tr>
<tr>
<td>Avoid increases in NICs</td>
<td>-90</td>
</tr>
<tr>
<td>Oppose broadband levy</td>
<td>-90</td>
</tr>
<tr>
<td>Reverse restrictions on pension tax relief</td>
<td>-90</td>
</tr>
<tr>
<td>Abolishing 50p rate for higher earners</td>
<td>-90</td>
</tr>
<tr>
<td><strong>Total minimum tax cuts</strong></td>
<td>-90</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>TAX INCREASES</th>
<th>(£m net yield to the Exchequer)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010/11</td>
</tr>
<tr>
<td>General plant and machinery capital allowances at 12.5%</td>
<td>3,180</td>
</tr>
<tr>
<td>Long-life plant and machinery capital allowances at 6%</td>
<td>350</td>
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<tr>
<td>Integral fixtures capital allowance at 6%</td>
<td>45</td>
</tr>
<tr>
<td>Abolish £50,000 annual investment allowance</td>
<td>1,500</td>
</tr>
<tr>
<td>Non-domicile levy</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total maximum tax increases</strong></td>
<td>5,225</td>
</tr>
<tr>
<td>SPENDING REDUCTIONS</td>
<td>2010/11</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Train to Gain</td>
<td>847</td>
</tr>
<tr>
<td>Diploma roll-out</td>
<td>70</td>
</tr>
<tr>
<td>Regional Development Agency Funding</td>
<td>50</td>
</tr>
<tr>
<td>New Deal and employment programmes</td>
<td>1,140</td>
</tr>
<tr>
<td>Learning and Skills Council</td>
<td>85</td>
</tr>
<tr>
<td>Adult Careers Service</td>
<td>40</td>
</tr>
<tr>
<td>Careers Element of Connexions</td>
<td>210</td>
</tr>
<tr>
<td>Reduce spending on Building Schools for the Future</td>
<td>428</td>
</tr>
<tr>
<td>Reduce eligibility for Child Trust Funds</td>
<td>300</td>
</tr>
<tr>
<td>Reduce government spending on consultants and advertising</td>
<td>500</td>
</tr>
<tr>
<td>Reduce “PFR” spending by one third</td>
<td>250</td>
</tr>
<tr>
<td>Reduce spending on finance, HR, property and IT functions by one third</td>
<td>0</td>
</tr>
<tr>
<td>Welfare savings</td>
<td>0</td>
</tr>
<tr>
<td>Scrapping Contact Point</td>
<td>51</td>
</tr>
<tr>
<td>NHS IT programme</td>
<td>0</td>
</tr>
<tr>
<td>Reduce eligibility for tax credits</td>
<td>45</td>
</tr>
<tr>
<td>One year public sector pay freeze</td>
<td>0</td>
</tr>
<tr>
<td>Cap on the biggest public sector pensions</td>
<td>0</td>
</tr>
<tr>
<td>Reduce spending on Sure Start outreach workers</td>
<td>79</td>
</tr>
<tr>
<td>Regional Development Agencies</td>
<td>202</td>
</tr>
<tr>
<td>Regional assemblies</td>
<td>18</td>
</tr>
<tr>
<td>Scrap identity cards</td>
<td>33</td>
</tr>
<tr>
<td>Increase costs of food and drink in Parliamentary cafeterias</td>
<td>6</td>
</tr>
<tr>
<td>Reduce ministerial salaries and then freeze for the rest of the Parliament</td>
<td>0</td>
</tr>
<tr>
<td>Reduce the number of MPs in the following Parliament</td>
<td>0</td>
</tr>
<tr>
<td>10% reduction in the costs of Parliament</td>
<td>50</td>
</tr>
<tr>
<td>Rule changes on government lobbying</td>
<td>10</td>
</tr>
<tr>
<td>Abolish the Standards Board for England</td>
<td>10</td>
</tr>
<tr>
<td>Abolish the Parliamentary Communications Allowance</td>
<td>0</td>
</tr>
<tr>
<td>Scrap the Trade Union Modernisation Fund</td>
<td>2</td>
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<tr>
<td>Increase the state pension age</td>
<td>0</td>
</tr>
<tr>
<td>SPENDING PROMISES</td>
<td>2010/11</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Total maximum spending reductions</strong></td>
<td>4,425</td>
</tr>
<tr>
<td><strong>Total minimum spending increases</strong></td>
<td>-7,702</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>45,000 new single rooms in the NHS</td>
<td>-1,903</td>
<td>-1,903</td>
<td>-1,903</td>
<td>-1,903</td>
<td>-1,903</td>
</tr>
<tr>
<td>&quot;The Work Programme&quot;</td>
<td>-1,210</td>
<td>-1,210</td>
<td>-1,210</td>
<td>-1,210</td>
<td>-1,210</td>
</tr>
<tr>
<td>&quot;Work Together&quot;</td>
<td>-3</td>
<td>-3</td>
<td>-3</td>
<td>-3</td>
<td>-3</td>
</tr>
<tr>
<td>&quot;Work Clubs&quot;</td>
<td>-7</td>
<td>-7</td>
<td>-7</td>
<td>-7</td>
<td>-7</td>
</tr>
<tr>
<td>&quot;Work for Yourself&quot;</td>
<td>-50</td>
<td>-50</td>
<td>-50</td>
<td>-50</td>
<td>-50</td>
</tr>
<tr>
<td>Service Academy</td>
<td>-20</td>
<td>-20</td>
<td>-20</td>
<td>-20</td>
<td>-20</td>
</tr>
<tr>
<td>Work Pairings</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
</tr>
<tr>
<td>Apprenticeships and pre-apprentices</td>
<td>-775</td>
<td>-775</td>
<td>-775</td>
<td>-775</td>
<td>-775</td>
</tr>
<tr>
<td>Group Training Associations</td>
<td>-5</td>
<td>-5</td>
<td>-5</td>
<td>-5</td>
<td>-5</td>
</tr>
<tr>
<td>Business Skills Development fund</td>
<td>-60</td>
<td>-60</td>
<td>-60</td>
<td>-60</td>
<td>-60</td>
</tr>
<tr>
<td>Community Learning Fund</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
</tr>
<tr>
<td>NEETS fund/FE places</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
</tr>
<tr>
<td>Sector Skills Councils</td>
<td>-35</td>
<td>-35</td>
<td>-35</td>
<td>-35</td>
<td>-35</td>
</tr>
<tr>
<td>Young Apprenticeships</td>
<td>-70</td>
<td>-70</td>
<td>-70</td>
<td>-70</td>
<td>-70</td>
</tr>
<tr>
<td>More places for science courses, training and apprenticeships</td>
<td>-600</td>
<td>-600</td>
<td>-600</td>
<td>-600</td>
<td>-600</td>
</tr>
<tr>
<td>1,200 Higher Education Scholarships for apprentices</td>
<td>-7</td>
<td>-13</td>
<td>-20</td>
<td>-20</td>
<td>-20</td>
</tr>
<tr>
<td>Swedish-style new academies (capital)</td>
<td>-428</td>
<td>-444</td>
<td>-528</td>
<td>-525</td>
<td>-525</td>
</tr>
<tr>
<td>Swedish-style new academies (running)</td>
<td>-153</td>
<td>-246</td>
<td>-366</td>
<td>-473</td>
<td>-580</td>
</tr>
<tr>
<td>Three infantry battalions</td>
<td>-778</td>
<td>-105</td>
<td>-105</td>
<td>-105</td>
<td>-105</td>
</tr>
<tr>
<td>3,500 brick and steel prison places on existing sites</td>
<td>-125</td>
<td>-125</td>
<td>-125</td>
<td>-125</td>
<td>-125</td>
</tr>
<tr>
<td>1,500 new prison places</td>
<td>-46</td>
<td>-46</td>
<td>-46</td>
<td>-46</td>
<td>-46</td>
</tr>
<tr>
<td>More money for rehabilitation</td>
<td>0</td>
<td>-13</td>
<td>-41</td>
<td>-97</td>
<td>-183</td>
</tr>
<tr>
<td>Shared equity scheme for social housing tenants</td>
<td>-299</td>
<td>-299</td>
<td>-299</td>
<td>-299</td>
<td>-299</td>
</tr>
<tr>
<td>Additional health visitors</td>
<td>0</td>
<td>-95</td>
<td>-190</td>
<td>-290</td>
<td>-390</td>
</tr>
<tr>
<td>Health visitor training</td>
<td>-40</td>
<td>-40</td>
<td>-40</td>
<td>-40</td>
<td>-40</td>
</tr>
<tr>
<td>Child Health Inequalities Fund</td>
<td>-10</td>
<td>-10</td>
<td>-10</td>
<td>-10</td>
<td>-10</td>
</tr>
<tr>
<td>Maternity nurses for all</td>
<td>-492</td>
<td>-492</td>
<td>-492</td>
<td>-492</td>
<td>-492</td>
</tr>
<tr>
<td>Reinstate the Defence Export Services Organisation (DESO)</td>
<td>-2</td>
<td>-9</td>
<td>-9</td>
<td>-9</td>
<td>-9</td>
</tr>
<tr>
<td>Increase couple element of Working Tax Credit</td>
<td>-3,100</td>
<td>-3,100</td>
<td>-3,100</td>
<td>-3,100</td>
<td>-3,100</td>
</tr>
</tbody>
</table>
Tax Cuts
Reducing taxes on savings

Summary

- The Conservatives have pledged to reduce tax on savings immediately as a boost for savers now.
- The Conservative costing of this policy has been used for the purposes of this document.
- The Conservatives have implied that this should be funded from lower spending, but have not set out what specific tax increases or spending reductions would fund this policy.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>£4,100m</td>
</tr>
<tr>
<td>2011/12</td>
<td>£4,100m*</td>
</tr>
<tr>
<td>2012/13</td>
<td>£4,100m*</td>
</tr>
<tr>
<td>2013/14</td>
<td>£4,100m*</td>
</tr>
<tr>
<td>2014/15</td>
<td>£4,100m*</td>
</tr>
</tbody>
</table>

*The Conservative Party have not provided costs for future years so a flat projection has been assumed.

The Conservative Commitment

- In January 2009, David Cameron pledged to reduce tax for savers and raise tax allowances for pensioners.

  “In order to help deal with Labour’s Debt Crisis and help turn Britain from a spend, spend, spend society into a save, save, save society it is time to abolish income tax on savings for everyone on the basic rate of tax, with top rate taxpayers continuing to pay the same and it is time to raise the tax allowance for pensioners by £2,000.”
  
  David Cameron, Monthly Press Conference, 5 January 2009

Basis of Costing

- The Conservative Party released the following costings of this policy

  According to HM Treasury figures, abolishing tax on savings for basic rate taxpayers would cost £2.6 billion (although the actual cost next year would probably be lower because interest rates have fallen). Raising age related personal allowances by £2,000 would cost £1.5 billion. So the total cost of the package would be £4.1 billion.
  
  Conservative Party Press Release, 5 January 2009

  “We’ve called for the Government to slow the growth of spending and use the money, £4.1 billion, properly costed, to help the innocent victims of the recession by abolishing the basic rate of tax on savings income and cutting taxes for pensioners.”
  
  David Cameron, Telegraph, 26 March 2009
Reducing the main and small companies’ rates of corporation tax

Summary

- The Conservatives have pledge to reduce corporation tax to 25p and the small companies’ rate to 20p as part of an "emergency budget".
- Since the Conservatives published their costings of this policy, HM Treasury’s PBR09 “Tax Ready Reckoner” has been published, showing a lower costing for these tax reductions. These lower official figures have been used for the purposes of this document.
- The Conservatives have said that this policy would be funded by abolishing tax allowances on business investment, where the figures have also been revised to provide the Conservatives with more revenue (see p 41).
- These official costings mean the Tories will have greater revenues available through this set of changes than they anticipated.
- The result of this is that the overall effects of cutting headline rates (discussed here) and capping allowances (see p 41) would be a net tax increase for business and a net increase in revenues for the Exchequer.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing the main corporation tax rate by 3 percentage points</td>
<td>£1,200m</td>
<td>£2,400m</td>
<td>£2,550m</td>
<td>£2,550m*</td>
<td>£2,550m*</td>
</tr>
<tr>
<td>Reducing the small companies rate by 1 percentage point in 2010/11 and 2 percentage points thereafter</td>
<td>£20m</td>
<td>£840m</td>
<td>£1,160m</td>
<td>£1,160m*</td>
<td>£1,160m*</td>
</tr>
</tbody>
</table>

*HM Treasury have made no estimates beyond 2012/13 and a flat projection has been assumed.

The Conservative Commitment

- The Conservative Party have committed to reducing the main rate of corporation tax from 28p to 25p and reducing the small companies rate from 22p to 20p.

“We will cut the small companies tax rate to twenty pence and the main rate to twenty five pence.”  
David Cameron, Speech at Policy Exchange, 28 November 2008

Basis of Costing

- Alongside the 2009 Pre-Budget Report, the Treasury published its annual “Tax Ready Reckoner”. It gives the following estimates for corporation tax changes:
<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the small companies rate by 1 percentage point</td>
<td>20</td>
<td>420</td>
<td>580</td>
</tr>
<tr>
<td>Increase the main rate by 1 percentage point</td>
<td>400</td>
<td>800</td>
<td>850</td>
</tr>
</tbody>
</table>

*Tax Ready Reckoner and Tax Reliefs, HM Treasury, December 2009*

http://www.hm-treasury.gov.uk/d/pbr09_taxreadyreckoner.pdf

- The Ready Reckoner figures for a 1 per cent increase have simply been multiplied to calculate the cost of a 3 percent decrease in the main rate of corporation tax.

- The small companies rate will be 21p in 2010/11 and 22p from 2011/12 onwards. The multiples on this rate (above) reflect that fact.

- David Cameron has been clear that these policies would be introduced within 50 days of a new Conservative Government being elected.

  "Let me just go back to this point, as well as cutting the deficit by cutting spending we've also got to get this economy growing and what I can say today is that we would consider you know, within 50 days of taking office if we won the election, we would have an emergency budget. An emergency budget that yes will be about getting then deficit under control and having a credible plan, a credible plan that the CBI last Friday praised, but it should also be a budget that goes for growth, that gets this economy moving again. We've made promises like cutting the rate of corporation tax down to 25p by abolishing some of the allowances, that needs to happen."

  *David Cameron, The Andrew Marr Show, 22 November 2009*

**Notes**

- George Osborne has promised to “go further” on the main rate of corporation tax but has not suggested how much further, or what additional tax increases or spending cuts would be needed to pay for this.

  "I have already committed to reduce the headline rate from 28p to 25p by reducing complex reliefs and allowances, but we will need to go further if we are to keep pace with an increasingly competitive global economy."

  *George Osborne, ‘A different vision for the economy’, Birmingham, 6 March 2009*
# Freeze council tax for two years

## Summary

- The Conservative Party is committed to introducing a two year council tax freeze, funded by central government, for councils that meet certain criteria. In 2008, the Conservatives costed this pledge at £500m in year one and £1,000m in subsequent years.
- A more up to date estimate, published in an HM Treasury costing, revised these numbers to £650m and £1,320m respectively.
- The Conservatives have pledged to reduce the government advertising and consultancy budgets to fund their plans but following PBR measures to make government more efficient – specifically the 25% reduction in marketing budgets and the 50% reduction in consulting budgets – the Conservative spending reductions do not fully fund the cost of their council tax freeze (see p. 56).

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>£650m</td>
<td>£1,320m</td>
<td>£1,320m*</td>
<td>£1,320m*</td>
<td>£1,320m*</td>
<td></td>
</tr>
</tbody>
</table>

*HM Treasury has not published figures for 2012/13 onwards, so a flat projection has been assumed, based on the argument below.

## The Conservative Commitment

- The Conservative Party have committed to the following offer to local government during their first two years in office: if a council proposes an increase in council tax of no more than 2.5%, then central government will provide the necessary funds to freeze that council’s council tax.

> “One of the things we can do, and George [Osborne] set it out yesterday, is we can freeze the council tax for two years. The council tax is one the biggest items of family expenditure, it goes up every year, it’s doubled in the last decade and we have found government money so we are saying to councils if you keep your increase to 2.5% we will give you the money to make it zero.”

  *David Cameron, BBC Breakfast, 30 September 2008*

> “If a council can keep its council tax bill rise to 2.5% or below, then central government will provide sufficient additional resources out of the savings made from consultancy and advertising budgets to fund a further 2.5% reduction in the council tax. Councils that accept the offer will therefore be able to offer their constituents a complete freeze, or even reduction, in council tax for two years in a row. Each council will be completely free to accept or reject the contract. Councils that reject the contract will be free to set their own council tax levels.”

  *Conservative Party Press Release, 29 September 2008*

## Basis of Costing

- The Conservative Party provided a costing for this policy:

> “The cost to central government of reducing council tax in England by 2.5% in the first two full years of a Conservative Government is £500 million in the first year and £1,000 million in subsequent years. These figures are expressed in today’s prices and refer to the cost of implementing the policy in the next full tax year.”

  *Conservative Party Press Release, 29 September 2008*

- As the Conservative Party release above suggests, they expect the cost of this pledge to continue to be met by central government indefinitely following the two-year council tax freeze.
freeze. If this were not the case, councils would have to increase council tax substantially following the freeze in order to recoup the lost national government support.

- If central government did not continue to meet the ongoing cost of the two-year council tax freeze, then another Conservative Party policy would mean that councils would have to submit any plans to raise council tax to compensate for this loss in revenue to a binding local referendum. If this referendum failed to pass, then councils would be unable to recoup the losses incurred from the withdrawal of central government support.

  "Capping will be scrapped – and I want to allow local people themselves to have a say over local taxation. So the next Conservative government will require councils that want to introduce high council tax rises to submit their plans to a local referendum. They must explain to local taxpayers why they want to raise taxes by so much and they must show what they would do – a shadow budget – in the event of their plans being rejected. Council tax referendum ballots would be sent out with the annual council tax bill – and if people voted against the rise, a rebate would be credited to the next year’s bill.”
  
  David Cameron, speaking at Young Foundation, 13 November 2007

- A more up-to-date HM Treasury costing of the policy was released to the public on 24 December 2009 following a Freedom of Information request. This revises the figures upwards somewhat from the 2008 figures supplied by the Conservative Party to the following:

<table>
<thead>
<tr>
<th>DEL</th>
<th>Year 1 (2010-11)</th>
<th>Year 2 (2011-12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>£650m</td>
<td>£1,320m</td>
</tr>
<tr>
<td>Capital</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>£650m</td>
<td>£1,320m</td>
</tr>
</tbody>
</table>

HM Treasury Costing, Released following a Freedom of Information Request, 24 December 2009
http://www.hm-treasury.gov.uk/d/foi_oppcostings_council_tax.pdf

Notes

- While the Conservative Party initially said that this policy would only apply to those councils meeting the criteria described above, they have regularly said that it would, in fact, apply to “your council tax” without caveat.

  "I can tell you today that the next Conservative Government will freeze your Council Tax for at least two years.”
  George Osborne, Speech to Conservative Party Conference, 29 September 2008

  "I am assuming 100 per cent take-up. I cannot believe there will be a council when offered this deal, which will not take it up.”
  George Osborne, The Herald (Plymouth), 30 September 2008

  “Mr Cameron said: ‘That’s not right, we would do lots of things to help because we recognise what a difficult time it is for families who are struggling with kids and all the bills. One of the first things we would do is freeze the council tax, because after your mortgage that is one of the big bills that you have to pay, and we have identified savings in the Government - the stuff they spend on advertising and consultants - and use that money to freeze your council tax for two years to try and help at this time.”
  The Independent, 19 December 2008

- However, far from qualifying for the Conservatives’ “freeze”, David Cameron’s own Conservative-controlled top tier local authority, Oxfordshire County Council, increased its council tax precept by 3.75 per cent for 2009/10.

- The Conservatives say that this policy will be paid for by their proposed reduction in
government spending on consultants and advertising (p. 56). However, when those savings are compared with the cost of this policy it is clear that there is a gap between the Conservatives’ claimed savings and the cost of their pledges in each year of the next Parliament.
**Reduce employers’ NICs for some small companies**

**Summary**

- The Conservatives have pledged to cut National Insurance Contributions for some small companies and startups. They have costed this pledge as below, and the Conservative figure has been used for the purposes of this document.
- The Conservatives have not set out what specific tax increases or spending reductions would fund this policy.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>New businesses</td>
<td>£250m</td>
<td>£250m</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Businesses with fewer than 5 employees</td>
<td>£225m</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**The Conservative Commitment**

- The Conservative Party is committed to ensuring that any new business set up in 2010/11 or 2011/12 would pay no Employer National Insurance on its first ten employees during its first year.

> “And to encourage the creation of new businesses in the recovery, we will abolish all tax on the first ten jobs they create during the first two years of a Conservative Government.”
> George Osborne, speech at ThomsonReuters, 26 October 2009

- The Conservatives also propose that they would reduce employers’ National Insurance contributions by 1p for “at least six months” for those businesses with fewer than five employees.

> “We would cut employers’ national insurance by one percent for the smallest firms.”
> David Cameron, Speech to the CBI Annual Conference, 24 November 2008

> “The Conservatives are calling on the Government to help small companies and boost jobs by cutting payroll taxes by 1p. The cut would be part of a fully funded package that would also reduce the small companies’ rate of corporation tax to 20p. Under the proposal businesses with less than 5 employees would have the rate of employers’ national insurance that they pay cut by 1p for at least six months. A small business with 4 employees and an annual wage bill of £150,000 would save more than £100 a month or more than £600 over six months.”

**Basis of Costing**

**Reducing employers’ NICs for some small companies**

- The Conservative party provided a costing of “just over £250 million a year” for their plans to reduce employers’ NICs for new businesses and said it would be introduced for two years.

> “The Conservatives today announced that, as part of our plan to Get Britain Working, we will abolish tax on the jobs created by new businesses in the first two years of a Conservative Government. Any new business started in the first two years of a Conservative Government will pay no Employer National Insurance on the first ten employees it hires during its first year. The tax break will encourage new entrepreneurs and is
predicted to generate around 60,000 additional jobs over two years. Clear and simple rules will ensure that the jobs created are genuinely new.

Commenting, Shadow Chancellor George Osborne, said:

“Getting Britain Working will be a top priority for the next Conservative Government. We have to end Labour’s jobs crisis, which has left one in five young people unable to find work.”

“As well as helping more unemployed people more quickly with our Work Programme, we also need businesses to create new jobs for them.”

“So we have a bold plan to abolish tax on the jobs created by new businesses in the first two years of a Conservative Government. This will create around 60,000 new jobs that would otherwise not be created.”

“This is just another example of the Conservatives being the party of jobs at a time when Labour are the party of mass unemployment.”

Details on how the cost of just over £250 million a year will be funded will be announced tomorrow as part of a broader package.

*Conservative Party press release, 5 October 2009*

- **David Cameron has been clear that this policy would be introduced within 50 days of a new Conservative Government being elected.**

  “An emergency budget that yes will be about getting then deficit under control and having a credible plan, a credible plan that the CBI last Friday praised, but it should also be a budget that goes for growth, that gets this economy moving again. We’ve made promises like cutting the rate of corporation tax down to 25p by abolishing some of the allowances, that needs to happen. We’ve said let’s get new businesses going by saying to new companies set up here, get going, don’t pay national insurance on your first ten employees, let’s get that going.”

  *David Cameron, The Andrew Marr Show, 22 November 2009*

- **The Conservatives have costed their policy of cutting employers’ National Insurance for businesses with fewer than five employees at “around £225m” for six months.**

  “A 1% cut in employers’ national insurance for the smallest businesses: In 2007 there were 2,313,000 employees in businesses with less than 5 employees out of a total employment of 25,974,000 (excluding the self-employed as they do not pay employers’ national insurance) (http://stats.berr.gov.uk/ed/sme/).

  Based on these figures, a maximum of 8.9% of total employer National Insurance Contributions are paid by businesses with less than 5 employees. The actual percentage is likely to be lower than this, as smaller businesses tend to have lower average wages than larger businesses. According to Treasury figures, reducing employer NICs by 1p for all employees would cost £5,050m in the current tax year. Doing this for six months for businesses with less than 5 employees will therefore cost around £225m.”

  *Conservative Party Press Release, 20 October 2008*
Abolishing Stamp Duty on shares

Summary

- The Conservatives have pledged to boost pension funds and said that their preferred way of doing so would be to abolish stamp duty on shares.
- The Conservatives have not produced a costing for this policy since 2006 but an HM Treasury costing found the annual costs below.
- The Conservatives have not set out what specific tax increases or spending reductions would fund this policy.
- The Conservatives have not said when this tax change would be introduced so, following the methodology of this document, it has only been counted as coming into full operation by 2014/15, although indicative figures for earlier years are provided below in brackets.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>(£4,700m)</td>
<td>(£4,940m)</td>
<td>(£5,200m)</td>
<td>(£5,200m*)</td>
<td>(£5,200m*)</td>
<td>(£5,200m*)</td>
</tr>
</tbody>
</table>

*HM Treasury have only published estimates for up to 2012/13, so a flat projection has been assumed.

The Conservative Commitment

- In his 2009 Party Conference speech, George Osborne reiterated his promise to reverse the effects of what he called “Gordon Brown’s pensions tax raid”.

  “So today I say we will reverse the effects of Gordon Brown’s pensions tax raid and get our country saving again.”
  *George Osborne, speech to Conservative Party Conference, 6 October 2009*

- David Cameron has been clear that his preferred method of doing this would be to abolish stamp duty on shares, and George Osborne has repeatedly spoken of his support for this idea.

  “And even if we could, I’m not sure if you talk to the pension funds and the people responsible for the pensions industry, I’m not sure that a straight reversal of the advanced corporation tax change would be the right thing to do. Some of them will say to you if you have some money available to help pension funds, actually abolishing stamp duty on share transactions would probably be better because that would reduce the running costs of the pensions funds and that would help them.”
  *David Cameron, Cameron Direct, Selby, 2 July 2008*

  “Of all the damaging things Gordon Brown has done to the economy, the single most destructive has been the attack on personal pensions,” Mr Osborne said. Repairing that damage “has got to be a top priority”, he said.
  “Sadly, simply reversing the pensions tax he imposed in 1998 wouldn’t work, as many final salary schemes have closed. “We need to look at new ways of repairing the damage and that is why I am particularly keen to look at stamp duty on shares.”
  *George Osborne, BBC News online, 27 August 2006*
  *http://news.bbc.co.uk/1/hi/uk_politics/5289954.stm*

  “I have long argued that there is a powerful case for looking at stamp duty on shares, which raises the costs of capital and reduces investment.”
  *George Osborne, ‘A different vision for the economy’, Birmingham, 6 March 2009*

Basis of Costing
• On 2 December 2009, in response to a request under the Freedom of Information Act, HM Treasury published analysis showing that this pledge would cost £4,700m in 2010/11, £4,940m in 2011/12 and £5,200m in 2012/13.

The details of these internal projections of receipts from Stamp Taxes on Shares are:

2009/10 £4480m
2010/11 £4700m
2011/12 £4940m
2012/13 £5200m


• The Conservatives have not given any timescale on when they would introduce this policy, but even if it were introduced in the final year of the next parliament, it would still require at least £5.2bn in offsetting tax increases or spending cuts.
**Tax cuts for married couples**

**Summary**

- The Conservatives have pledged to introduce tax cuts for married couples for a number of years. The only specific proposal that has been made by the Conservatives and discussed by David Cameron and George Osborne is a transferable tax allowance.
- The Conservatives costed this pledge in 2007 but since then tax allowances have increased significantly (from £5,225 to £6,475). An HM Treasury costing, found the annual costs based on current allowances as set out below.
- The Conservatives have not set out what specific tax increases or spending reductions would fund this policy.
- The Conservatives have not said when this tax change would be introduced so, following the methodology of this document, it has only been counted as coming into full operation by 2014/15, although indicative figures for earlier years are provided below in brackets.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>(£4,900m*)</td>
</tr>
<tr>
<td>2011/12</td>
<td>(£4,900m*)</td>
</tr>
<tr>
<td>2012/13</td>
<td>(£4,900m*)</td>
</tr>
<tr>
<td>2013/14</td>
<td>(£4,900m*)</td>
</tr>
<tr>
<td>2014/15</td>
<td>£4,900m*</td>
</tr>
</tbody>
</table>

*HM Treasury have only published a 2009/10 figure for this tax change so a flat projection has been assumed.

**The Conservative Commitment**

- David Cameron has promised tax breaks for married couples and those in civil partnerships since 2005.

> "Families are the most important institution in our society. We have to do everything in our power to strengthen them. Partly, that’s about changing cultural values. That’s why we will recognise marriage in the tax system - as a clear symbol of what really matters to a responsible society.”
> **David Cameron, Speech to Welsh Party Conference, 29 March 2009**

> John Humphrys: “Alright, but let’s be absolutely clear that you are talking about something like raising personal tax allowances, transferable child tax allowances, all that sort of things, what you’re saying is making it more profitable to be married than to be single?”
>
> David Cameron: “Yes. Yes.”
>
> John Humphrys: “Alright, so that’s an absolutely commitment, let’s be clear about that.”
>
> David Cameron: “Yes.”
> **BBC Radio 4 Today Programme, 16 February 2007**

> David Cameron: “Let’s go through the tax and benefit system and make sure it encourages families to come together and stay together.”
>
> John Humphrys: “And by families you mean…”
>
> David Cameron: “No hang on, hang on John. Just hold on a second! In addition to that I think we should recognise on the basis of evidence that marriage is a good institution, because married couples get together and stay together for longer, and so we should have a specific support for marriage in the tax system.”
>
> John Humphrys: “Right so there’d be a bias against those who aren’t married. Inevitably, I mean if you support one that means you support the other less?”
>
> David Cameron: “There would be an extra support for marriage through the tax system, so there we are, again John, a point of substance. Going back to your original…so there are some specifics for you.”
>
> John Humphrys: “I’m intrigued to know, so in other words you would be better off if you were married than if you merely co-habiting?”
>
> David Cameron: “If there’s a tax break specifically for marriage, yes.”
> **David Cameron, Today, 28 November 2005**
George Osborne has reiterated his commitment to this policy as recently as his 2009 Conservative Party Conference speech:

“That is why we are going to support marriage in the tax and benefit system.”
*George Osborne, Speech to Conservative Party Conference, 6 October 2009*

### Basis of Costing

- The only form of marriage tax break that has been discussed publicly by David Cameron and George Osborne is that proposed in 2007 by the Conservative Party Social Justice Commission; a transferable personal allowance. This would allow one member of a married couple to take advantage of their spouse’s unused tax free allowance, if the spouse was not earning or earning less than the tax free allowance.

  “A TPA [Transferable Personal Allowance] of the full personal allowance amount would provide only modest financial support for marriage - £20 a week to those making use of it - encouraging rather than incentivising it. The main rationale for the allowance would be to provide symbolic recognition of the institution of marriage. It would indicate that marriage is valued because of its benefits to children and the wider society. It would make it easier for a mother or father to remain at home to look after their children whilst the other spouse worked, or for one partner to do voluntary work within the community, look after elderly or disabled members or manage a home in a way that enables partners and families to have more undivided time together. We would thus see this as a measure with the potential to increase family stability and improve the quality of family life.”

- Since then, tax allowances have increased substantially from £5,225 to £6,475 in 2009/10. In answer to a Written Parliamentary Question, Treasury Minister Lord Myners produced the Treasury's current estimate of the cost at £4.9 billion a year.
The Financial Services Secretary to the Treasury (Lord Myners): Due to the complex nature of these Questions the following estimates should be treated with caution. These estimates exclude any behavioural response to the change, which could be significant given the magnitude of the change.

The estimated cost of allowing personal tax allowances to be transferred between married couples and civil partners would be £4.9 billion for 2009-10 and would benefit around 41 per cent of married couples and civil partnerships. Married couples with children will be better off by around £290 per year on average. Those without children will be better off by around £150 per year on average.

These estimates have been calculated using HM Treasury's tax and benefit micro-simulation model using Family Resources Survey 2007-08 data.

Notes

Green taxes

- The Conservative Party have suggested that their marriage tax breaks will be funded by increasing “green” taxes.

  “So, given the current poor state of the public finances, we will not be making up front promises of overall tax cuts at the election - promises I couldn’t be sure I could keep. Any specific tax reductions we propose – for example fulfilling our commitment to recognize marriage – will be paid for by specific tax increases on things like pollution.”

  George Osborne, Speech to the CBI, 7 March 2007

- However, they have failed to set out any revenue-raising green tax plans, leaving the policy unfunded.

Distributional analysis

- In answer to a Written Parliamentary Question, Treasury Minister Lord Myners produced the Treasury’s current estimate of the amount that this policy would benefit married couples each year depending on their incomes. It shows that for the poorest 10 per cent of the population, this policy would be worth on average only £30 a year but for the richest 10 per cent of the population, it would be worth on average £380 a year.
The Financial Services Secretary to the Treasury (Lord Myners): Due to the complex nature of this Question, the following estimates should be treated with caution. These estimates exclude any behavioural response to the change, which could be significant given the magnitude of the change. Information on average gains by income decile of all UK households as a result of making personal allowances transferable between married couples and those in civil partnerships in 2009-10 are shown in the table below.

<table>
<thead>
<tr>
<th>Income decile</th>
<th>Average gain (£ per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom</td>
<td>30</td>
</tr>
<tr>
<td>2nd</td>
<td>90</td>
</tr>
<tr>
<td>3rd</td>
<td>120</td>
</tr>
<tr>
<td>4th</td>
<td>140</td>
</tr>
<tr>
<td>5th</td>
<td>160</td>
</tr>
<tr>
<td>6th</td>
<td>200</td>
</tr>
<tr>
<td>7th</td>
<td>220</td>
</tr>
<tr>
<td>8th</td>
<td>240</td>
</tr>
<tr>
<td>9th</td>
<td>310</td>
</tr>
<tr>
<td>Top</td>
<td>380</td>
</tr>
</tbody>
</table>

These estimates have been calculated from HM Treasury's tax and benefit static micro-simulation model using Family Resources Survey 2007-08 data uprated to 2009-10 levels of prices and earnings. The model does not take into account behavioural changes in response to changes to the tax and benefit system or economic conditions so if the model was used to produce the financial effect for five years, it would show similar results for each year.

Hansard, 26 Nov 2009: Column WA6
http://www.publications.parliament.uk/pa/ld200910/ldhansrd/text/91126w0001.htm#09112629000012

- Lord Myners has also answered a Parliamentary Question on the Treasury’s current estimate of the beneficiaries of this policy, showing that 59 per cent of married couples would not benefit from the tax change.

“The estimated cost of allowing personal tax allowances to be transferred between married couples and civil partners would be £4.9 billion for 2009-10 and would benefit around 41 per cent of married couples and civil partnerships. Married couples with children will be better off by around £290 per year on average. Those without children will be better off by around £150 per year on average. These estimates have been calculated using HM Treasury’s tax and benefit micro-simulation model using Family Resources Survey 2007-08 data.

Lord Myners, Lords Hansard, 27 October 2009, Columns WA143-WA144
http://www.publications.parliament.uk/pa/ld200809/ldhansrd/text/91027w0008.htm#09102779001493
Inheritance tax cuts

Summary

- The Conservatives have pledged to introduce a cut in inheritance tax. Since they provided a costing of this policy in 2007 the Government has introduced changes to inheritance tax, allowing transferability of the tax free allowance between married couples. An HM Treasury costing found the annual costs based on current rules as set out below.

- The Conservatives' propose to fund cuts in inheritance tax (discussed here) and stamp duty (see p. 27) by raising large amounts from a non-domicile levy. An HM Treasury costing of their non-dom policy found that it would raise a fraction of the amount the Conservatives had predicted, leaving a substantial funding gap. See p. 43 for more information.

- The Conservatives have not said when this tax change would be introduced so, following the methodology of this document, it has only been counted as coming into full operation by 2014/15, although indicative figures for earlier years are provided below in brackets.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>(£500m)</td>
<td>(£1,200m)</td>
<td>(£1,400m)</td>
<td>(£1,500m)</td>
<td>£1,500m*</td>
<td></td>
</tr>
</tbody>
</table>

*HM Treasury have not made estimates beyond 2013/14 so a flat projection has been assumed.

The Conservative Commitment

- The Conservative Party has been committed to increasing the inheritance tax threshold since October 2007, confirming the precise extent of the policy in 2008.

  "The next Conservative Government will raise the Inheritance Tax threshold to £1 million. That means, we will take the family home out of inheritance tax. In a Conservative Britain, nine million families will benefit. In a Conservative Britain, only millionaires will pay death duties. In a Conservative Britain, you will not be punished for working hard and saving hard. You will not be penalised for wanting a better life for your children."

  *George Osborne, Speech to Conservative Party Conference, 1 October 2007*

  "I am happy to confirm that our inheritance tax proposal will introduce a threshold of £1m per person (not per couple). This means that it would be possible for a married couple to enjoy a threshold of £2m."

  *Theresa May, Daily Telegraph, 3 September 2008*

Basis of Costing

- In answer to a written Parliamentary Question in October 2009, Treasury Minister Lord Myners produced the Treasury’s current estimate of the cost at £500 million in 2010/11, £1.2 billion in 2011/12, £1.4 billion in 2012/13 and £1.5 billion in 2013/14.

  *As asked by Lord Oakeshott of Seagrove Bay*

To ask Her Majesty’s Government what is their most recent estimate of the costs of increasing the inheritance tax threshold to £1 million for each of the next five years. [HL5484]

  **The Financial Services Secretary to the Treasury (Lord Myners):** The cost of increasing the inheritance tax threshold to £1 million with effect from April 2010 is estimated at £500 million in 2010-11, £1.2 billion in 2011-12, £1.4 billion in 2012-13 and £1.5 billion in 2013-14. Forecasts beyond 2013-14 have not been made.

  *Lords Hansard, 20 October 2009, Columns WA65-WA66,*
  *http://www.publications.parliament.uk/pa/ld200809/ldhansrd/text/91020w0002.htm#09102051000201*
George Osborne has not revealed when in a Parliament he intends to introduce this change. He has said it “cannot be a priority for our first Budget” and “not likely... in the first couple of budgets”. If it were introduced in a third Conservative Budget, the cumulative cost of the pledge would be £5.6 billion. If it were introduced in the final year, to have an effect during a Conservative Parliament, it would cost at least £1.5 billion.

“Encouraging savings is why I made my promise that only millionaires would pay inheritance tax. Of course this financial crisis means it cannot be a priority for our first Budget, but in the lifetime of a Parliament we will honour that pledge.”
George Osborne, Speech to Conservative Party Conference, 06 October 2009

But I am clear that over time when we can afford it and as I have said we’re not likely to be able to afford it in the first couple of budgets but later in the Parliament we want to help people who have saved through their lives, who have done the right thing and who want to leave something to their children and I am very happy to debate aspiration with the Labour Party.
George Osborne, The Andrew Marr Show, 6 December 2009

Notes

Non-domicile levy

The Conservative Party have said this will be funded by their plans for an expanded non-domicile levy (see p. 43), but these plans raise substantially less revenue each year than is needed to fund this promise. A significant portion of the non-dom levy has also been committed to pay for their promise to cut stamp duty for some first-time buyers (see p. 27).

Distributional analysis

In a parliamentary written answer in October 2009, Treasury Minister Lord Myners published analysis showing that over half of the benefit from this policy change goes to the 3,000 estates worth over £1 million, offering them a tax cut of over £200,000 on average.

The latest estimates of numbers of estates for deaths in 2010-11, which would be taxpaying under the current regime, and the amount of tax that would no longer be payable under the increased threshold, are shown in the table below.

<table>
<thead>
<tr>
<th>Estate size</th>
<th>Number of estates</th>
<th>Total tax no longer payable (£ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>£0-£0.5 million</td>
<td>3,000</td>
<td>0.1</td>
</tr>
<tr>
<td>£0.5-£1 million</td>
<td>5,000</td>
<td>0.5</td>
</tr>
<tr>
<td>Over £1 million</td>
<td>3,000</td>
<td>0.7</td>
</tr>
</tbody>
</table>

http://www.publications.parliament.uk/pa/ld200809/ldhansrd/text/91020w0002.htm#09102051000201
Stamp Duty reduction for some first time buyers

Summary

- The Conservatives have pledged to introduce a cut in stamp duty land tax for first time buyers of homes worth less than £250,000. Since they provided a costing of this policy in 2007 there has been a global recession impacting on the property market. An HM Treasury costing of this policy using more up to date forecasts of house transaction volumes and prices estimated that it would cost less than the Conservatives initially estimated.

- The Conservatives propose to fund cuts in stamp duty (discussed here) and inheritance tax (see p. 25) by raising large amounts from a non-domicile levy. An HM Treasury costing of this levy, based on more up to date data than the Conservative Party costing, found that it would raise a fraction of the amount the Conservatives had predicted, leaving a substantial funding gap. See p. 43 for more information.

- The Conservatives have not said when this tax change would be introduced so, following the methodology of this document, it has only been counted as coming into full operation by 2014/15, although indicative figures for earlier years are provided below in brackets.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>(£200m)</td>
<td>(£200m)</td>
<td>(£200m)</td>
<td>(£300m)</td>
<td></td>
<td>£300m*</td>
</tr>
</tbody>
</table>

HM Treasury have not made estimates beyond 2013/14 so a flat projection has been assumed.

The Conservative Commitment

- The Conservative Party is committed to removing Stamp Duty Land Tax from all purchases of homes worth less than £250,000 by first time buyers.

“To make it easier for people to get on to the housing ladder, we will abolish stamp duty for first-time buyers, for home purchases of up to £250,000. Thousands of first-time buyers across the West Midlands will benefit each year - saving an average of £2,000 each. Nine out of ten first-time buyers across Britain will pay no stamp duty at all. Labour are kicking families while they’re down. The Conservative Party has an economic plan to ease the burden over the long-term. This is the right approach for the West Midlands, and the right approach for Britain.”

George Osborne, Birmingham Post 31 March 2008

Basis of Costing

- In answer to a Written Parliamentary Question, Treasury Minister Lord Myners set out the Treasury's current estimate of the cost at £200 million in 2010/11, £200 million in 2011/12, £200 million in 2012/13 and £300 million in 2013/14.

**Asked by Lord Oakeshott of Seagrove Bay**

To ask Her Majesty's Government what is their most recent estimate of the total financial effects by income decile of increasing the stamp duty threshold to £250,000 for (a) first-time buyers, and (b) all house buyers.

[HL5488]

Lord Myners: The estimated cost of increasing the stamp duty land tax threshold to £250,000 for first-time buyers and all house buyers is given in the table below. These estimates are based on Budget 2009 forecasts of house transaction volumes and prices to 2013-14, the last year for which Budget forecasts of volumes and prices were made.

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-time buyers</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
</tr>
</tbody>
</table>
These estimates assume no allowance for behavioural change.
No information is available on the effects of increasing the stamp duty threshold to £250,000 by income decile.
Lords Hansard, 13 October 2009, Column WA24,
http://www.publications.parliament.uk/pa/ld200809/ldhansrd/text/91013w0001.htm#09101342000037

- George Osborne has not revealed when in a Parliament he intends to introduce this change. If it were introduced in a first “emergency” Conservative Budget, the cumulative cost of the pledge would be £1.2 billion. If it were introduced in the final year to have an effect during a Conservative Parliament, it would cost at least £300 million.

Notes

Non-domicile levy

- The Conservative Party have said this will be funded by their plans for an expanded non-domicile levy (see p. 43), but these plans raise substantially less revenue each year than is needed to fund this pledge. The non-dom levy is also intended to pay for their inheritance tax plans (see p. 25).
Tax Reversals
Avoid increases in NICs

Summary

- The Government has plans to increase National Insurance Contributions from 2011 onwards and published the predicted revenue from these changes in PBR08 and PBR09.
- George Osborne has set out that his “No1 priority” is to avoid bringing in this tax change in 2011/12. He has not set out what specific tax increases or spending reductions would make up the shortfall in revenue from 2011 onwards in either other tax increases or spending reductions.
- The costings used here are taken directly from PBR08 and PBR09.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>£6,940m</td>
<td>£7,170m</td>
<td>£7,170m</td>
<td>£7,170m</td>
</tr>
</tbody>
</table>

See basis of costing below, this combines figures from PBR08 and Budget09 and assumes a flat projection where figures on later years are unavailable.

The Conservative Commitment

- George Osborne has said that avoiding the national insurance rise due in 2011 is his “No 1 priority”.

More urgent, he [George Osborne] says, is avoiding the introduction of the national insurance rise announced by the Chancellor this week and due to be implemented in two years. “The national insurance rise is a tax on jobs over £14,000, a tax on incomes over £20,000. That is middle England, the aspirational classes who want to get on in life, who are out working for their families. The No1 priority is to try to avoid bringing it in. That is something you can judge us on between now and 2011.” Although he won’t give a pledge, he says: “I will do everything I can to avoid that tax rise.”

The Times, 12 December 2009

Jon Sopel: Mr Osborne let’s talk too about National Insurance because in an interview for the Times newspaper yesterday you said “I will do everything I can to avoid that tax rise” and I think you and David Cameron have said that is your number one priority. What does that actually mean, does that mean you’re going to reverse it?

George Osborne: Well it’s a question of not introducing it right, actually, because it’s set to come in in April 2011 so this is a choice facing the next government not the current government.

Jon Sopel: Well let’s be clear about it. Let me stop you there, let me be clear, you’ve got that choice, you’ve won the election, you’re chancellor, will you not introduce it?

George Osborne: What I’m saying Jon is I’m going to work extremely hard to try and avoid it. When I can deliver a clear promise that I can show how we can deliver on it then I will do so but people need to know my intentions. My intentions are to do everything I can to avoid that national insurance rise. That affects people watching this programme earning more than £20,000. They are the new victims of Gordon Brown’s class war. Those are the people who Gordon Brown regards as rich, people earning more than £20,000. It’s also a tax on jobs worth more than £14,000. This is a time of high unemployment. So of course trying to avoid it would be a sensible thing.

BBC Politics Show, 13 December 2009

- George Osborne has made clear that he wants to avoid the entire national insurance rise planned for 2011, not just the 0.5p rise announced in the 2009 Pre-Budget Report.

“I am not writing my 2010 budget now, but my priority is to try to reverse the increase in National Insurance because it is a tax that affects the vast majority of people in Britain. It is a tax on jobs at a time of high unemployment. It is a tax on incomes at a time when people will be under severe strain.”

George Osborne, Sunday Times, 28 December 2008
Andrew Neil: There are a number of tax increases coming through though that this government has already announced and will come in, a lot of them in the next financial year, which you'll be in charge of if you win the election. You won't reverse, at least for the foreseeable future, the rise in National Insurance that's coming?

George Osborne: Well I would like to try and avoid it. I mean if you ask me of all the Labour taxes, 10p, sorry the 50p rate, the changes to the pensions tax arrangements of well off people, and the National Insurance increase, you know the one that I would strive most to avoid in the first instance is the National Insurance increase. Well I don’t give a firm pledge that I can do it…

Andrew Neil: It's a lot of money isn't it, it raises a lot of money?

George Osborne: It does raise (inaudible) but it’s…

Andrew Neil: (inaudible) for chancellors, you'll welcome it once, you're if you become chancellor...

George Osborne: Well it does raise money, but you now, if you ask me which one I will strive to avoid, that’s one because you know I think there is a cost to increasing tax on employment and at a period of high unemployment and indeed on Monday, which wasn’t in my main speech but I appeared on a platform with a lot of my colleagues in the Shadow Cabinet, I actually said we could reduce National Insurance, indeed abolish National Insurance, employer National Insurance, for new small businesses, over the next two years so we get real growth in the economy, we get employment and we send a message the country is open for business.

BBC The Daily Politics, 8 October 2009

**Basis of Costing**

**Avoiding NICs increase**

- In Pre-Budget Report 2008, a number of changes to NICs were announced for 2011/12 onwards. The 2008 PBR included the following costings for these measures:

<table>
<thead>
<tr>
<th>£ million</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Align the NICs primary threshold with personal allowance in 2011/12</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-1,610</td>
</tr>
<tr>
<td>Increase main employee NICs rate by 0.5% from 2011/12</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>+2,050</td>
</tr>
<tr>
<td>Increase additional employee NICs rate by 0.5% from 2011/12</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>+440</td>
</tr>
<tr>
<td>Increase employer NICs rate by 0.5% from 2011/12</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>+2,650</td>
</tr>
<tr>
<td>Increase main self-employed rate of NICs by 0.5% from 2011/12</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>+170</td>
</tr>
<tr>
<td>Increase additional self-employed NICs rate by 0.5% from 2011/12</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>+80</td>
</tr>
</tbody>
</table>


- In the Pre-Budget Report 2009, these measures were added to, raising additional revenue as set out below:

<table>
<thead>
<tr>
<th>£ million</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase NICs Primary Threshold by £570 in 2011-12</td>
<td>0</td>
<td>0</td>
<td>-1,480</td>
<td>-1,500</td>
</tr>
<tr>
<td>Increase employer NICs rate by 0.5% from 2011/12</td>
<td>0</td>
<td>0</td>
<td>+2,350</td>
<td>+2,470</td>
</tr>
<tr>
<td>Increase main employee and self-employed NICs rate from 2011-12</td>
<td>0</td>
<td>0</td>
<td>+1,970</td>
<td>+2,080</td>
</tr>
<tr>
<td>Increase additional employee and self employed NICs rate from 2011-12</td>
<td>0</td>
<td>0</td>
<td>+320</td>
<td>+340</td>
</tr>
</tbody>
</table>

Pre-Budget Report 2009
• In the summary table above, these figures have been added together, with a flat projection assumed where it has not been provided by the Treasury.

• The Conservatives have stated that avoiding this tax increase is their first priority in tax matters.
Oppose Broadband levy

Summary

- The Government has plans to introduce a 50p per month levy on fixed telephone lines and published the predicted revenue from this change PBR09.
- The Conservatives have said that they intend to reverse this levy “as soon as possible” after an election. They have not set out what specific tax increases or spending reductions would make up the shortfall in revenue from 2010/11 onwards.
- The costings used here are taken directly from PBR09.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ million</td>
<td>£90m</td>
<td>£175m</td>
<td>£175m*</td>
<td>£175m*</td>
<td>£175m*</td>
</tr>
</tbody>
</table>

*HM Treasury have not published figures for beyond 2012/13 so a flat projection has been assumed.

The Conservative Commitment

- Shadow Culture, Media and Sport Secretary Jeremy Hunt pledged in October 2009 to reverse the proposed levy on fixed telephone lines.

Jeremy Hunt said a Conservative government would scrap a proposed 50p a month tax on all telephone lines, aimed at raising about £175m a year towards the cost of funding superfast broadband to UK homes, “as soon as possible” after the election, expected in May.

Financial Times, 18 October 2009

Basis of Costing

- In the 2009 Pre Budget Report, the following costing was made as to the revenue raised by this policy;

<table>
<thead>
<tr>
<th></th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

http://www.hm-treasury.gov.uk/d/pbr09_annexb.pdf
Reverse restrictions on pension tax relief

Summary

• The Government has plans to restrict pension tax relief from 2011 onwards and published the predicted revenue from these changes in PBR09 and Budget 09.
• The Conservatives have pledged that this is in a “queue” of tax cuts for the next Parliament. They have not set out what specific tax increases or spending reductions would make up the shortfall in revenue.
• The Conservatives have not said when this tax change would be introduced so, following the methodology of this document, it has only been counted as coming into full operation by 2014/15, although indicative figures for earlier years are provided below in brackets.
• The costings used here are taken directly from the 2009 Budget and 2009 PBR.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>(£200m)</td>
<td>(£3,600m)</td>
<td>(£3,600m*)</td>
<td>£3,600m*</td>
</tr>
</tbody>
</table>

*HM Treasury have not published figures beyond 2012/13 so a flat projection has been assumed.

The Conservative Commitment

• The Conservative Party is committed to reversing planned restrictions of pension tax relief for those earning over £150,000 (due to be introduced in 2011/12) as a part of a queue of tax cuts it intends to deliver.

“The most recent of these are the changes to tax relief on pension savings announced in the Budget. The first introduced what the government likes to portray as a gradual tapering of tax relief for those on the new higher rate of income tax but is in fact a sharp withdrawal. And the second, and perhaps more significant change for this audience, makes employer contributions to pensions taxable as income for the higher rate earners. Those proposals break the basic covenant between savers and the Government, enshrined in the Turner report, that responsible savers will be rewarded for setting aside some of their income in pensions savings for their retirement. However, instead of being rewarded, this government has now decided that they will be taxed several times over.

As George Osborne has already made clear, I am afraid that I am not able to stand here today and promise you that a Conservative government will reverse this measure. There are a number of new tax rises we don’t agree with, but this one will have to take its place in the queue. Our priority is that of all of Gordon Brown’s tax rises, the most important one to avoid is the National Insurance increase for millions of people earning £20,000 or more.”

Theresa May, Speech to the CBI Pensions Conference, 23 June 2009

Basis of Costing

• In Budget 2009, tax relief on pension savings was restricted for those earning over £150,000 and the costing below was provided.

Footnote 4: Yield increases due to lagged effect of self-assessment. For 2012-13, the yield is £3.1 billion.

Budget 2009, p. 153

• In Pre-Budget Report 2009, the definition was amended and additional revenues accrue as a result in 2012/13, this raises a further £500 million.
In the summary table above, these figures have been added together, with a flat projection assumed where it has not been provided by the Treasury.

The Conservatives have stated that reversing this tax change is a part of the “queue” of tax cuts to be introduced over the Parliament. If restrictions on pension tax relief were not introduced as planned then it would cost £11bn. The last possible time for the Conservatives to introduce it to fulfil their pledge to introduce a queue of tax cuts would be 2014/15, at a cost of £3,600m.

Notes
Reversing this tax change would only benefit the top 1.5 per cent highest pension savers.
Abolishing 50p rate for higher earners

Summary

- The Government has plans to introduce a new 50p income tax rate for those earning over £150,000 from 2010/11 onwards and published the predicted revenue from this change in Budget 09.
- The Conservatives have pledged that this is in a “queue” of tax cuts for the next Parliament. They have not set out what specific tax increases or spending reductions would make up the shortfall in revenue.
- The Conservatives have not said when this tax change would be introduced so, following the methodology of this document, it has only been counted as coming into full operation by 2014/15, although indicative figures for earlier years are provided below in brackets.
- The costings used here are taken directly from the 2009 Budget.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>(£1,130m)</td>
<td>(£2,400m)</td>
<td>(£2,400m)</td>
<td>(£2,400m)</td>
<td>£2,400m</td>
<td></td>
</tr>
</tbody>
</table>

See basis of costing below. This assumes a flat projection where figures are unavailable.

The Conservative Commitment

- The Conservative Party is committed to reversing the new 50p income tax rate for those earning over £150,000 as a part of a queue of tax cuts it intends to deliver.

  “The shadow cabinet’s completely united about this point. We don’t like the 50p. We don’t approve of these high marginal tax rates which will do damage to Britain but it’s got to form its place in the queue of taxes we want to get rid of.”
  David Cameron, Today Programme, 24 April 2009

  “When it comes to the 50p tax rate, we don’t think it is a good tax, we don’t think it is a sensible thing to do, we can’t make an early pledge to get rid of it because we can’t identify the money to do that but we don’t think it is a sensible approach and it forms, if you like, one of those parts of the queue of the taxes I would like to get rid of.”
  David Cameron, Daily Politics, 05 October 2009

Basis of Costing

- In Pre-Budget Report 2008, a 45 per cent additional higher income tax rate was announced, to be introduced in 2011/12. In Budget 2009, this was amended to be a 50 per cent rate starting a year earlier in 2010/11, raising the following additional revenue:

<table>
<thead>
<tr>
<th></th>
<th>2009-10 indexed</th>
<th>2010-11 indexed</th>
<th>2011-12 indexed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax: increase additional rate to 50% from £150,000 and increase trust rate to 50% from 2010-11</td>
<td>0</td>
<td>+1,130</td>
<td>+1,810</td>
</tr>
</tbody>
</table>

* This measure is in addition to the yield published at PBR 2008 for the 45% additional rate commencing from 2011-12. The total yield in 2012-13 from the 50% additional rate will be £2.4 billion.

- In the summary table above, these Budget 09 figures have been used, with the 2012/13 total
yield of £2.4bn being used as a flat projection for the full annual effect of the 50p rate ie as the annual figure from 2011/12 to 2014/15.

- The Conservatives have said that this tax change would, at the earliest, not come into effect until after the implementation in 2011/12 of a public sector pay freeze (see p. 70). Therefore, it could be introduced in 2012/13 at a cost over the Parliament of £7,200m. The last possible time for the Conservatives to introduce it to fulfil their pledge to introduce a queue of tax cuts would be 2014/15, at a cost of £2,400m.

  “The new 50p tax rate and associated changes to the taxation of higher earners should be kept in place for at least as long as the public sector pay freeze, in order to ensure that the richest in our society pay their fair share of the burden of tackling Labour’s debt crisis.”
  Conservative Party website, 06 October 2009

  “And we also need right now to set out some of the things that we need to do that will be tough and difficult and probably unpopular in order to get public spending under control and that’s why at our party conference we said for instance, there does need to be a one year public sector pay freeze.”
  David Cameron, Cameron Direct – Richmond, 19 October 2009

Notes

This tax change would only benefit the highest 1 per cent of earners.
Tax Increases
Abolishing investment allowances

Summary

- The Conservative Party have promised to reduce the main rates of corporation tax by abolishing reliefs on allowances for businesses who invest.
- For the purposes of this document, the Conservatives’ own figures have been used except in the case of the Annual Investment Allowance. The estimates for this tax change have been made more recently in the PBR09 “Tax Ready Reckoner” to take into account expansion of the allowance.
- The result of this update is to provide the Conservative plans with extra revenue raising potential (i.e. rather than taxing an extra £855m from businesses which invest, they would now raise £1,500).
- The plans to cut corporation tax and the small companies’ rate (see p. 12) have also been updated in line with the PBR09 Ready Reckoner.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>General plant and machinery capital allowances at 12.5%</td>
<td>£3,180m</td>
<td>£3,180m*</td>
<td>£3,180m*</td>
<td>£3,180m*</td>
<td>£3,180m*</td>
</tr>
<tr>
<td>Long-life plant and machinery capital allowances at 6%</td>
<td>£350m</td>
<td>£350m*</td>
<td>£350m*</td>
<td>£350m*</td>
<td>£350m*</td>
</tr>
<tr>
<td>Integral fixtures capital allowance at 6%</td>
<td>£45m</td>
<td>£45m*</td>
<td>£45m*</td>
<td>£45m*</td>
<td>£45m*</td>
</tr>
<tr>
<td>Abolish £50,000 annual investment allowance</td>
<td>£1,500**</td>
<td>£1,500**</td>
<td>£1,500**</td>
<td>£1,500**</td>
<td>£1,500**</td>
</tr>
</tbody>
</table>

*The Conservative Party have not made estimates beyond 2010/11 so a flat projection has been assumed.
**HM Treasury have not published information beyond 2009/10 so a flat projection has been assumed.

The Conservative Commitment

- David Cameron has identified a set of business tax allowances and reliefs that he intends to scrap or reduce to fund his plans for cutting the corporation tax rate and the small companies’ rate (see p. 12).

“To give them reason to stay - to show Britain is serious about enterprise - we will cut the corporation tax rate to 25p and will reverse the increase in small business taxes. Both of these will be funded by reducing complex reliefs and allowances.”

David Cameron, Speech to CBI, 15 July 2008

Basis of Costing

The Annual Investment Allowance now provides a bigger tax break to business, so scrapping it raises more tax on business. Alongside the 2009 Pre-Budget Report, the Treasury published its annual “Tax Ready Reckoner”. It gives a more up to date figure for the money raised by scrapping the Annual Investment Allowances.

<table>
<thead>
<tr>
<th></th>
<th>2008/09</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Investment Allowance</td>
<td>1,550</td>
<td>1,500</td>
</tr>
</tbody>
</table>


David Cameron has been clear that these policies would be introduced within 50 days of a new Conservative Government being elected.

“Let me just go back to this point, as well as cutting the deficit by cutting spending we’ve also got to get this economy growing and what I can say today is that we would consider you know, within 50 days of taking office if we won the election, we would have an emergency budget. An emergency budget that yes will be about getting then deficit under control and having a credible plan, a credible plan that the CBI last Friday praised, but it should also be a budget that goes for growth, that gets this economy moving again. We’ve made promises like cutting the rate of corporation tax down to 25p by abolishing some of the allowances, that needs to happen.”

*David Cameron, The Andrew Marr Show, 22 November 2009*

**Notes**

- David Cameron has said that Conservative policies on reducing the corporation tax rate and the small companies’ rate (see p. 12) and reducing national insurance for the smallest employers (see p. 17) would be “fully funded” by scrapping investment allowances.

“So we will introduce a simpler and more competitive tax system, cut the headline rate of tax for businesses, and tackle red tape so more people with new ideas are empowered to set up their businesses. And we need to help businesses in the downturn to keep Britain working by reducing national insurance for the smallest companies and helping companies with their cashflow by delaying their VAT bills. These are fully funded policies that could be introduced today.”

*David Cameron, Speech, 7 November 2008*
**Non-domicile levy**

**Summary**

- The Conservatives have pledged to impose a £25,000 levy on resident non-domiciles, rather than applying a charge only to those non-domiciles who have been in the country for seven years as the Government currently does.
- In their costing, the Conservatives extrapolated from 2004/5 data and over-estimated the number of resident non-doms. Since then, Shadow Business Secretary Ken Clarke has admitted “we don’t know how many non-doms will be here”.
- Using more up to date self assessment returns, the correct non-domicile definitions and taking into account changes to non-dom rules made by the Government, an HM Treasury costing of this policy found that it raised dramatically less than the Conservatives had predicted.
- These more accurate figures show that the revenue raised is insufficient to pay for either the cuts in Inheritance Tax (see p. 25) or Stamp Duty Land Tax (see p. 27) that it was designed to fund.

<table>
<thead>
<tr>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>£150m</td>
<td>£100m</td>
<td>£50m</td>
<td>£50m*</td>
<td>£50m*</td>
</tr>
</tbody>
</table>

*HM Treasury have not made estimates beyond 2012/13 so a flat projection has been assumed.

**The Conservative Commitment**

- The Conservative Party has been committed to a £25,000 levy on non-domiciles since October 2007.

> “There are currently a number of people living in Britain who register for non-domiciled tax status offshore. It is a good thing for Britain that they live here and bring their talent and their investment to our economy. I make this promise: I am not going to tax all that income as Gordon Brown has persistently threatened to do. But in return for that promise and the certainty it brings, we will charge a flat annual levy of around £25,000 for those who register for non-domicile status. It is easy to administer, difficult to avoid and strikes the right balance between a fair tax system and a competitive economy.”

George Osborne, Speech to Conservative Party Conference, 1 October 2007

**Basis of Costing**

- The revenue yield of this policy was revealed in a parliamentary written answer on 7 December 2009.

*Asked by Lord Oakeshott of Seagrove Bay*

To ask Her Majesty's Government what would be the effect on public finances of charging all individuals who indicate they are non-domiciled for tax purposes a flat fee of £25,000 per annum instead of their measures for such people. [HL75]

**The Financial Services Secretary to the Treasury (Lord Myners):** The overall net Exchequer yield of introducing of a flat £25,000 annual levy on all resident non-domiciled individuals is displayed in the table below. Column one shows the additional amount raised above the changes introduced at the 2007 Pre-Budget Report. Column 2 shows the amount this would raise if the Government had not introduced the 2007 Pre-Budget Report package.

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Exchequer yield relative to the post FA 2008 position</th>
<th>Exchequer yield relative to the pre-2008 position</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Year</td>
<td>Full Payment</td>
<td>Half Payment</td>
</tr>
<tr>
<td>---------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td>2009-10</td>
<td>350</td>
<td>1050</td>
</tr>
<tr>
<td>2010-11</td>
<td>150</td>
<td>650</td>
</tr>
<tr>
<td>2011-12</td>
<td>100</td>
<td>600</td>
</tr>
<tr>
<td>2012-13</td>
<td>50</td>
<td>550</td>
</tr>
</tbody>
</table>

These figures are based on self-assessment returns for the tax year 2006-07. It is assumed that the charge would be levied only on non-domiciled individuals who chose to pay tax on the remittance basis (as under the current FA08 rules). The remittance basis means that individuals are only liable to tax on their foreign income and gains to the extent that they are remitted to the UK. Those not wishing to pay the £25,000 charge for access to the remittance basis would be able to opt for the arising basis and pay income tax on all their foreign income whether remitted to the UK or not. Secondly, it is assumed that the £25,000 charge will not replace all other tax liabilities on remitted foreign income and that resident non-domiciles on the remittance basis will continue to pay tax on income and gains remitted to the UK.

The revenue effect of levying a charge on all non-domiciled, both resident and non-resident, individuals is not available.


- ‘Non-resident’ non-doms have not been included in these costings because the Conservatives have been explicit that their policy refers only to resident non-domiciles:

  “Hold on, the package I announced this week in my speech was paid for by the – or is going to be – paid for by the levy on the resident non domiciles.”
  *George Osborne, Daily Politics, 3 October 2007*

  “Well it means people who are living in this country so they are residents here, but they don’t pay tax on their off-shore income. There are quite a considerable number of these people.”
  *George Osborne, Today Programme, 1 October 2007*

  “Conservative proposals would introduce an annual Offshore Domicile Levy for UK residents who are domiciled offshore for tax purposes.”

  “Setting the Levy at around £25,000 strikes the right balance between ensuring that all UK residents pay their fair share towards our public services and maintaining the competitiveness of the UK as a location for high net worth individuals.”

  “Because the Levy is set at around £25,000 we also expect that very few individuals will choose to become resident outside of the UK in order to avoid it.”

- When the Conservatives announced this policy in 2007 they estimated that it would raise £3.5bn per year. They arrived at this figure by taking 2004/5 data on the number of non-domiciles and assuming that it would grow by 7 per cent a year. This gave them a figure of 150,000 non-domiciles, of whom 120,000 would pay the full levy and 30,000 would pay on average half the full levy, giving them an overall revenue increase of £3.5bn.

  - The number of individuals registered as non-domiciled in 2004-05 was 112,000. This was a 72% increase on the 65,000 three years previously in 2001-02 (or a 20% annual growth rate over three years), but only a 7% increase on the 105,000 in the previous year 2003-04 (Hansard 30 April 2007, Column 1383W; Reviewing the residence and domicile rules as they affect the taxation of individuals: a background paper, HM Treasury, April 2003; Hansard, 16 July 2007, Column 94)

  - To calculate the most conservative estimate of the number of individuals likely to be registered as non-domiciled in the tax year 2008-09, we extend the 7% growth rate above for four years, which gives a total of 150,000. Extending the more likely 20% annual growth rate over the three years from 2001-02 to 2004-05 creates a higher estimate of about 230,000.
• Experts suggest that the number has increased extremely rapidly, particularly in response to the Treasury's recent crackdown on offshore accounts (Financial Times, 13 August 2007). As a result the true number is likely to be in excess of 200,000, but in order to be cautious we base our calculations on the lowest reasonable estimate of 150,000.
• If all 150,000 pay a full rate of £25,000 then the Levy would raise £3.75 billion a year. Given that the average declared UK income of non-domiciled individuals is now in excess of £100,000, the vast majority will pay the Levy at the full rate. Because the Levy is set at around £25,000 we also expect that very few individuals will choose to become resident outside of the UK in order to avoid it.
• We cautiously assume that 20,000 out of the 150,000 do not have sufficient foreign source income to pay the full rate and instead pay on average half the full rate at around £12,500 each (equivalent to 40% tax on £31,250 foreign source income).
• This results in a final estimate of £3.5 billion, based throughout on prudent estimates of the number of non-domiciled individuals and their average foreign income.

• Following PBR07, the Conservatives maintained their estimate of the number of non-domiciles, and assumed that the Government’s plans would reduce the revenue of the Conservative levy by 20 per cent – from £3.5bn to £2.8bn.
  • When originally announced, our levy of around £25,000 on non-doms would have raised £3.5 billion.
  • The Government copied the idea of a flat levy, set at £30,000, but only applied it to non-doms who have been here for 7 years – they admit that this is less than 20% of all non-doms.
  • Our policy will apply to all non-doms, so it will raise about 80% of the original £3.5 billion, which is £2.8 billion. This is on top of the revenues from the Government’s policy.
  • This is more than enough to fund our IHT and Stamp Duty commitments.
  • A key difference with Labour’s policy that makes our plan much more attractive to the City is that in return for our levy we would not change the rules on disclosure of assets, taxation of offshore trusts, remittance of capital, or the residency rules.

• In the parliamentary answer above, HM Treasury used more up-to-date 2006/7 data on the number of non-doms, and properly factored in the changes in PBR07.

• All of the Conservative costings confused resident and non-resident non-doms. While they consistently said they would apply the levy only to resident non-doms (i.e. those living in this country), they appear to have based their costings on their estimates of both resident and non-resident non-doms.

Notes

• Both the Institute for Fiscal Studies and the Shadow Business Secretary Ken Clarke have raised very serious questions about the revenue raising prospects there are for this policy – with Clarke saying “We don’t know how many non-doms will be here, we don’t know how much our policy of raising fair taxation from foreigners who work in this country will raise”.

  “They think that that would raise enough to pay for their inheritance tax cut also to eliminate stamp duty for many first time house buyers, that may be the case but how much the non-dom policy raises is very uncertain, we don’t know how much it would raise, the government doesn’t know, the Conservative Party don’t know for sure.”
Carl Emmerson, Institute for Fiscal Studies, Radio Four, World At One, 23 March 2009

  “We’ve given ourselves a Parliament to do it and as you quite rightly say, as everything is changing very rapidly we won’t know until 2010 firstly how much the pledge will cost because the cost of the pledge is coming down all the time, house prices are falling, people dying now are leaving estates which have lost wealth compared with when they were alive. We don’t know how many non-doms will be here, we don’t know how much our policy of raising fair taxation from foreigners who work in this country will raise, so
within a Parliament we will implement a promise, we are committed to it and that’s what we will do.”
Kenneth Clarke, BBC 24, 25 March 2009

- The Conservatives claimed that this would pay for their plans to introduce an inheritance tax cut (see p. 25) and reductions in stamp duty land tax (see p. 27). However, even if this policy were to be introduced immediately and the tax cuts only introduced in the final year of a Conservative Government, there would still be a substantial shortfall in revenue.
Spending Reductions
Savings on employment and skills programmes

Summary

- The Conservatives have promised to introduce a number of new back to work programmes and skills policies (see p. 88 for their back to work policies and p. 92 for their skills policies) funded by scrapping the existing back to work programmes like the New Deal and Train to Gain.
- In this document, the Conservative pledges on back to work programmes (p. 88), skills (listed on p. 92) and their savings to pay for them (listed here) have all been shown with the costings that the Conservatives have given them.
- The Conservatives attempted to produce a cost neutral package by reducing spending on existing employment and skills programmes (discussed here), making savings from moving incapacity benefit claimants into work (see p. 61) and then spending the saved money on new employment (see p. 88) and skills programmes (see p. 92). However, because they have revised down their own projected savings from Train to Gain, and their claimed savings from new welfare assessments do not go credibly beyond existing Government plans (see p. 61) there is a gap in their figures.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Train to Gain*</td>
<td>£846.66m</td>
<td>£846.66m</td>
<td>£846.66m</td>
<td>£846.66m</td>
<td>£846.66m</td>
</tr>
<tr>
<td>Diploma roll-out*</td>
<td>£70m</td>
<td>£70m</td>
<td>£70m</td>
<td>£70m</td>
<td>£70m</td>
</tr>
<tr>
<td>Regional Development Agency Funding*</td>
<td>£50m</td>
<td>£50m</td>
<td>£50m</td>
<td>£50m</td>
<td>£50m</td>
</tr>
<tr>
<td>New Deal and employment programmes*</td>
<td>£1,140m</td>
<td>£1,140m</td>
<td>£1,140m</td>
<td>£1,140m</td>
<td>£1,140m</td>
</tr>
<tr>
<td>Learning and Skills Council**</td>
<td>£85m</td>
<td>£85m</td>
<td>£85m</td>
<td>£85m</td>
<td>£85m</td>
</tr>
<tr>
<td>Adult Careers Service **</td>
<td>£40m</td>
<td>£40m</td>
<td>£40m</td>
<td>£40m</td>
<td>£40m</td>
</tr>
<tr>
<td>Careers Element of Connexions **</td>
<td>£210m</td>
<td>£210m</td>
<td>£210m</td>
<td>£210m</td>
<td>£210m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£2,442m</td>
<td>£2,442m</td>
<td>£2,442m</td>
<td>£2,442m</td>
<td>£2,442m</td>
</tr>
</tbody>
</table>

* These savings are given as three year savings figures from 2011/12 to 2013/14 in the October 2009 Conservative policy document “Get Britain Working”. They have been annualised and assumed to be ongoing savings achievable at the same rate in coming years.

**These are annual figures from the July 2008 Conservative policy document “Building Skills Transforming Lives”

The Conservative Commitment

- The Conservative skills policy paper “Building Skills, Transforming Lives”, published in July 2008, contained a number of proposals for both spending and saving on skills and careers. Some of these commitments were repeated in the 2009 document “Getting Britain Working”, which also contained a number of new savings and spending commitments.
The figures for savings from Train to Gain are different in the two documents. We have assumed that the most recent document reflects the Conservatives’ most recent estimate of the savings they can make from Train to Gain.

£846.66m from Train to Gain (£2.54bn over three years)

<table>
<thead>
<tr>
<th>Labour Programme spend for Reallocation</th>
<th>Total Funding 2010/11-2012/13 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Train to gain</td>
<td>2,540</td>
</tr>
</tbody>
</table>

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform welfare”, 5 October 2009, p 57

£70m from cutting funding for diplomas

“fund 32,000 Young Apprenticeships a year at £3,200 each for the two year course. This will cost an additional £70 million, which will be reallocated from money currently spent encouraging the take up of diplomas in schools.”

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform welfare”, 5 October 2009, p 46

£50m from the RDA budget (£150m over three years)

<table>
<thead>
<tr>
<th>Labour Programme spend for Reallocation</th>
<th>Total Funding 2010/11-2012/13 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDA budget</td>
<td>150</td>
</tr>
</tbody>
</table>

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform welfare”, 5 October 2009, p 57

£1.14bn from Labour’s New Deal and employment programmes (£3.42bn over three years)

“The keystone of our new policy is The Work Programme, a single integrated welfare to work programme which will cover those transferring from Incapacity Benefits to Employment and Support Allowance as a result of work tests, the long term unemployed, lone parents and the recently unemployed. This fully funded programme will replace Labour’s failing New Deals, the Flexible New Deal and Pathways to Work.”

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform welfare”, 5 October 2009, p 6

“The money from the New Deal will continue to go into our new Work Programme, but will enable us to support many more people because we are being much more aggressive in terms of payment by results. In addition, we will abolish Train to Gain and other failing Labour schemes. And we will reduce payments for those who should not be receiving Incapacity Benefits, which will deal with the extra up-front cost.”

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform welfare”, 5 October 2009, p 6

“The Government is currently spending around £1 billion on employment programmes for the long term unemployed and new claimants of Employment and Support Allowance. Next year that will rise to over £1.4 billion. Get Britain Working will be paid for by reallocating funding from Labour’s failing New Deals and Pathways to Work, as well as other Government jobs and skills programmes. Over time Get Britain Working will more than pay for itself through savings from welfare dependency.”

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform welfare”, 5 October 2009, p 57

<table>
<thead>
<tr>
<th>Labour Programme spend for Reallocation</th>
<th>Total Funding 2010/11-2012/13 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour New Deal and Employment Programmes</td>
<td>3,420</td>
</tr>
</tbody>
</table>

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform welfare”, 5 October 2009, p 57

£85m from removing LSC Funding Functions and creating new FEFCE
In the last year of its operation (2000/01), the FEFCE, the model for our plans, spent £32 million on administration, equivalent to 1.4 per cent of its budget. In 2006/07, the LSC spent £227 million on administration, equivalent to a much higher 2.1 per cent of its overall budget.

We want the new FEFCE to perform similar functions to the old FEFCE, and our consultations have indicated that it will spend a lower amount on administration than the LSC. This is likely to yield savings of around £85 million by 2010/11.


£40m from refocusing spending on adult careers service

“In 2005/06 the LSC spent £34 million on adult careers advice directly (through NextStep). We estimate that the LSC will spend £40 million on adult careers advice by 2010/11. We will redirect this money into the funds for our proposals – because we will be implementing a far greater package of all-age careers support, this LSC service will no longer be required.”


£210m from refocusing careers advice element of Connexions budget

“The Connexions Service replaced the Careers Service in 2000, leading to a decline in careers support for people. The merging of careers advice with other Connexions services is failing to provide the focus on careers advice that young people need, especially those with the most skills needs. We will redirect the estimated £209 million that the Connexions budget will use for careers advice by 2010 into funding our proposals, which will include more support for hard-to-reach young people. As with the existing adult careers advice mentioned above, we will be implementing a far greater package of all-age careers support, so these particular careers services will not be required.”


**Basis of costing**

- The Conservatives say they plan to make cuts to the Train to Gain budget, and make savings by removing funding functions from the Learning and Skills Council. They would move spending on careers advice, cuts to RDAs, and cutting funding for vocational courses. The spending reductions they would make were set out in the two documents noted above and these have been used in this document.

From “Building Skills, Transforming Lives”, 23 July 2008:

<table>
<thead>
<tr>
<th>3.1 EXPENDITURE IMPLICATIONS (2010/11)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Releasing funds for priority spending:</strong></td>
</tr>
<tr>
<td>1. Refocus 2010/11 Train to Gain budget on apprenticeships</td>
</tr>
<tr>
<td>2. Remove LSC funding functions and create new FEFCE</td>
</tr>
<tr>
<td>3. Refocus spending on adult careers advice</td>
</tr>
<tr>
<td>4. Refocus careers advice element of Connexions budget</td>
</tr>
<tr>
<td><strong>Funding for our proposals:</strong></td>
</tr>
<tr>
<td>5. Lifelong learning accounts for apprenticeships</td>
</tr>
<tr>
<td>6. SME apprenticeship bonus</td>
</tr>
<tr>
<td>7. Group Training Associations</td>
</tr>
<tr>
<td>8. Sector Skills Councils</td>
</tr>
<tr>
<td>9. Community Learning Fund</td>
</tr>
<tr>
<td>10. NEETs Fund</td>
</tr>
<tr>
<td>11. Business Skills Development Fund</td>
</tr>
<tr>
<td>12. New all-age careers advice, of which:</td>
</tr>
</tbody>
</table>
From "Get Britain Working", 5 October 2009:

Table 3: Get Britain Working Costing and Funding Sources: 2010/11-2012/13

<table>
<thead>
<tr>
<th>Conservative Programme Spend</th>
<th>Total Funding 2010/11-2012/13 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative funding for The Work Programme</td>
<td>3,630</td>
</tr>
<tr>
<td>Apprenticeships and pre-apprenticeships</td>
<td>2,340</td>
</tr>
<tr>
<td>Work Pairings</td>
<td>300</td>
</tr>
<tr>
<td>FE College Places</td>
<td>200</td>
</tr>
<tr>
<td>Young Apprenticeships</td>
<td>210</td>
</tr>
<tr>
<td>Service Academy</td>
<td>60</td>
</tr>
<tr>
<td>Work for Yourself</td>
<td>150</td>
</tr>
<tr>
<td>Work Together</td>
<td>10</td>
</tr>
<tr>
<td>Work Clubs</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total Conservative spend</strong></td>
<td><strong>£6,920</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Labour Programme spend for Reallocation</th>
<th>Total Funding 2010/11-2012/13 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour New Deal and Employment Programmes</td>
<td>3,420</td>
</tr>
<tr>
<td>Train to gain</td>
<td>2,540</td>
</tr>
<tr>
<td>DCSF funding for vocational courses</td>
<td>210</td>
</tr>
<tr>
<td>RDA budget</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total Labour spend</strong></td>
<td><strong>£6,320</strong></td>
</tr>
<tr>
<td><strong>Net Conservative spend</strong></td>
<td><strong>£600</strong></td>
</tr>
</tbody>
</table>

| Savings from migrating IB claimants to JSA                      | £600+                              |

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform welfare”, 5 October 2009, p. 57

- The Conservatives identify £1.025bn annual savings from the Train to Gain budget in their 2008 document, and £846.66m annual savings from the Train to Gain budget in their 2009 document. We have taken their 2009 document as their most recent estimate of what they believe they can save from the Train to Gain budget.

Notes

- The Conservatives attempted to produce a cost neutral package by reducing spending on existing employment and skills programmes (discussed here), making savings from moving incapacity benefit claimants into work (see p. 61) and then spending the saved money on new employment (see p. 88) and skills (see p. 92) programmes.
- However, their most recent policy document revised down their own projected savings from Train to Gain (see above).
- Secondly, their policy relies on making substantial immediate savings by testing existing incapacity benefit claimants’ ability to work and moving them to job seekers allowance if they are judged able to work. But under existing Government plans, over 3 years, all existing claimants will go through the new assessment too. The Government is undertaking this total re-assessment as rapidly as is practicably possible, testing thousands of people each week, alongside support to get people back to work. Therefore there are no additional savings beyond the Government’s plans unless the Conservatives are proposing arbitrary cuts in benefits (see p. 61).
Reduce spending on Building Schools for the Future

Summary

- The Conservative Party have pledged to reduce spending on Building Schools for the Future (BSF) to reallocate funding to create new school places in Swedish style academies (see p. 99).
- The Conservative figures have been used on these increased capital costs and their counterbalancing spending reduction on BSF (below).
- The Conservatives claim that there are no additional running costs due to new school places created. This is an unrealistic assumption and an HM Treasury costing found that additional running costs would be substantial in a first Parliament (see p. 99).

<table>
<thead>
<tr>
<th>Year</th>
<th>Total BSF Funds (£m)</th>
<th>Allocation to new academies (£m)</th>
<th>Places created</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>£2,854</td>
<td>£428</td>
<td>20,986</td>
</tr>
<tr>
<td>2011/12</td>
<td>£2,960</td>
<td>£444</td>
<td>21,765</td>
</tr>
<tr>
<td>2012/13</td>
<td>£3,517</td>
<td>£528</td>
<td>25,860</td>
</tr>
<tr>
<td>2013/14</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
<tr>
<td>2014/15</td>
<td>£525</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Conservative Commitment

- The Conservative Party have pledged to create 220,000 new school places in Swedish-style schools. They have said that the capital costs for these new places would come from the Building Schools for the Future budget.

"Provide over 220,000 new school places. That would meet the demand from every parent who lost their appeal for their first choice school in our most deprived boroughs."

Conservative Party, "Raising the Bar, Closing the Gap, Opportunity Agenda, Policy Green Paper No. 1", 20 November 2007, p. 9

"We propose that capital funding for New Academies should come through a new fund, established by re-allocating the money available within the Building Schools for the Future programme."


Basis of Costing

- The Conservatives published their education policy paper “Raising the Bar, Closing the Gap” in November 2007. They set out figures showing that they would allocate £2.45bn in capital costs to build New Academies in the first five years (£4.55bn over nine years), with the figures broken down by year.

"The Building Schools for the Future budget is already set at £9.3 billion for the three years 2008-09 to 2010-11. Redirecting fifteen per cent of this would raise £1.4 billion. Assuming that the funding continues at 2010-11 levels, over nine years this fifteen per cent re-allocation from bureaucratic control to citizen choice would release around £4.5 billion for the building of New Academies. The current capital spending per pupil to build an Academy is approximately £20,000. On the conservative assumption that this figure will persist (conservative because it ignores, for example, the potential for our proposed changes in planning laws and building regulations – set out on pages 47 and 48 – to reduce costs), this £4.5 billion would fund more than 220,000 places over nine years."

Conservative Party, "Raising the Bar, Closing the Gap, Opportunity Agenda Policy Green Paper No. 1", 20 November 2007, p. 39
<table>
<thead>
<tr>
<th>Year</th>
<th>£3,500</th>
<th>£525</th>
<th>25,735</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 5</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
<tr>
<td>Year 6</td>
<td>£3,500</td>
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<td>25,735</td>
</tr>
<tr>
<td>Year 7</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
<tr>
<td>Year 8</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
<tr>
<td>Year 9</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
</tbody>
</table>

**Total Places Created** 223,022

Conservative Party, "Raising the Bar, Closing the Gap, Opportunity Agenda Policy Green Paper No. 1", 20 November 2007, p. 40

**Notes**

- See p. 99 for discussion of how the Conservatives reallocate this money to the capital spending needed for their new schools and how there are still outstanding increased revenue costs from their proposals.
Reduce eligibility for Child Trust Funds

Summary

- The Conservative Party have promised to reduce eligibility for Child Trust Funds.
- They have provided a costing of this policy, used below.

<table>
<thead>
<tr>
<th>Year</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
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<tbody>
<tr>
<td>Cost</td>
<td>£300m</td>
<td>£300m</td>
<td>£300m</td>
<td>£300m</td>
<td>£300m</td>
</tr>
</tbody>
</table>

The Conservative Commitment

- The Conservative Party have pledged to reduce the eligibility for tax credits so that they are only received by disabled children and the poorest third of families.

> "And it means showing that the rich will pay their share which is why for now the 50p tax rate will have to stay and Child Trust Funds for those on middle and higher incomes will have to go."

David Cameron, Speech to Conservative Party Conference, 8 October 2009

> "But quite frankly child trust funds have not been as successful as many like myself hoped. We should continue paying them to the poorest families who often have no savings, and encourage them to use them more – but, let me tell you today, handing out new baby bonds to the rest of the country is a luxury we can no longer afford."

George Osborne, Speech to Conservative Party Conference, 6 October 2009

Basis of Costing

- The Conservative Party costed the saving as follows:

> "The Government should stop new spending on Child Trust Funds for better-off families. Disabled children and the poorest one third of families should continue to receive both new Child Trust Funds at birth and top-up payments. According to the Institute for Fiscal studies this would save £300 million a year or £1.5 billion over the next Parliament."

Conservative Party Press Release, 6 October 2009

Notes

- This policy would remove eligibility for Child Trust Funds from households with an annual income of £16,040 or above.

> "Disabled children and children from the poorest one third of families who currently receive additional payments would continue to receive both new Child Trust Funds and top-up payments to existing Child Trust Funds...

> "Children in families defined as low income, as well as children in care receive additional payments. These families have to be in receipt of Child Tax Credit and have a household income in 2009/10 (as calculated for CTC purposes) of £16,040 or less. Additional payments are also made where the person in receipt of Child Tax Credit is also receiving Job Seekers Allowance, Income Support, Pension Credit or Employment and Support Allowance. The additional payments are £250 at birth and £250 on the child’s seventh birthday.

HMRC data from October 2008 indicates that 31% of CTF accounts receive an additional payment award."

Conservative Party press release, 6 October 2009
Reduce government spending on consultants and advertising

Summary

• The Conservative Party have promised to reduce spending on consultants and advertising to fund their proposal on freezing council tax.
• They estimate that their policy would save £270m in its first year, and £770m per year thereafter with regards to consulting. In addition they set out that £230m per year could be saved from returning advertising spend to its 1997 level.
• However, following the PBR measures to make government more efficient – specifically the 50% reduction in consulting budgets and 25% reduction in marketing budgets by 2012/13 - the revenue that this would raise has to take into account these Government plans which save £650m per year from that year.
• Because no figures are available for what will be saved prior to 2012/13 under Government plans, we have assumed that the Conservatives could realise their full savings in those first two years and reduced the additional saving in subsequent years to reflect what the Government has already planned for.
• Although these spending reductions are allocated to paying for the Conservative council tax freeze pledge (see p. 14) they do not provide sufficient savings to fully fund that policy.

<table>
<thead>
<tr>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>£500m</td>
<td>£1,000m</td>
<td>£350m</td>
<td>£350m</td>
<td>£350m</td>
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</tbody>
</table>

The Conservative Commitment

• In order to fund its plans for a two-year council tax freeze (see p. 14) the Conservatives have proposed reducing central government spending on consultants and advertising.

“Well I do believe you can help people, I don’t believe you should stand on the sidelines, but where you offer tax cuts you have got to show where the money is coming from. So we have said, if the government stops spending so much money on advertising and if it sacks some of the consultants it currently binges on, it could freeze your council tax for two years, that would help families.”
David Cameron, Cameron Direct, 17 November 2008

“As a result fewer top-down projects, less need for consultancy, money that can be saved and yes a smaller advertising budget. What we’re talking about is only going back to what it was in 1997 but in today’s money. Now that is not unrealistic. It is totally realistic and what people should expect an incoming government to do.”
David Cameron, BBC Radio 4 Today Programme, 30 September 2008

Basis of Costing

• The Conservative Party costed the consultancy saving as follows:

“We will reduce spending on private sector management consultants by £270 million in the first year of the freeze and £770 million thereafter. DfID and frontline services such as the NHS, schools and police will not face reductions.”

• The Conservative Party costed the advertising saving as follows:

“According to the Central Office of Information’s (COI) annual report government advertising spend was £391 million in 2007/08. In 1996/97 the COI only spent £163 million (in today’s money) on advertising. The
COI budget only represents a portion of total government advertising as not all departmental advertising is conducted through the COI. We will reduce COI advertising spend back to real 1997 levels saving £230 million a year. Vital public health campaigns will be protected."


- But the Pre Budget Report 2009 implements a 50% saving on the government consulting budget, and a 25% reduction in marketing budgets. These measures will deliver £650 million per year saving from 2012/13. These savings have therefore been subtracted from the Conservative projected totals from that year onwards

- Because no figures are available for what will be saved prior to 2012/13 we have assumed that the Conservatives could realise their full savings in those first two years and reduced the additional saving in subsequent years to reflect what the Government has already planned for.

Notes

- These savings have been earmarked in their entirety by the Conservatives to contribute towards the cost of their planned two-year council tax freeze (see p. 14).
Reduce “bureaucracy” spending by a third

Summary

- At the 2009 Conservative Party Conference, George Osborne promised a one third reduction in “the cost of Whitehall”, which he described as “a £3 billion pound a year saving in bureaucracy alone”.
- £2bn of this was to come from what the Conservatives termed the “centralising bureaucracy” of PFR (which stands for Policy, Funding and Regulations, a now outdated term for Whitehall policy officials and processes) and £1bn from back office functions.
- The Conservatives have not set any specific detail on how these savings would be delivered or go beyond what the Government is already doing. Because these savings in large part reflected what the Government had already set in train, the further amounts to be saved have been adjusted to reflect that.
- The Conservatives have not provided any detail of how they plan to realise £2bn of savings from the “centralising bureaucracy”. And they have chosen to use a measure that is out of date and does not reflect how public spending is measured. It is difficult to be clear how this compares to Government plans – which already include reductions in spending on bureaucracy of 5% in each and every year. Because of the lack of clarity, and following the methodology of using maximised figures for measures which benefit the Exchequer, a large saving has been included even though there is no evidence that the Conservatives proposals go beyond Government plans.
- The Operational Efficiency Programme was launched by the Chief Secretary to the Treasury on 3rd July 2008 and has set out in detail plans for delivering significant savings from back office functions across the public sector. The 2009 PBR provided an update on the OEP, with savings of £8bn to be realised by 2012/13. So the Conservatives back office saving goes no further than Government plans.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce “PFR” spending by one third</td>
<td>£250m</td>
<td>£250m</td>
<td>£250m</td>
<td>£250m</td>
<td>£1,000m</td>
</tr>
<tr>
<td>Reduce spending on finance, HR, property and IT functions by one third</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The Conservative Commitment

- At the 2009 Conservative Party conference, George Osborne promised a one third reduction in “the cost of Whitehall”, which he described as “a £3 billion pound a year saving in bureaucracy alone”.

“I tell you today that the next Conservative Government will cut the cost of Whitehall by one third over the next Parliament. Westminster and Whitehall subjected to the same disciplines as everyone else. A £3 billion pound a year saving in bureaucracy alone.”

George Osborne, Speech to Conservative Party Conference, 6 October 2009

58
Basis of Costing

- The Conservative Party described the total saving from these policies as saving £7 billion over the next Parliament.

> “The Government should set out plans to reduce the administrative costs of Whitehall bureaucracy and Quangos by at least a third. This would save £3 billion a year by the end of the next parliament, or more than £7 billion over the Parliament.”
> *Conservative Party Press Release, 6 October 2009*

“Centralising Bureaucracy”

- The Conservative Party described the “centralising bureaucracy” element of this as follows:

> “This section of government is known as PFR. PFR bureaucrats work in core Whitehall departments, the headquarters of Government Agencies and Quangos (e.g. the LSC and the QCA). They are responsible for devising policies, allocating funding, monitoring targets, inspecting services, setting rules and carrying out marketing and PR tasks. When public sector professionals and businesses complain about interference from Whitehall, micro-management and centralisation, they are primarily complaining about this bureaucracy. The £6bn PFR budget is spent primarily on staffing, property, consultancy and publications. Spending on PFR by central government departments and Quangos is at least £6 billion a year: more than £3.5 billion for central government departments and more than £2.4 billion for Quangos. The Government should set out plans to reduce this spending by at least a third over the next Parliament. This would reduce government spending by approximately £2 billion a year by the end of the Parliament.”
> *Conservative Party Press Release, 6 October 2009*

- In fact, the term “PFR” is no longer used in Government and budgets are not managed in this way. PFR was a term introduced by Sir Peter Gershon in his Efficiency Review and “PFR savings” were measured at the end of 2007 for the preceding three year period. Since 2007, the Treasury does not measure PFR and no number estimate of its size exists. Instead the Government has targeted all administration costs of central government departments.

- As part of the current spending round, departments must cut “administration” budgets – the closest comparison to PFR – by 5% per year, which will lead to an £1.2 billion saving by 2010/11 and, if this trajectory were continued in a future spending period, would achieve an additional £0.75 billion by 2013/14.

- On top of this, the PBR 2009 announced new savings in comparable areas, for example: £600 million from greater use of online systems especially in HMRC and DWP; £500 million from rationalization of arms length bodies; and £140 million from reducing the costs of the senior civil service.

- Given all of this, it is implausible for the Conservatives to claim that their £2 billion savings from “PFR” is all additional. A generous stylised assumption would be to assume they have the potential to realise a further £1 billion out of this £2 billion per annum figure for the end of the Parliament. Following the methodology of using maximised figures for measures which benefit the Exchequer, this stylised assumption for a saving has been included even though there is no evidence that the Conservatives proposals go beyond Government plans.

- The Conservatives originally assumed that this policy would save £2bn in the final year of the Parliament and, combined with the policy below (which they claim would save £1bn in the final year of the Parliament), £7bn in total across the Parliament. It has therefore been assumed that the Conservatives believe their plans would save one quarter of the final year total in
each of the preceding years. With the new final total figure, this is £250m.

“Back Office Bureaucracy”

- The Conservative Party described the “back office bureaucracy” element of this as follows:

  “Back office bureaucracy including spending on finance, human resources, property management and IT functions. In central government alone, £3 billion a year is being spent on these functions. The Government should cut this spending by a third, saving approximately £1 billion a year.”

  Conservative Party Press Release, 6 October 2009

- In fact, the Government’s Operational Efficiency Programme – targeting these specific functions – is already cutting spending in these areas. The PBR 2009 provided an update on progress with the OEP, and stated that £8 billion savings per annum would be realised in these areas across the public sector by 2012/13. Therefore, no additional savings for back office bureaucracy have been allocated to the Conservatives in this costing.
Welfare savings

Summary

- The Conservatives have specifically claimed that they would make savings by testing existing incapacity benefit claimants’ ability to work and moving them to job seekers allowance if they are judged able to work.
- They have also said that their overall welfare plans would mean 600,000 additional people would move off welfare and into work by the end of a Parliament.
- However, the Government is already assessing all existing incapacity benefit claimants over the next three years so the Conservatives proposal does not go any further than existing Government plans. Therefore, no savings have been allocated to the Conservative plans for the purposes of this document.
- Similarly the broader package of Conservative welfare plans do not go beyond Government plans and do not identify how any of their policies would move 600,000 additional people into work over and above Government plans. Therefore, no savings have been allocated to the Conservative plans for the purposes of this document.
- The Conservatives have said that their welfare savings would fund a promised increase in Working Tax Credits for couples (see p. 122) but there are no savings to be allocated towards extra expenditure on WTC payments.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
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<td>Savings</td>
<td>0</td>
<td>0</td>
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</tr>
</tbody>
</table>

The Conservative Commitment

- The Conservative Party has claimed it would make substantial savings from welfare rolls, some of which is intended to fund their “couple penalty” policy (see p. 122) while other savings have been allocated to “help get the unemployed back into work”.

  “And helping more people into work will also reduce costs, enabling us to increase the Working Tax Credit that couples receive. This change will bring tax credits fully into line with the rest of the benefits system, end Gordon Brown’s ‘couple penalty’ which penalises those who stay together, and lift 300,000 children in two parent families out of poverty.”
  David Cameron, www.webcameron.org.uk, 21 November 2007

  “The Government should cut benefits by up to £25 a week for anyone currently receiving Incapacity Benefit who fails a new work test and is therefore entitled only to Jobseekers Allowance. This would save more than £1 billion over the next Parliament, of which £600 million should be used to help get the unemployed back into work.”
  Conservative Party website, 06 October 2009

Basis of Costing

- Under Government plans, since October 2008, new claimants for the Employment and Support Allowance (the replacement for Incapacity Benefit) have been undergoing a much tougher assessment to determine what work they can do rather than what they can’t do, with support for those who can work to help them into jobs.

- At their 2009 Party conference, the Conservatives proposed that they could save £1 billion over a Parliament:
"The Government should cut benefits by up to £25 a week for anyone currently receiving Incapacity Benefit who fails a new work test and is therefore entitled only to Jobseekers Allowance. This would save more than £1 billion over the next Parliament, of which £600 million should be used to help get the unemployed back into work."
Conservative Party website, 06 October 2009

• But under existing Government plans, over 3 years, all existing claimants will go through the new assessment too. The Government is undertaking this total re-assessment as rapidly as is practicably possible, testing thousands of people each week, alongside support to get people back to work. Therefore there are no additional savings beyond the Government’s plans unless the Conservatives are proposing arbitrary cuts in benefits.

• In 2007, the Conservatives initially claimed that £3 billion could be saved by reducing "benefit rolls by an additional 600,000." However this is not a specific claim that they continue to make. Since 2007 they have failed to identify a single policy that would ensure that 600,000 more people, on top of government targets, left welfare. No savings have therefore been allocated for this claim.

"According to the Freud Report, moving someone off benefits and into work saves on average more than £5,000 a year in benefit payments, so to pay for the £3bn cost of ending the couple penalty our reforms would only need to reduce the benefit rolls by an additional 600,000."
Conservative Party Press Release, 1 October 2007
Scrapping Contact Point

Summary

- The Conservative Party have promised to scrap the Contactpoint database.
- They have never provided a costing of what they expect to save from this policy but a recent answer to a Parliamentary Question by DCSF minister Dawn Primarolo set out planned Contactpoint expenditure and has been used below.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
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<td></td>
<td>£50.9m</td>
<td>£43m</td>
<td>£41m</td>
<td>£41m</td>
<td>£41m</td>
</tr>
</tbody>
</table>

The Conservative Commitment

- David Cameron has repeatedly stated that a Conservative Government would scrap the ContactPoint children’s database.

“The ContactPoint database, the idea we’ll get every child’s name and address on a computer, let’s get rid of that that will save a huge amount of money.”
*David Cameron, Cameron Direct Bedford, Tuesday 08 September 2009*

“The first is what I would call extensions of the state where the state keeps doing new things. To some of those we’re just going to have to say we cannot afford those - national identity cards. The ContactPoint database for children and we should look at other areas where the state has tried to do new things and say ... it might be desirable but we can’t do it.”
*David Cameron, BBC R4 Today, 24 April 2009*

Basis of Costing

- The expected expenditure on ContactPoint up to May 2015 was published in a Parliamentary written answer in December 2009.

<table>
<thead>
<tr>
<th>Month</th>
<th>Set up</th>
<th>Operating</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
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<td>29.2</td>
<td>50.9</td>
</tr>
<tr>
<td>April 2011 to March 2012</td>
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<tr>
<td>April 2013 to March 2014</td>
<td>0.0</td>
<td>41.0</td>
<td>41.0</td>
</tr>
<tr>
<td>April 2014 to March 2015</td>
<td>0.0</td>
<td>41.0</td>
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<tr>
<td>April 2015 to May 2015</td>
<td>0.0</td>
<td>10.3</td>
<td>10.3</td>
</tr>
<tr>
<td>Total</td>
<td>24.1</td>
<td>203.1</td>
<td>227.2</td>
</tr>
</tbody>
</table>
Notes

- A Parliamentary written answer in December 2009 revealed that ContactPoint is expected to save five million practitioner hours a year once it is working, the equivalent to £88 million a year.

  Phil Wilson: To ask the Secretary of State for Children, Schools and Families what estimate has been made of the amount of savings in practitioner time as a result of the introduction of ContactPoint. [304728]

  Dawn Primarolo: A principal benefit of ContactPoint will be freed up unproductive time, previously spent by frontline staff in trying to identify and then contact other practitioners who are involved with a child. We estimate conservatively that ContactPoint will save five million practitioner hours, equivalent to £88 million a year, once all projected users are engaged. This means that practitioners can spend more time working with children and families and less time on administration activities.

  Hansard, 7 December 2009, Column 138W,
  http://www.publications.parliament.uk/pa/cm200910/cmhansrd/cm091207/text/91207w0029.htm#09120767002764
**NHS IT Programme**

**Summary**

- The Conservative Party have pledged to scrap the national database of health records and to halt and renegotiate existing contracts with local service providers.
- The Conservatives have never produced a firm costing for the saving from this policy.
- The Government’s announcement in December 2009 that elements of the National Programme for IT will be delayed or descoped to realise £600m of savings over the next few years.
- To go further, as the Tories say they would do, would involve significant payments to the IT firms delivering the new systems. These, and other cancellation costs, would outweigh any savings.
- Therefore, no further savings have been allocated for the purposes of this document.

<table>
<thead>
<tr>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
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<td>0</td>
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</tbody>
</table>

**The Conservative Commitment**

- David Cameron has repeatedly attacked the NHS IT programme, saying “that should go” and including it in a list of “programmes we wouldn’t continue with”.

> “Things like the big top down decisions like the NHS computer, that should go, that’s where you can make a genuine reduction in government spending but it is going to be in order to fund other things and make sure you have got a realistic prospect for managing public spending overall.”
> *David Cameron, Jeff Randall Show, Sky News, 26 January 2009*

> “It means yes, identifying programmes we wouldn’t continue with, and we’ve talked about things like the NHS computer, like ID cards, some of these are not insignificant, the NHS computer is a massive multi-billion pound programme and yes it means going about public spending in a different way and I’ll be making a speech later this week which will give more detail about that.”
> *David Cameron, press conference, 16 March 2009*

- However, Shadow Health Minister Stephen O’Brien has said that the Conservatives would not stop the NHS IT programme, but would review it instead.

> “As it involves £12 billion of taxpayers money, rather than have an audit and stop it, we will instead have a review that starts from the premise that improved exploitation of IT in health and care setting will contribute to improving patient outcomes.”

- The Conservatives’ Independent Review of NHS and Social Care IT, which reported in August 2009 and was endorsed by the Conservative Party, recommended that existing contracts with local service providers “must be halted and renegotiated”.

> “The Review Group have concluded that the contracts must be halted and renegotiated. There will be a cost to this course of action but this will be mitigated by overcoming the LSP [Local Service Provider] failure to deliver and also must be set against the large amounts of money being lost due to the delays. Moreover, there is a growing cost to CfH incurred by Trusts who are choosing to procure outside of the National Programme. Where trusts are procuring systems separately from the NPfIT, the DH are paying for systems twice.”
• It also recommended that the national database of health records, should be scrapped.

The review identifies delivery in the acute sector as the area of greatest weakness. It says GP and hospital patient record databases must instead be kept locally, only exchanging data when necessary, to maintain the primacy of the doctor-patient relationship.

It calls for the national database of health records, the NHS Spine, to be scrapped, saying it has caused “extreme anxiety in many individuals and organisations”. The review states “a central database is not required in a localised vision of NHS IT”.

Asked whether this entailed abandoning the spine and national summary care record, O’Brien said: “We don’t see it needing to survive. So why should it.”


• The Conservatives have not attempted to estimate the cost of renegotiating existing contracts, although Stephen O’Brien admits that he does not know “whether it is cost free or not cost free”.

Mr O’Brien admitted that trying to change the IT contracts could actually cost the Government money initially, though he insisted the move would eventually be worthwhile.

He said: “Until I have had sight of those contracts I will not know the scope of my renegotiation and whether it is cost free or not cost free. The main thing is that there will be a saving.”

Telegraph, 11 August 2009

Basis of Costing

• On 7 December 2009 Health Secretary Andy Burnham announced plans to save £600m in the lifetime costs of the NHS IT Programme by delaying or descoping elements of Connecting for Health.

“To put it simply, the [NHS IT] programme is a key part of delivering modern, safe, joined-up health care. It is supporting the ongoing reform of the NHS by giving choice and convenience to patients. The NHS could not function without it. However, in the current climate it is right to look again at efficiencies and value for money on all big projects, and at the Chancellor of the Exchequer’s request – and that is what the Minister of State, Department of Health, my right hon. and learned Friend the Member for North Warwickshire (Mr. O’Brien) and I have been doing across my Department.

“As part of that, I have looked closely at options for savings on the NHS IT system; it was to those that the Chancellor referred yesterday. The details of those discussions with the IT companies are commercially sensitive and ongoing, but I can give the House this update. My aim in conducting this exercise has been to ensure that the elements of the IT programme that can deliver most benefit to patients and front-line staff are taken forward, while cancelling certain additions to the system where it makes sense to do so.

“Let me be absolutely clear: we have no intention whatsoever of cancelling the programme overall, not least because it is already making the NHS safer, more efficient and more convenient for patients. However, we are discussing with our suppliers potential reductions to the scope of the systems and the cost savings that could be generated. In addition, we are looking seriously into the internal savings that can be made from the costs of running the programme. In the light of that work, I can confirm to the House that we are working towards achieving a reduction of £600 million in the lifetime costs of the programme.”

Andy Burnham, Hansard, 7 December 2009, Column 21, http://www.publications.parliament.uk/pa/cm200910/cmhansrd/cm091207/debtext/91207-0004.htm#0912071200004

• To go further than these savings would require significant compensation payments to the IT companies contracted to deliver the new systems. These, and other cancellation costs, would outweigh any savings.
• David Cameron has variously promised that money saved from the NHS IT programme could be used to fund the armed forces, that it could be used to fund a high speed West Coast mainline railway, and that “every penny that we can save on the computer that isn’t really working very well, we can put money into nurses and doctors and patient care”.

Andrew Marr: Are you therefore now looking at all the things you’ve originally promised about extra rail links and more money for the armed forces and so on and reviewing all of that to see where you can cut?

David Cameron: Well what we’re going to look at is what the government announces tomorrow and what they do to their own spending plans, maybe they’ll come off them too and we’ll have to then set our path forward for spending and yes, it is going to be difficult and there will be tough decisions to be made if you want to keep taxes down. Now there are some advantages we have, we don’t believe in the big top down government programmes, we’d get rid of the national identity card scheme, we’d get rid of the children’s database, we think the NHS computer has been hugely wasteful. Some of these big top-down government stuff that Gordon Brown has been obsessed by would go. That would help. But I accept it will be tough, it will be difficult but in the end I would like to go into the election telling the truth about the public finances because I think at the moment the government isn’t.

Andrew Marr Show, 23 November 2008

David Cameron: I mean the long term plans for Britain are for a second West Coast mainline railway and we’re saying instead of making that just a standard railway make it a high speed railway. That is perfectly practical...

Andrew Marr: This is going to cost money which is money that you don’t have and you don’t...

David Cameron: Yes but Andrew everyone knows there’s enormous amounts of waste in government and we’ve already said a lot of things we won’t go ahead with, you know ID cards...

Andrew Marr: Everyone says they’re going to cut waste.

David Cameron: No, ID cards, we’re not going to do ID cards. The children’s database, we’re not going to do the children’s database. The NHS computer, we think it’s got completely out of control. We would be a different government, less top down decision making from Whitehall, less of these grand plans and programmes and as I say we’re not cutting the overall level of government spending, we’re just reducing the increase.

Andrew Marr, 11 January 2009

“I think it’s important to try and save money in the massive NHS computer programme because for every penny that we can save on the computer that isn’t really working very well, we can put money into nurses and doctors and patient care.”

David Cameron, BBC Breakfast, 06 July 2009
Reduce eligibility for tax credits

Summary

• The Conservative Party have promised to remove eligibility for Child Tax Credits for households with incomes of over £50,000.
• The Conservatives estimated that the policy would save £400m a year. However, publicly available data shows that the policy would save substantially less (£45m per year). That data has been used in this document.

<table>
<thead>
<tr>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
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<tbody>
<tr>
<td>£45m</td>
<td>£45m</td>
<td>£45m</td>
<td>£45m</td>
<td>£45m</td>
</tr>
</tbody>
</table>

The Conservative Commitment

• The Conservative Party have pledged to change tax credits so that those households with a combined income over £50,000 would not receive any Tax Credit payments.

“And I can also tell you today, we can no longer justify paying means tested tax credits to families with incomes over £50,000.”
George Osborne, speech to Conservative Party Conference, 6 October 2009

“And also I have said that I think that while tax credits can help people, because they help people in work to get some more money which is essential for them, we do give tax credits to households earning £50,000 and I think that is a time when we’re, as I say, very stretched for cash, we’re really going to have to ask ourselves is that actually a good use of money and I’m not sure it is.”
David Cameron, Cameron Direct, Exeter, 8 May 2009

Basis of Costing

• The Conservative Party costed the saving as follows.

“The Government should stop paying tax credits to households with incomes over £50,000 by starting to means-test the Family Element of the Child Tax Credit at a lower threshold. According to the Institute for Fiscal Studies this would save £400 million a year or £2.0 billion over the next Parliament.”
Conservative Party Press Release, 6 October 2009

However, a Parliamentary written answer in December 2009, referring to public documents, shows that the Conservative plans would only raise an additional £45m per year.

Andrew Gwynne: To ask the Chancellor of the Exchequer what estimate he has made of the annual additional revenue to the Exchequer that would arise from the removal of the payment of tax credits to households with incomes above £50,000. [303864]
Mr. Timms: The total annual tax credit entitlement for families earning more than £50,000 is estimated to be approximately £45 million. This estimate is based on finalised incomes and circumstances of families benefiting from tax credits in 2007-08 which is the most recent year available. These statistics are available at:
http://www.hmrc.gov.uk/stats/personal-tax-credits/ctcw-tax-credit-final-may09.pdf
Household income has been calculated based on income used to calculate tax credit entitlement and will therefore disregard in-year income rises of less than £25,000.
The total annual tax credits entitlement of these families will differ slightly from the additional revenue to the Exchequer of excluding them from tax credits, because of effects on over- and under-payments. Analysis of these effects is available only at disproportionate cost.
Hansard, 9 December 2009, Column 406W,
http://www.publications.parliament.uk/pa/cm200910/cmhansrd/cm091209/text/91209w0014.htm#0912
Another Parliamentary written answer reveals that to save £400m per year, the second income threshold would need to be reduced to around £31,000.

Andrew Gwynne: To ask the Chancellor of the Exchequer if he will estimate the level of second income threshold for tax withdrawal required to reduce annual expenditure on tax credits by £400 million. [303878]
Mr. Timms: To reduce total annual tax credit expenditure by £400 million, it is estimated that the second income threshold would need to be reduced to around £31,000. Hansard, 9 December 2009, Columns 406W-407W, http://www.publications.parliament.uk/pa/cm200910/cmhansrd/cm091209/text/91209w0014.htm#09120968001309
Freeze pay and cap pensions for public sector workers

Summary

- At the 2009 Conservative Party conference, George Osborne promised to implement a public sector pay freeze for most public service workers from 2011 and annual caps on public sector pensions.
- On public sector pay, the Conservatives costed this pledge as saving £3.2bn a year from 2011/12 onwards. However, following plans for a 1 per cent pay cap announced in the Pre-Budget Report we have taken the Conservatives £3.2bn as a given and subtracted the Government's planned £1.7bn of savings from pay restraint in that year. This implies an additional annual savings of £1.5bn per year from Conservative plans.
- On pensions, the Conservatives have not said that their cap on public sector pensions would save specific amounts in the next Parliament and, given that they have pledged not change existing pension entitlements, their plans would not provide significant gains to the Exchequer in the next Parliament.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
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<tr>
<td>One year public sector pay freeze</td>
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<td>£1,500m</td>
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<tr>
<td>Cap on the biggest public sector pensions</td>
<td>0</td>
<td>0</td>
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</tbody>
</table>

The Conservative Commitment

- In his speech to the Conservative Party conference in October 2009, George Osborne set out his plans for a public sector pay freeze for most public service workers from 2011 and for annual caps on public sector pensions.

"But today I tell you in all candour that if you look at the nation's finances. What the Government announced yesterday will not be enough. It covers less than a fifth of the public sector workforce. You will see that whoever wins the election is going to have to ask from 2011 each part of the public sector to accept a one year pay freeze. We shouldn't include public servants earning less than £18,000."
George Osborne, Speech to Conservative Party Conference, 6 October 2009

"The tax relief on private sector pensions is capped, so the time has come to find ways to impose a £50,000 annual cap too on the size of public sector pension payouts."
George Osborne, Speech to Conservative Party Conference, 6 October 2009

Basis of Costing

- The Conservative Party estimated that their public sector pay freeze would save £3.2bn per year from 2011 onwards.

"The Government should recommend no headline increase in pay for all public sector workers in 2011, except for the lowest paid one million who should be protected. Military personnel on active service overseas should be more than compensated by doubling the Operational Allowance to an average of £4,800 for a six month tour of duty. Altogether this would reduce government spending by £3.2 billion a year from 2011 onwards, or more than £12 billion over the next Parliament. These savings are equivalent to protecting more than 100,000 public sector jobs."
• Since that announcement the Government has set out in the PBR that it will seek a one per cent cap on basic pay uplifts across the public sector for 2011-12 and 2012-13, generating ongoing annual savings of £3.4 billion by 2012-13. For the purposes of this document, this has been averaged to ongoing annual savings of £1.7bn for each year of the one per cent cap.

• The basis for the Tory £3.2bn costing is unclear. But following the methodology of using the maximum savings for those measures which benefit the exchequer, we have taken the Conservatives £3.2bn as a given and subtracted the Government’s planned £1.7bn of savings from pay restraint. This implies additional ongoing annual savings of £1.5bn per year from Conservative pay policy in 2011/12.

• This assumes the Tories would follow Government plans in 12/13, i.e. look to set a cap of at most 1%. If they did not do this then the Tory plans would save considerably less than £1.5bn.

• By contrast with the detail provided on their pay freeze, the Conservative Party has not offered an estimate for any savings from public sector pensions in the next Parliament.

  “The Government should find ways to cap the biggest government pensions, including those for senior civil servants, local council executives and Quango managers. This cap should prevent any taxpayer-funded increase in senior government pensions already worth over £50,000 a year, and stop all taxpayer-funded pensions for these groups in future exceeding £50,000 a year. This would reduce the growth of public sector pension liabilities by hundreds of millions of pounds over the next decade.”

  Conservative Party website, 6 October 2009,

• Instead, the Conservatives have been clear that existing benefits will be protected.

  “Any change should reflect the principle that existing benefits accrued by staff must be protected.”

  Conservative Party Press Release, 6 October 2009

• The Conservative cap plans do not affect existing pension entitlements and so would not provide significant gains to the Exchequer in the next Parliament. In fact, the Pre Budget Report 2009 announced “Cap and Share” reforms to public sector pensions which will save an estimated £1 billion a year from 2012-13. These reforms require those earning the highest salaries to pay a greater contribution towards their pension, making a much quicker contribution to the public finances than a cap on future pensions.
Reduce spending on Sure Start outreach workers

Summary

• The Conservatives have pledge to reduce spending on Sure Start outreach workers to reallocate money to fund enough health visitors to guarantee parents a certain entitlements, such as a minimum number of home visits.
• However, the Department for Children Schools and Families have stated clearly that the Sure Start outreach spending that the Conservatives wish to reallocate is smaller than they had claimed.
• The DCSF report of the amount of money available is used below.
• An HM Treasury costing also found that more health visitors would be needed to implement the Conservative plans, (see p. 115).

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<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
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<tbody>
<tr>
<td>Amount</td>
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<td>£79m</td>
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The Conservative Commitment

• David Cameron has wrongly claimed that the Government intends to spend £200m more each year for Sure Start outreach workers. He says he would divert this spending to pay for 4,200 health visitors (see p. 115).

“But let me make a firm commitment right now. Labour are planning an increase in outreach workers at Surestart centres, as one way of supporting parents with young children. That’s their idea. But money is tight and we’ve got to make choices. So I believe that instead of more untrained outreach workers, we need more trained professionals who really know what they’re doing. They exist already. They’re called health visitors. Highly-trained NHS professionals who come to your home and build up a strong, trusting, personal relationship with your family. They have a huge part to play in making everything seem manageable. They don’t judge, they help out. And that’s why it’s not surprising that overwhelmingly, parents say it’s this kind of help and support they want: from a trained professional, in the home.”
David Cameron, speech to Conservative Spring Forum, 15 March 2008

“You’ve got to be careful with public money - especially when times are tough. But Labour are casual with public money - and that’s why there’s been so much waste. Now they want to spend £200 million on a new army of outreach workers with no medical training. Instead of endlessly dreaming up extra things for the state to do, we believe in making sure the state does the things it’s supposed to do, well.”
David Cameron, speech to Conservative Spring Forum, 15 March 2008

Paying for the policy

The cost of the policy is £200 million per year. This will be funded by:

o using £150 million of the £200 million per year, with which the Government are intending to pay for a new cadre of ‘outreach’ workers from Children’s Centres, to hire, instead, 4,200 additional professional health visitors;

o using £40 million of the remaining £50 million a year to fund additional training for health visitors; and

o using the remaining £10 million a year to pay for our Child Health Inequalities Fund.

This level of support will be available to all families. Health visitors and parents can agree how support is best delivered to meet a family’s individual needs in those critical early years.


Basis of Costing

• The Department for Children, Schools and Families has stated clearly that its intention is to increase spending for Sure Start outreach workers by £79 million per year, rather than £200
millions.

"...the Government are investing a total of £4 billion in supporting services through, and developing further, children’s centres over the next three years, which includes an additional £79 million specifically for outreach work."

Beverley Hughes, then Children’s Minister, Hansard, 19 May 2008, Column 6, http://www.parliament.the-stationery-office.co.uk/pa/cm200708/cmhansrd/cm080519/debtext/80519-0001.htm#08051912000418

Notes

- This saving has been allocated by the Conservatives to pay for an increase in the number of health visitors – see p. 115.
Regional Development Agencies

Summary

- The Conservative Party have pledged to cut Regional Development Agencies, although they have not been clear on how many they would abolish.
- They have set out the running costs of RDAs as being £202m per year, so this document has taken this as the maximum possible saving while protecting funding streams like support to businesses.

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<th>2010/11</th>
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<th>2012/13</th>
<th>2013/14</th>
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<tbody>
<tr>
<td>Budget</td>
<td>£202m</td>
<td>£202m</td>
<td>£202m</td>
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</table>

The Conservative Commitment

- The Conservatives have promised to cut RDAs:

  "If people want to come forward with a plan to dismantle the quite bureaucratic and quite sclerotic in some cases RDAs, and come forward with more local development, we’ll entertain that and if it passes the test of helping business then it should go ahead and I think what that will result in is most of the RDAs going, the loss of a lot of bureaucracy as a result but in some cases where if they’re particularly seen as important and powerful, in some cases they might stay.”
  
  David Cameron, Q&A following speech to CBI, 23 November 2009

  Q. Mr Cameron you’ve openly said that due to Labour’s spending plans the next government has to make cuts. If you were to be elected where would you make cuts?
  A. I’d like to roll up this whole regional state, the regional assemblies, many of the regional development agencies, the regional spatial strategies, the regional planning, get rid of all of that. I think that would save us a huge amount of money.
  
  David Cameron, Cameron Direct, Luton, 29 June 2009

  “And also I would abolish this whole regional structure that we have had imposed upon us in this country, regional development assemblies, they would go, I’d let councils come together and take on those powers if they want to. I think we can get rid of a lot of the regional junk and jargon and red tape that the government has created and put power back in the hands of local authorities. Then you get more democracy.”
  
  David Cameron, Cameron Direct, Brighton, 13 February 2009

- However, on some occasions they have appeared to suggest that a few RDAs will remain:

  “RDAs will remain, but with a business-led enterprise purpose. And what we’re going to let them do is propose what shape they want to take. If they want to stay as a big regional RDA, they can come to my department and say. If they want to be smaller, so they work more closely with county councils for specific regions, they can do that.
  
  Alan Duncan, then Shadow Business Secretary, Liverpool Daily Post, 15 October 2008

  “The London Development Agency is unique – funded centrally, but run by the Mayor. As such its powers are devolved already and so we have no plans to interfere in what is a matter for the Mayor. Our proposals apply to the other eight RDAs only.”
  

Basis of Costing

- The Conservatives have primarily targeted the administration and bureaucracy of RDAs rather than their funding streams, many of which they reallocate through other channels such as Local Authorities in their policy green paper on the subject, “Control Shift”. Their policy paper
The Regional Development Agencies (RDAs) have been particularly expensive, having spent over £13 billion since their creation in 1999. During this period their salary bill has trebled from £38 million to over £120 million and their total running costs have risen by 159 per cent to £202 million, including the costs of running a panoply of individual offices in a variety of foreign countries.


- The maximum saving the Conservatives have given for RDA running costs has been used in this costing, although in reality if they scrapped fewer RDAs, they would reduce this saving.
Regional assemblies

Summary

- The Conservative Party have promised to abolish Regional Assemblies.
- They have provided a costing of this policy, used below.

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<th>2010/11</th>
<th>2011/12</th>
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<tr>
<td></td>
<td>£18m</td>
<td>£18m</td>
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The Conservative Commitment

- David Cameron has promised to abolish Regional Assemblies

  “So as we have already announced, we will get rid of unelected, unaccountable and unwanted Regional Assemblies – and save £18 million.”
  
  David Cameron, Speech on “Cutting the Cost of Politics”, 8 September 2009

Basis of Costing

- David Cameron estimated the saving from abolishing Regional Assemblies as £18 million.
### Scrap identity cards

#### Summary

- The Government has set out plans for biometric passports, voluntary identity cards for British citizens and compulsory identity cards for foreign nationals.
- The Conservative Party have suggested that significant savings could be realised by not going ahead with ID cards for British Citizens. They have proposed diverting these savings into other spending priorities.
- They have not produced a recent costing for the saving from this policy but Chief Secretary to the Treasury Liam Byrne set out the Treasury’s analysis that the maximum that the Conservative policy would save is £100m over three years.
- This is because the Conservatives are clear that they agree with both ID cards for foreign nationals and biometric passports. As a result the vast majority of spending would still be required.
- The ID cards scheme is self-financing in the medium term from the fees charged for the cards.

<table>
<thead>
<tr>
<th>Year</th>
<th>2010/11</th>
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<tbody>
<tr>
<td>Savings</td>
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<td>£33m</td>
<td>£33m</td>
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</table>

#### The Conservative Commitment

- The Conservative Party have pledged to scrap identity cards and divert funding to other areas.

> “On crime, we’ve said scrap ID cards and focus instead on drug rehab, building prisons and introducing a proper Border Police force.”
> David Cameron, Online Q and A, Telegraph.co.uk, 11 September 2007

> “A future Conservative Government will:
> 1. Scrap the ID card scheme, saving £255.4 million in the first three years.
> 2. The first priority for these savings is the provision of extra prison places. We will use £162.6 million to build and support an additional 1,200 prison places, enabling us to scrap the early release scheme.”

> ‘It’s time to end Labour’s Early Release Scheme’, 2 October, 2007

#### Basis of Costing

- The Conservative Party have committed to biometric ID cards for foreign nationals, a policy introduced in the Government’s UK Borders Bill. They also support biometric passports.

> “Everybody in this house wants proper biometric visas for people visiting this country.”
> David Cameron, Hansard, 9 January 2007, Column 296,
> [http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm070109/debtext/cm070109-0002.htm#cm07010972002636](http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm070109/debtext/cm070109-0002.htm#cm07010972002636)

> “There is not a Conservative Member, and I dare say there is not a Labour Member either, who disagrees with the notion that there should be biometric passports. That means that when we present our passports at the port of entry, an immigration officer can read the information contained in the chip and verify our identity.”
> Edward Garnier, then Shadow Home Office Minister, Hansard, 5 February 2007, Column 671,
> [http://www.publications.parliament.uk/pa/cm200607/cmhansrd/cm070205/debtext/cm070205-0019.htm#cm07020547000078](http://www.publications.parliament.uk/pa/cm200607/cmhansrd/cm070205/debtext/cm070205-0019.htm#cm07020547000078)

> “I made it clear that we would not oppose the introduction of powers to require those subject to immigration control to apply for a document that records their biometrics—and we do not oppose it. Our opposition centred
on the use of the national identity register more widely with regard to British citizens, and the compulsion of British citizens to apply for an ID card."
Baroness Anelay, then Shadow Home Office Minister, Lords Hansard, 13 June 2007.

- Chief Secretary to the Treasury Liam Byrne told the House of Commons in December 2009 that scrapping ID cards would save a maximum of £100m.

  "I could, for example, have set out proposals to scrap ID cards, which I was told by some quarters would save £2 billion. In fact, on closer inspection, it turns out that that would save no more than £50 million to £100 million."
Liam Byrne, Hansard, 7 December 2009, Column 33,
http://www.publications.parliament.uk/pa/cm200910/cmhansrd/cm091207/debtext/91207-0005.htm#09120712000521

- We have assumed that the £100m would be evenly spread over the next three years.
- And scrapping ID cards would save nothing in the longer term because the scheme is self-financing via the charges for those using the cards.

Notes
- Savings from scrapping ID cards have been allocated by the Conservatives to pay for a Border Protection Service (p. 133), residential abstinence-based drug rehabilitation programmes (p. 135) and more prison places (p. 107 and p. 110).
### Cutting the number of MPs and some Parliamentary and political costs

#### Summary

- The Conservative Party have promised to reduce some Parliamentary and political costs.
- They have provided a costing of this policy, used below.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
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<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase costs of food and drink in Parliamentary cafeterias</td>
<td>£5.5m</td>
<td>£5.5m</td>
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<td>£5.5m</td>
<td>£5.5m</td>
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<tr>
<td>Reduce ministerial salaries and then freeze for the rest of the Parliament</td>
<td>£0.25m</td>
<td>£0.25m</td>
<td>£0.25m</td>
<td>£0.25m</td>
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</tr>
<tr>
<td>Reduce the number of MPs in the following Parliament</td>
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<td>0</td>
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<tr>
<td>10% reduction in the costs of Parliament</td>
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<td>£50m</td>
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</tr>
<tr>
<td>Rule changes on government lobbying</td>
<td>£10m</td>
<td>£10m</td>
<td>£10m</td>
<td>£10m</td>
<td>£10m</td>
</tr>
<tr>
<td>Abolish the Standards Board for England</td>
<td>£9.5m</td>
<td>£9.5m</td>
<td>£9.5m</td>
<td>£9.5m</td>
<td>£9.5m</td>
</tr>
<tr>
<td>Abolish the Parliamentary Communications Allowance</td>
<td>0*</td>
<td>0*</td>
<td>0*</td>
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</tr>
</tbody>
</table>

*This does not go beyond an existing Government commitment (see below).

All the above figures were given by the Conservatives as for a single year, so a flat projection has been assumed.

#### The Conservative Commitment

- David Cameron has pledged to reduce “the cost of politics” in the following ways

> "We've already said we'll get rid of the £10,000 yearly 'Communications Allowance' that every MP gets. It may sound new fangled, but let me tell you: it's nothing less than old-fashioned, state-sanctioned propaganda. It's there for every MP to pay for sending newspapers and leaflets to their constituents to tell them how great they are, what a brilliant job they're doing and why they're the best thing since sliced bread. It's anti-democratic, it's a waste of money, so it's gone. And the best thing is, we'll save the taxpayer £5 million."

David Cameron, Speech on “Cutting the Cost of Politics”, 8 September 2009

> "So with the Conservatives, the cost of food and drink in Parliament will be increased to match the prices normal people pay in cafes, restaurants and bars around the country. Slashing the subsidy in this way will save up to £5.5 million."

David Cameron, Speech on “Cutting the Cost of Politics”, 8 September 2009

> "And if we're going to cut the cost of the cars, let's also start at source and cut the cost of ministers. There are currently 169 government ministerial posts and 3 opposition party posts that receive additional taxpayer funded salaries, on top of the standard MP salary. These ministerial salaries range from £26,624 to £132,923. It's only right, at a time when the country has to share in financial pain, that they make their sacrifice. So we will cut all Ministerial salaries - that's the money they get on top of their MPs' salary - by an..."
immediate five percent. This means a pay cut of £6,500 for the Prime Minister and a £4,000 pay cut for Cabinet Ministers. On top of that, we will freeze those salaries for the lifetime of the next Parliament. That means a further pay cut when inflation is taken into account - and a saving of over a quarter of a million pounds a year for the taxpayer.”
David Cameron, Speech on “Cutting the Cost of Politics”, 8 September 2009

"And we have also said we will scrap the Standards Board for England. This is the body that judges the performance of Councils and Councillors. That’s what the voter is supposed to do. By abolishing the Standards Board, we will save £9.5 million."
David Cameron, Speech on “Cutting the Cost of Politics”, 8 September 2009

"We will follow the example of the United States and impose new financial rules to stop public sector bodies from hiring consultants to lobby politicians. At a stroke, this will save £10 million a year."
David Cameron, Speech on “Cutting the Cost of Politics”, 8 September 2009

“So we will require the Boundary Commission to set out detailed proposals to reduce the number of MPs by ten percent for the next General Election. That will be a reduction from 650 to 585, and will save £15.5 million. So the Conservatives will demand from the Parliamentary authorities a ten percent cut in costs, banking the taxpayer £50 million.”
David Cameron, Speech on “Cutting the Cost of Politics”, 8 September 2009

**Basis of Costing**

- The figures in the table above are those given by David Cameron, with the exception of the savings on the Communications Allowance (already contained in the Kelly report which the Government has accepted) and the savings from reducing the number of MPs, which could only come into effect after another general election and can therefore save nothing in the next parliament.
Scrap the Trade Union Modernisation Fund

Summary

- The Conservative Party have promised to scrap the Trade Union Modernisation Fund.
- They have never provided a costing of what they expect to save from this policy but a recent answer to a Parliamentary Question, by BIS Minister Pat McFadden, set out planned TUMF expenditure and has been used below.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>£1.8m</td>
<td>£1.8m</td>
<td>£1.8m*</td>
<td>£1.8m*</td>
<td>£1.8m*</td>
<td></td>
</tr>
</tbody>
</table>

*BIS have published planned expenditure to 2011/12 on TUMF. For future years a flat projection has been assumed for the purposes of this document.

The Conservative Commitment

- David Cameron has pledged to scrap the Trade Union Modernisation Fund:

  "I've just seen the proposal from Gordon Brown to put even more money into the 'Trade Union modernisation fund'. I think that this is a waste of taxpayers money and, frankly, fairly dodgy as in return for the £10 million or so Labour have given to the Unions, they give back almost the same amount in terms of funds for the party and the general election fund. I think that the Modernisation fund should be scrapped altogether. So much for all the posturing at the TUC yesterday. When it comes to Gordon Brown, you always need to check the small print."

  David Cameron, Online Q and A, Telegraph.co.uk, 11 September 2007

Basis of Costing

- The minister responsible for the TUMF, Pat McFadden, provided the following answer on planned expenditure on TUMF to 2010/11 in answer to a Parliamentary question.

  Mr. Maude: To ask the Secretary of State for Business, Enterprise and Regulatory Reform what the planned expenditure on the Trade Union Modernisation Fund is in each of the next three years. [217363]

  Mr. McFadden: The forecast accruals are as follows:

  £ million
  2008-09  2.1 (1)
  2009-10  1.3
  2010-11  1.8

  (1) Including spend to date.

  Hansard, 15 September 2008, Column 2145W, http://www.parliament.the-stationery-office.co.uk/pa/cm200708/cmhansrd/cm080915/text/80915w0028.htm#08091528000102
Increase the state pension age

Summary

- The Conservative Party have promised to increase the state pension age in 2016 at the earliest.
- They have not provided figures on the savings from this policy for the next Parliament because the move is delayed to the following Parliament. Therefore no savings have been credited to the Tories in any year of the next Parliament.

<table>
<thead>
<tr>
<th>Year</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The Conservative Commitment

- The Conservative Party has pledged to increase the state pension age.

  “All parties accept that to afford that with an ageing population, the state pension will have to rise. The women’s pension age is already set to start rising over the next decade to 65. And by 2026 the pension age for men and women will reach 66. This is already happening. But most experts – including Lord Turner who made this recommendation – now think that is too far off. So we will hold the review which Turner’s Report itself proposed and which this government has never held. Our aim will be to bring forward the date when the pension age rises.”

  George Osborne, Speech to Conservative Party Conference, 6 October 2009

  “Well no, the savings come from the change in the male pension age from 65 to 66. That does save something like £13 billion a year, it’s a significant saving but it is I think important to look some of these complex issues like how you bring together the man’s and woman’s state pension age, that’s why we’ll have a senior independent review.”

  David Cameron, BBC Breakfast, 6 October 2009

Basis of Costing

- The Conservative Party has been clear that it does not plan to introduce this policy in the next Parliament.

  “We will ensure that no increase will happen until the second half of the next decade – in the Parliament after next. For men this means the pension age will not start to rise to 66 until at least 2016. For women this means the pension age will not start to rise from 65 to 66 until at least 2020. No one who is a pensioner today, or approaching retirement soon, will be affected.”

  George Osborne, Speech to Conservative Party Conference, 6 October 2009
Spending promises (costed)
45,000 new single rooms in the NHS

Summary

- The Conservative Party have promised to create 45,000 additional single rooms in the NHS estate.
- The Conservatives estimated that this policy would cost an average of £314m a year over five years. But the costs they estimated for each additional single room were based on a small number of Freedom of Information requests that focussed on the easiest and most inexpensive cases.
- An HM Treasury/Department of Health costing of the policy, using more accurate Government figures for the cost of each additional single room, found that it would in fact cost £1,903m a year over five years.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
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</thead>
<tbody>
<tr>
<td>Cost</td>
<td>£1,903m</td>
<td>£1,903m</td>
<td>£1,903m</td>
<td>£1,903m</td>
<td>£1,903m</td>
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</tbody>
</table>

The Conservative Commitment

- Andrew Lansley announced his policy of building 45,000 more single rooms in the NHS over five years at the Conservative Party Conference in 2008.

> *I am determined that the NHS will be equipped to meet standards of dignity and safety, and provide real choice to patients – the kind of choices which private patients take for granted.*
> *So today I am announcing that within five years, under a Conservative Government, every patient will be given the opportunity to choose a single room when booking an operation in hospital.*
> *Every hospital will have the single rooms they need to isolate infected patients.*
> *All mothers in maternity care will have access to a single room.*
> *All mental health patients will have single rooms.*
> *No patient will be in mixed-sex accommodation.*

Andrew Lansley, speech to Conservative Party Conference, 29 September 2008

 '> ‘Dignity and safety’ – A major programme to ensure that single rooms are available for all patients who need one on grounds of medical safety or to maintain personal dignity. This will mean:
> * A guarantee that all mothers giving birth in NHS hospitals who want a single room will have one.
> * A guarantee that everyone staying on mental health wards will have a single room.
> * A pledge that seven percent of hospital beds will be turned into single rooms specifically reserved so that patients who have, or are suspected of having, a hospital infection can be immediately isolated.

> ‘Real room choice’ – All patients admitted to hospital for planned care will be able to choose whether they want to stay in a single room or on a bay while they are treated in hospital.

Together these two commitments will mean:
* Nearly doubling in the number of single rooms in the NHS after five years – 45,000 more single rooms
* An increase in the proportion of single rooms in NHS hospitals from 28 per cent to 55 per cent.
* £1.57 billion of capital funding over five years to allow NHS hospitals to be able to provide patients with the accommodation that they choose.

Conservative Party press release, 29 September 2008

Basis of Costing

- The cost of this policy was revealed in a Parliamentary written answer in October 2008.

Mark Hoban: To ask the Secretary of State for Health whether (a) his Department’s officials and (b) NHS officials have been instructed to review the cost to the public purse of providing more single rooms within the NHS estate since 27 September 2008.

Ann Keen: In October 2008 the Department’s officials reported a capital cost estimate of about £9.51 billion
(at Quarter 1 2008 prices) for providing 45,000 more single rooms, £211,401 per bed, while maintaining the existing bed capacity of the national health service estate. This costing was based on standard NHS costing methodologies.


- More details of the methodology used to reach this costing were disclosed on 16 September 2009 following a Freedom of Information Act request.

Assuming that total costs are equally distributed over five years: total cost is £9,513m to provide 45,000 beds.

The methodology that has been used is as follows:

- 28-bed L-shaped wards (14% single rooms) converted to 50% single. This changes them from 28-bed wards with 24 bay beds and 4 single rooms, to 21-bed wards with 10 bay beds and 11 single rooms – net gain of 7 additional single rooms per ward converted and net loss of 7 total beds.
- For every 4 wards converted (28 beds lost net), 1 new 28-bed ward will be built to maintain capacity. This will be 50% single rooms (14 single rooms) in line with departmental guidance on new buildings.
- The single rooms provided from the new build wards will count towards the 45,000 additional single rooms target. This means that 30,000 of the new rooms will be provided in refurbished wards, and 15,000 from newly built wards.
- The unit costs are c. £127,000 for each single room converted in an existing ward, and c. £190,000 per bed in newly built wards. These figures are from DH departmental cost allowance guides.
- 30,000 single rooms are created by converting 4,286 existing wards, at a total cost of £3,810,000,000. This displaces 30,000 beds.
- 1,072 new wards are built to account for displaced capacity at a cost of £5,703,040,000. This creates 30,000 new beds to account for the displacement. 15,000 of these are contained in single rooms.

This data is based on current actual costs across the estate, from Department of Health Cost Allowance Guides, as advised by the Department of Health.


Notes

Conservative response to HMT/DH costing

- The Conservatives made the following statement in response to the FOI disclosure costing their policy.
  - The Treasury already released this back-of-the-envelope costing last October. They still haven’t said where they got their data from – our costing is based on precise figures given by hospitals in response to FOI requests. The unit costs per single room in the DH results are not supported by any such data.
  - The Conservatives have been clear that our policy is about prioritising existing budgets. To suggest otherwise is deliberately misleading.
  - Based on FOIs from hospital trusts we have cautiously estimated the average cost of building a single room to be around £35,000, so the cost of building 47,000 single rooms would be £1.57 billion, or £314 million a year over five years. NHS capital funds already exist for upgrading hospitals through refurbishments and extra capacity. These are allocated on a needs basis, so under a Conservative government the Department of Health would make single room capacity a priority for allocation. In 2008-9, such funds made up two-thirds of the NHS capital budget, which is set to reach £4.7 billion in 2010-11. The NHS accounts show its capital fund can easily absorb our £1.57 billion by the end of a first term without the need for new upfront spending.

Conservative Party press release, 18 September 2009

Reasons for the gap between HMT/DH costing and Conservative costing

- The HMT/DH costing is based on current actual costs across the NHS estate. The
Conservatives based their costing on a small number of FOI requests to NHS Trusts about the cost of recent single room conversions. They extrapolated from the cheapest costs, rather than the median costs. Their 2008 press release gives details of only six requests, with a total increase of just 80 single rooms – far short of the 45,000 they want to build.

We have asked NHS Trusts under the Freedom of Information Act to provide examples of the cost of single room conversions within their hospitals. Examples of such conversions are below:

- **East Cheshire NHS Trust.** The Trust is planning to add a single room to the Intensive Care Unit/High Dependency Unit suite commencing in or around November/December 2008. It will remain an 8 bed ward encompassing the facility of a single room. The total cost of the refurbishment is estimated to be £20,000.
- **North Essex Partnership NHS Foundation Trust.** The Trust is building a new older adults unit, which will have 34 single bedded rooms. It has said that the proportional cost per single room is £43,726.00 (excl VAT) each.
- **Hereford Primary Care Trust.** The trust has recently converted an administrative area into a 14-bed ward with ten single rooms. The total cost of the project was £527,000, giving an approximate cost per room of £38,000.
- **South West London and St George’s Mental Health NHS Trust.** The trust provided details of a recent ward refurbishment at Tolworth Hospital, which led to an increase in the number of single rooms of ten, at a cost of around £14,000 per new single room. It also provided details of a planned refurbishment at the same hospital which will increase the number of single rooms by 13 at cost of around £15,000 per new single room.
- **Clatterbridge Centre for Oncology NHS Foundation Trust.** A total of three wards will be refurbished at the trust. The number of beds per ward will be 28 beds prior to the refurbishment and 28 beds post refurbishment. The number of single bed rooms prior to each refurbishment is 4; following refurbishment, this will increase to 8 single rooms per ward. The approximate cost per single room is £50,000.
- **Bedford Hospital NHS Trust.** The Trust has recently undertaken a ward improvement programme. This includes increasing bed spaces and increasing the number of single rooms, by relocating offices, for example, but there is no change in the number of beds overall. As a result, the number of single rooms has increased by nine, at a cost of £24,000 per new single room.

On the basis of the above examples, we have assumed that £35,000 per bed would be a cautious estimate of the cost of single room conversions. Therefore we have cautiously estimated the cost of building 45,000 single rooms would to be £1.57 billion, or £314 million a year over five years.

*Conservative Party press release, 29 September 2008*

- This methodology is inadequate.
- The six single room conversion projects the Conservatives asked about were made where this was most straightforward and cost-effective – not as a systematic attempt to increase single room capacity. All of them were in NHS Trusts which already had space suitable for conversion, and all were small in relation to each Trust’s total number of beds. In effect, they took the cost of the “low-hanging fruit”, and assumed that this could be scaled up across the NHS.
- Another fundamental problem with the Conservative costings is that they failed to take account of any displacement. The Conservatives failed to take into account the fact that single rooms take up more space than beds on open wards. For the proposed new single bedrooms to fit into the existing ward footprint there would have to be approximately seven beds displaced. Therefore, for every four standard wards altered there would have to be one new 28 bed ward containing 50% single bedrooms. The HMT/DH costing takes this into account.
**Summary**

- The Conservatives have promised to introduce a number of new back to work programmes and skills policies (see p. 92 for their skills policies) funded by scrapping the existing back to work programmes like the New Deal and Train to Gain.
- In this document, the Conservative pledges on back to work programmes (listed here), skills (listed on p. 92) and their savings to pay for them (see p. 49) have all been shown with the costings that the Conservatives have given for them.
- The Conservatives attempted to produce a cost neutral package by reducing spending on existing employment and skills programmes (p. 49), making savings from moving incapacity benefit claimants into work (see p. 61) and then spending the saved money on new employment and skills programmes (see this section and p. 92). However, because after they have revised down their own projected savings from Train to Gain, there is a gap in their figures and their claimed savings from new welfare assessments do not go credibly beyond existing Government plans (see p. 61), there is a gap in their figures.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;The Work Programme&quot;</td>
<td>£1,210m</td>
<td>£1,210m</td>
<td>£1,210m</td>
<td>£1,210m</td>
<td>£1,210m</td>
</tr>
<tr>
<td>&quot;Work Together&quot;</td>
<td>£3.33m</td>
<td>£3.33m</td>
<td>£3.33m</td>
<td>£3.33m</td>
<td>£3.33m</td>
</tr>
<tr>
<td>&quot;Work for Yourself&quot;</td>
<td>£50m</td>
<td>£50m</td>
<td>£50m</td>
<td>£50m</td>
<td>£50m</td>
</tr>
<tr>
<td>Service Academy</td>
<td>£20m</td>
<td>£20m</td>
<td>£20m</td>
<td>£20m</td>
<td>£20m</td>
</tr>
<tr>
<td>Work Pairings</td>
<td>£100m</td>
<td>£100m</td>
<td>£100m</td>
<td>£100m</td>
<td>£100m</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>£1.39bn</strong></td>
<td><strong>£1.39bn</strong></td>
<td><strong>£1.39bn</strong></td>
<td><strong>£1.39bn</strong></td>
<td><strong>£1.39bn</strong></td>
</tr>
</tbody>
</table>

**The Conservative Commitment**

- The Conservative policy paper “Get Britain Working”, published in October 2009, contained a number of spending proposals on measures to tackle unemployment and reform welfare.

**£1.21bn on “The Work Programme” (£3.63bn over three years)**

"We will replace Labour’s numerous unemployment programmes with one flagship programme – The Work Programme"

Conservative Party, "Get Britain Working: Conservative proposals to tackle unemployment and reform welfare", 5 October 2009, p 29

"The keystone of our new policy is The Work Programme, a single integrated welfare to work programme which will cover those transferring from Incapacity Benefits to Employment and Support Allowance as a result of work tests, the long term unemployed, lone parents and the recently unemployed. This fully funded programme will replace Labour’s failing New Deals, the Flexible New Deal and Pathways to Work. It will offer support to the vast majority of the people currently on Incapacity Benefit that have been abandoned by this government."

Conservative Party, "Get Britain Working: Conservative proposals to tackle unemployment and reform welfare", 5 October 2009, p 6

**£3.33m on “Work Together” (£10m over three years)**

"To facilitate this we will establish Work Together, an initiative that connects people with volunteering opportunities in their area. Meaningful activity has many benefits for those who are looking for work and
many voluntary organisations would welcome volunteers from all backgrounds to help them during this very
difficult period.”

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform
welfare”, 5 October 2009, p 8

£6.66m on “Work Clubs” (£20m over three years)

“Work Clubs will build on our Jobs Clubs initiative. We will provide support and funding if required to
expand the services provided by existing Jobs Clubs and offer opportunities to social enterprises, local
volunteers and social entrepreneurs to expand their own Job Club initiatives to support jobseekers, or to
create a new Work Club in those communities where they do not yet exist.”

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform
welfare”, 5 October 2009, p 54

£50m on “Work for Yourself” (£150m over three years)

“The Conservative Work for Yourself programme will increase significantly the number of people helped into
self-employment, freelance creative work, small business creation or franchise management as a route out
of unemployment.”

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform
welfare”, 5 October 2009, p 47

“Work for Yourself will be rolled out as a high-profile national scheme. It will be distinct from other aspects of
the Work Programme and will include:

- training and practical advice for would-be entrepreneurs delivered by business experts with a track
  record of success;
- business mentors who are given incentives to establish commercially viable businesses which stand the
test of time;
- government support in obtaining loan funding from the Small Firms Loan Guarantee Scheme for each
  participant to provide an injection of working capital in order to get new businesses going;
- additional support to obtain capital to kick-start a new business, for people who want to operate a
  franchise; and
- continued JSA payments for Work for Yourself participants for a six month period.”

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform
welfare”, 5 October 2009, p 48

£20m on a Service Academy (£60m over three years)

“We will launch a Service Academy programme to provide pre-employment customer service skills courses
with the active co-operation of sector skills councils and of service sector employers. The courses will
provide excellent grounding and rebuild the confidence of any long-term unemployed person, so that he or
she will be in a position to enter a service sector job.”

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform
welfare”, 5 October 2009, p 33

£100m on “Work Pairings” (£300m over three years)

“Work Pairings – young people will be assigned to sole traders for six months of meaningful work experience
and mentoring. The sole traders will pass through to the young people a wage equal to the benefits that
would otherwise be paid, together with £1 an hour of additional pay. Work Pairings will be aimed at young
people who are demotivated by classroom based learning but do not yet have the skills to secure an
apprenticeship or permanent job.”

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform
welfare”, 5 October 2009, p 7

“We will also introduce the Work Pairing programme, which will create up to 100,000 places over two years.
This programme will team up teenagers with sole traders for extended one-to-one work mentoring of six
months. We will help to create an intermediary market to manage this, along the lines of successful models
already pioneered.”
Basis of Costing

- The Conservatives say they plan to fund these proposals through replacing Labour’s New Deal and Pathway to Work programmes as well as other Government jobs and skills programmes. They claim that over time the proposals in “Get Britain Working” will more than pay for themselves from savings from welfare dependency. In the meantime there is an upfront cost of £600m over three years which the Conservative claim would be funded by migrating Incapacity Benefit claimants to Job Seekers Allowance (see p. 61).

From Getting Britain Working, 5 October 2009 (employment measures underlined):

<table>
<thead>
<tr>
<th>Conservative Programme Spend</th>
<th>Total Funding 2010/11-2012/13 (Em)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative funding for The Work Programme</td>
<td>3,630</td>
</tr>
<tr>
<td>Apprenticeships and pre-apprenticeships</td>
<td>2,340</td>
</tr>
<tr>
<td>Work Pairings</td>
<td>300</td>
</tr>
<tr>
<td>FE College Places</td>
<td>200</td>
</tr>
<tr>
<td>Young Apprenticeships</td>
<td>210</td>
</tr>
<tr>
<td>Service Academy</td>
<td>60</td>
</tr>
<tr>
<td>Work for Yourself</td>
<td>150</td>
</tr>
<tr>
<td>Work Together</td>
<td>10</td>
</tr>
<tr>
<td>Work Clubs</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total Conservative spend</strong></td>
<td><strong>£6,920</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Labour Programme spend for Reallocation</th>
<th>Total Funding 2010/11-2012/13 (Em)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour New Deal and Employment Programmes</td>
<td>3,420</td>
</tr>
<tr>
<td>Train to gain</td>
<td>2,540</td>
</tr>
<tr>
<td>DCSF funding for vocational courses</td>
<td>210</td>
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<tr>
<td>RDA budget</td>
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<td><strong>Total Labour spend</strong></td>
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<td><strong>Net Conservative spend</strong></td>
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<tr>
<td><strong>Savings from migrating IB claimants to JSA</strong></td>
<td><strong>£600+</strong></td>
</tr>
</tbody>
</table>

Notes

- The Conservatives attempted to produce a cost neutral package by reducing spending on existing employment and skills programmes (see p. 49), making savings from moving incapacity benefit claimants into work (see p. 61) and then spending the saved money on new employment (this section) and skills programmes (see p. 92).
- However, their most recent policy document revised down their own projected savings from Train to Gain (see p. 49).
- Secondly, their policy relies on making substantial immediate savings by testing existing incapacity benefit claimants’ ability to work and moving them to job seekers allowance if they are judged able to work. But under existing Government plans, over 3 years, all existing claimants will go through the new assessment too. The Government is undertaking this total re-assessment as rapidly as is practicably possible, testing thousands of people each week alongside support to get people back to work. Therefore there are no additional savings beyond the Government’s plans unless the Conservatives are proposing arbitrary cuts in
benefits (see p. 61).
Skills provision

Summary

- The Conservatives have promised to introduce a number of new back to work programmes and skills policies (see p. 88 for their back to work policies) funded by scrapping existing back to work programmes like the New Deal and Train to Gain.
- In this document, the Conservative pledges on back to work programmes (see p. 88), skills (listed here) and their savings to pay for them (see p. 49) have all been shown with the costings that the Conservatives have given them.
- The Conservatives attempted to produce a cost neutral package by reducing spending on existing employment and skills programmes (see p. 49), making savings from moving incapacity benefit claimants into work (see p. 61) and then spending the saved money on new employment (see p. 88) and skills programmes (discussed here). However, because after they have revised down their own projected savings from Train to Gain, there is a gap in their figures and their claimed savings from new welfare assessments do not go credibly beyond existing Government plans (see p. 61). there is a gap in their figures.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
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<th>2012/13</th>
<th>2013/14</th>
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<tbody>
<tr>
<td>Apprenticeships and pre-apprenticeships</td>
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<tr>
<td>Group Training Associations</td>
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<td>Business Skills Development fund</td>
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</tr>
<tr>
<td>Community Learning Fund</td>
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<td>£100m</td>
<td>£100m</td>
</tr>
<tr>
<td>NEETS fund/FE places*</td>
<td>£100m</td>
<td>£100m</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sector Skills Councils</td>
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<tr>
<td>All-age Careers Service</td>
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<tr>
<td>Young Apprenticeships</td>
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<td>£70m</td>
<td>£70m</td>
<td>£70m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£1,430m</strong></td>
<td><strong>£1,430m</strong></td>
<td><strong>£1,330m</strong></td>
<td><strong>£1,330m</strong></td>
<td><strong>£1,330m</strong></td>
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</tbody>
</table>

* With the exception of this item all of these costings are annual figures in the "Building Skills, Transforming lives" Conservative policy document from July 2008, or are annual figures included from that document that are also included in the "Get Britain Working" policy document from October 2009 as three year figures. According to the "Get Britain Working" document the "Neets Fund" as outlined in the "Building Skills, Transforming Lives" document would be spent on Further Education places for two years. We have assumed in this case, since this is time limited in the later document, that the Neets fund as outlined in the "Building Skills Transforming lives" document would also be time limited – although this was not made clear in the earlier document.

The Conservative Commitment

- The Conservative skills policy paper "Building Skills, Transforming Lives", published in July 2008, contained a number of spending proposals on skills. Some of these commitments were amended or reiterated in the document "Getting Britain Working", which also contained a number of new commitments on skills.
£775m on apprenticeships and pre-apprenticeships plus £5m on Group Training Associations

"We will offer a major boost to the provision of real apprenticeships by injecting £775 million of government funds to support real apprentices of all ages. Currently, many people over the age of 19 receive funding for only half the costs of a genuine workplace apprenticeship. We will offer full funding for these 77,000 courses and provide funding for 100,000 completely new, real workplace apprenticeship places for people of all ages."


"To support our expansion of apprenticeships, we will create flexible Lifelong Learning Accounts that will allow people to spend an allocation of money on the training they need to raise their skills."


"We will provide funds to make it easier for employers to come together and pool their resources and talent to create their own apprenticeships schemes, or ‘Group Training Associations’. When a substantial body of employers within an industry is committed to sponsoring apprenticeships, they should be encouraged and enabled to develop their own apprenticeship schemes. This is a key way of ensuring employers, including small employers, are committed to apprenticeships. To ensure greater employer involvement in apprenticeships, funds should be provided for pilot schemes of new GTAs, led by employers who already run successful apprenticeship schemes. We propose to spend £5 million above the Government’s allocation to ensure faster progress in this area."


"Apprenticeships – we will provide 100,000 additional apprenticeships and pre-apprenticeships each year by offering SMEs incentives to take on apprentices and by simplifying the system. We will ensure that all apprenticeships are work focused and will make it easier for companies, especially SMEs, to run apprenticeship programmes. We will also introduce a programme of pre-apprenticeships for those who do not have the basic skills required to access a full apprenticeship."

Get Britain Working: Conservative proposals to tackle unemployment and reform welfare, published 05 October 2009, pg 7

£60m on a Business Skills Development Fund

"And we will establish a Business Skills Development Fund of £60 million to ensure some public funding for particularly innovative or important workplace training schemes that are not eligible for funding from other public sources. A bonus for small business engaged in training "

Our funding plans include a £2,000 bonus for each apprentice taken on by a small or medium-sized enterprise (SME) to encourage apprenticeship provision among SMEs."


£100m on a Community Learning Fund

"We will expand the provision of adult and community learning with a £100 million Community Learning Fund for much-needed courses to help people gain new skills, boost their employability and add social value."


£100m on a NEETs Fund which will fund 100,000 new Further Education places

"We will provide an additional £100 million of targeted support for young people not in education, employment or training."

“We will also create an extra 50,000 Further Education college places in each of two years, by allocating our NEETs fund to increase Further Education college and other training places for this group.”
Get Britain Working: Conservative proposals to tackle unemployment and reform welfare, published 05 October 2009, p. 37

£35m on Sector Skills Councils

“We will ensure quality control in our expanded FE sector by allowing the Sector Skills Councils to accredit courses, and provide £35 million additional annual funding to enable them to do so.
“Our proposed funding structure will treat public and private sector training providers similarly. Indeed, we propose a simpler structure that is intended to have the benefit of encouraging more private sector and social enterprise participation in skills training.
“With the entry of new providers into the FE sector, quality control will obviously be essential, but a new funding approach should not require a reinvention of the accreditation structure. Existing accreditation by Sector Skills Councils (SSCs) has a strong and well-deserved reputation, and we will ask them to accredit courses in our new, more open supply structure. In return for these additional responsibilities, we will increase their budgets by £35 million a year. Mindful of the importance of cross-sector skills, we will redefine the role of the Commission for Employment and Skills to coordinate the work of the SSCs.”

£285m on a new all-age careers advice service

“We will establish a careers adviser in every secondary school and college, and create a new all-age careers advice service to provide a universally recognised, community-based source of advice and guidance for people.”

“Of the £285 million we have set aside for a revolutionary all-age careers service, £180 million will be allocated to provide funding for full-time careers advisers in every school and FE college, £100 million will fund the all-age element of careers advice and £5 million will be allocated to developing a website.”

“That is why we will introduce a £180 million independent careers advice service for all secondary schools. It will be independent, for example giving information about the most appropriate mix of A levels for individual students, rather than the A-Levels that would most aid the school’s league table standing. It will be in all schools, so every child is given advice. And it will be an all-age careers service, to help those who are already NEET and missed out on good advice at school.”
David Willetts, speech on 9 January 2009

£70 Million on Young Apprenticeships

“We will expand the government’s Young Apprenticeship (YA) scheme, which offers vocational training for 14-16 year olds, from the current 10,000 to over 30,000. We will also simplify the system to make it easier and more attractive for schools to offer the YAs.”
Get Britain Working: Conservative proposals to tackle unemployment and reform welfare, published 05 October 2009, pg 7

Basis of Costing

• The Conservatives say they plan to fund these proposals through cuts to the Train to Gain budget, as well as through removing funding functions from the Learning and Skills Council and moving spending on careers advice, cuts to RDAs, and cutting funding for vocational courses and have set out their proposals for reallocating that spending twice; once in a 2008
policy paper and once in 2009. Where there are discrepancies between the two papers, the later paper has been used as the final figure.

From Building Skills, Transforming Lives, 23 July 2008;

3.1 EXPENDITURE IMPLICATIONS (2010/11)

Releasing funds for priority spending:

1. Refocus 2010/11 Train to Gain budget on apprenticeships £1,025m
2. Remove LSC funding functions and create new FEFCE £85m
3. Refocus spending on adult careers advice £40m
4. Refocus careers advice element of Connexions budget £210m

<table>
<thead>
<tr>
<th>Refocused Train to Gain Budget</th>
<th>Funding for our proposals: £1,360m</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Lifelong learning accounts for apprenticeships £520m</td>
<td></td>
</tr>
<tr>
<td>6. SME apprenticeship bonus £255m</td>
<td></td>
</tr>
<tr>
<td>7. Group Training Associations £5m</td>
<td></td>
</tr>
<tr>
<td>8. Sector Skills Councils £35m</td>
<td></td>
</tr>
<tr>
<td>9. Community Learning Fund £100m</td>
<td></td>
</tr>
<tr>
<td>10. NEETs Fund £100m</td>
<td></td>
</tr>
<tr>
<td>11. Business Skills Development Fund £60m</td>
<td></td>
</tr>
</tbody>
</table>
| 12. New all-age careers advice, of which:
  (i) Careers advisors in schools and colleges (£180m)
  (ii) all-age service alongside Connexions (£100m)
  (iii) internet delivery (£5m) |

All figures rounded to nearest £5m


From Getting Britain Working, 05 October 2009 (skills measures underlined);

Table 3: Get Britain Working Costing and Funding Sources: 2010/11-2012/13

<table>
<thead>
<tr>
<th>Conservative Programme Spend</th>
<th>Total Funding 2010/11-2012/13 (Em)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative funding for The Work Programme</td>
<td>3,630</td>
</tr>
<tr>
<td>Apprenticeships and pre-apprenticeships</td>
<td>2,340</td>
</tr>
<tr>
<td>work Pairings</td>
<td>300</td>
</tr>
<tr>
<td>FE College Places</td>
<td>200</td>
</tr>
<tr>
<td>Young Apprenticeships</td>
<td>210</td>
</tr>
<tr>
<td>Service Academy</td>
<td>60</td>
</tr>
<tr>
<td>work for Yourself</td>
<td>150</td>
</tr>
<tr>
<td>Work Together</td>
<td>10</td>
</tr>
<tr>
<td>Work Clubs</td>
<td>20</td>
</tr>
<tr>
<td>Total Conservative spend</td>
<td>£6,920</td>
</tr>
<tr>
<td>Labour Programme spend for Reallocation</td>
<td>Total Funding 2010/11-2012/13 (Em)</td>
</tr>
<tr>
<td>Labour New Deal and Employment Programmes</td>
<td>3,420</td>
</tr>
<tr>
<td>Train to gain</td>
<td>2,540</td>
</tr>
<tr>
<td>DCSF funding for vocational courses</td>
<td>210</td>
</tr>
<tr>
<td>RDA budget</td>
<td>150</td>
</tr>
<tr>
<td>Total Labour spend</td>
<td>£6,320</td>
</tr>
<tr>
<td>Net Conservative spend</td>
<td>£600</td>
</tr>
<tr>
<td>Savings from migrating IB claimants to JSA</td>
<td>£600+</td>
</tr>
</tbody>
</table>

Conservative Party, “Get Britain Working: Conservative proposals to tackle unemployment and reform welfare”, 5 October 2009, p.57

Notes

- The Conservatives attempted to produce a cost neutral package by reducing spending on
existing employment and skills programmes (see p. 49), making savings from moving incapacity benefit claimants into work (see p. 61) and then spending the saved money on new employment (see p. 88) and skills programmes (discussed here).

- However, their most recent policy document revised down their own projected savings from Train to Gain (see p. 49).
- Secondly, their policy relies on making substantial immediate savings by testing existing incapacity benefit claimants’ ability to work and moving them to job seekers allowance if they are judged able to work. But under existing Government plans, over 3 years, all existing claimants will go through the new assessment too. The Government is undertaking this total re-assessment as rapidly as is practicably possible, testing thousands of people each week, alongside support to get people back to work. Therefore there are no additional savings beyond the Government’s plans unless the Conservatives are proposing arbitrary cuts in benefits (see p. 61).
More places for science courses, training and apprenticeships

Summary

- The Conservatives have pledged to boost science courses, training and apprenticeships as part of a package that they costed at £600m.
- The Conservative figure has been used for the purposes of this document.
- The Conservatives have not set out what specific tax increases or spending reductions would fund this policy.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>£600m</td>
</tr>
<tr>
<td>2011/12</td>
<td>£600m</td>
</tr>
<tr>
<td>2012/13</td>
<td>£600m</td>
</tr>
<tr>
<td>2013/14</td>
<td>£600m</td>
</tr>
<tr>
<td>2014/15</td>
<td>£600m</td>
</tr>
</tbody>
</table>

The Conservative Commitment

- In April 2009, Shadow Chancellor George Osborne announced a £600m package of proposals to boost science skills, training and apprenticeships.

  George Osborne has called on Alistair Darling to provide more places for science courses, training and apprenticeships in the Budget in order to help tackle the jobs crisis facing young people.
  George, the Shadow Chancellor, warned that without urgent action “we are going to lose the next generation of engineers and scientists” and stressed the Budget must help the thousands of graduates and people on apprenticeships.
  He outlined a package of proposals worth £600 million to boost science skills, training and apprenticeships:
  - £350 million to provide funding for 25,000 new Masters Degrees in science, technology, engineering and mathematics (STEM)
  - £100 million to fund an extra 50,000 learners aged over 25 in STEM and other subjects
  - £150 million to support the thousands of apprentices who risk losing their training place during a recession

  George said the package of measures is not just about helping in the short term: “It is about building in the long term an economy in which we save and invest instead of borrowing and spending.”

  Conservative Party press release, 19 April 2009

Basis of Costing

- The Conservative Party provided the costings in their press release above.
1,200 Higher Education Scholarships for apprentices

Summary

- The Conservatives have pledged to boost scholarships for apprentices to go into higher education, in a move that they costed at £20m per year by the third year of their policy.
- The Conservative figure has been used for the purposes of this document.
- The Conservatives have not set out what specific tax increases or spending reductions would fund this policy.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>£6.66m*</td>
</tr>
<tr>
<td>2011/12</td>
<td>£13.33m*</td>
</tr>
<tr>
<td>2012/13</td>
<td>£20m</td>
</tr>
<tr>
<td>2013/14</td>
<td>£20m**</td>
</tr>
<tr>
<td>2014/15</td>
<td>£20m**</td>
</tr>
</tbody>
</table>

*For years 1 and 2, 1/3 and 2/3 of the year three cost has been used.
** The Conservatives have made no estimate beyond year three, so a flat projection has been assumed.

The Conservative Commitment

- Shadow Innovation, Universities and Skills Secretary David Willetts said in January 2009 that the Conservatives would provide £20m per year by year 3 for 1,200 Higher Education Scholarships.

  "UCAS recognise Grade Five violin and 'British Horse Society Stage 3 Horse Knowledge & Care' but not vocational qualifications, such as an apprenticeship. We will provide £20 million a year (by year 3) for 1,200 Higher Education Scholarships, allowing us to quadruple the number of apprentices entering HE each year. That is more bursaries available, through employers, for qualified apprentices to fund part-time study."

  David Willetts, speech on 9 January 2009

Basis of Costing

- The above quote gives the Conservative Party costing for 2012/13. For 2010/11, one third of this has been used for the initial intake’s first year. For 2011/12, one third of this has been used for the initial intake’s second year, while a further third has been used for the following year’s intake.
Swedish-style New Academies

Summary

- The Conservative Party have promised to create 220,000 new school places in Swedish style academies.
- They have accepted that there are additional capital costs associated with building new schools, and promised to reallocate funds from the Building Schools for the Future (BSF) budget to pay for these. The Conservative figures have been used on these increased capital costs and their counterbalancing spending reduction on BSF (see p. 53).
- The Conservatives claim that there are no additional running costs due to these new school places. This is an unrealistic assumption and an HM Treasury costing found that additional running costs would be substantial in a first Parliament.
- The Conservatives say that the number of additional places created increase year on year for nine years. The total running costs increase with rising number of places.
- The costing below sums the Conservative figures on capital costs (funded through spending reductions on BSF as discussed on p. 53) and the additional running costs estimated in the HM Treasury costing.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>£428m</td>
<td>£444m</td>
<td>£528m</td>
<td>£525m</td>
<td>£525m</td>
</tr>
<tr>
<td>Running</td>
<td>£153m</td>
<td>£246m</td>
<td>£366m</td>
<td>£473m</td>
<td>£580m</td>
</tr>
<tr>
<td>Total</td>
<td>£581m</td>
<td>£690m</td>
<td>£894m</td>
<td>£998m</td>
<td>£1,105m</td>
</tr>
</tbody>
</table>

The Conservative Commitment

- The Conservative policy of allowing parents, charities and other organisations to set up their own government-funded academies was set out in their education policy paper “Raising the Bar, Closing the Gap” in November 2007, and announced by Michael Gove at the Conservative Party Conference in September 2008.

“Provide over 220,000 new school places. That would meet the demand from every parent who lost their appeal for their first choice school in our most deprived boroughs.

“Allow educational charities, philanthropists, livery companies, existing school federations, not for profit trusts, co operatives and groups of parents to set up new schools in the state sector and access equivalent public funding to existing state schools.”


“We would follow the example of social democratic Sweden. Where parents choose schools instead of schools choosing parents.

“As we outline to day in our social reform plan – and as you may have seen in the film we showed earlier – Sweden has driven up standards in all its schools by making one crucial change. Any parent can take the money the Government currently spends on their child’s education and take that money to the school they want.”


“The structural change is we’ve got to bust open the state monopoly on education and allow new schools to be established. It’s what’s happened in Sweden, in parts of America it’s hugely successful in terms of making sure there’s excellence, there’s competition, there’s innovation and new excellent schools come along. It’s a big chance. It will mean some big battles with forces of resistance. Some LEAs might not like it, some of the education establishment won’t like it.”

David Cameron, Telegraph, 6 February 2009
Basis of Costing

Capital costs

- The Conservatives published their education policy paper “Raising the Bar, Closing the Gap” in November 2007. They set out figures showing that they would allocate £2.45bn in capital costs to build New Academies in the first five years (£4.55bn over nine years).

“The Building Schools for the Future budget is already set at £9.3 billion for the three years 2008-09 to 2010-11. Redirecting fifteen per cent of this would raise £1.4 billion. Assuming that the funding continues at 2010-11 levels, over nine years this fifteen per cent re-allocation from bureaucratic control to citizen choice would release around £4.5 billion for the building of New Academies. The current capital spending per pupil to build an Academy is approximately £20,000. On the conservative assumption that this figure will persist (conservative because it ignores, for example, the potential for our proposed changes in planning laws and building regulations – set out on pages 47 and 48 – to reduce costs), this £4.5 billion would fund more than 220,000 places over nine years.”


<table>
<thead>
<tr>
<th>Year 1</th>
<th>Total BSF Funds (£m)</th>
<th>Allocation to new academies (£m)</th>
<th>Places created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>£2,854</td>
<td>£428</td>
<td>20,986</td>
</tr>
<tr>
<td>Year 2</td>
<td>£2,960</td>
<td>£444</td>
<td>21,765</td>
</tr>
<tr>
<td>Year 3</td>
<td>£3,517</td>
<td>£528</td>
<td>25,860</td>
</tr>
<tr>
<td>Year 4</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
<tr>
<td>Year 5</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
<tr>
<td>Year 6</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
<tr>
<td>Year 7</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
<tr>
<td>Year 8</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
<tr>
<td>Year 9</td>
<td>£3,500</td>
<td>£525</td>
<td>25,735</td>
</tr>
<tr>
<td>Total Places Created</td>
<td></td>
<td></td>
<td>223,022</td>
</tr>
</tbody>
</table>


Running costs

- The running costs of this policy were revealed in a Freedom of Information Act disclosure by HM Treasury on 16 September 2009.

The following is the annual revenue cost of the policy. This is classed as DEL expenditure (in millions):

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
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</thead>
<tbody>
<tr>
<td>Revenue cost,</td>
<td>20</td>
<td>42</td>
<td>67</td>
<td>92</td>
<td>117</td>
<td>142</td>
<td>167</td>
<td>192</td>
<td>217</td>
</tr>
<tr>
<td>Primary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start-up cost,</td>
<td>31</td>
<td>32</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Primary</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Revenue cost,</td>
<td>67</td>
<td>136</td>
<td>219</td>
<td>301</td>
<td>383</td>
<td>465</td>
<td>547</td>
<td>629</td>
<td>711</td>
</tr>
<tr>
<td>Secondary</td>
<td></td>
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<td></td>
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<tr>
<td>Start-up cost,</td>
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<td>36</td>
<td>43</td>
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<td>42</td>
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<tr>
<td>Secondary</td>
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<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Total Cost</td>
<td>153</td>
<td>246</td>
<td>366</td>
<td>473</td>
<td>580</td>
<td>687</td>
<td>794</td>
<td>901</td>
<td>1,008</td>
</tr>
</tbody>
</table>


- The FOI disclosure gave further details of the methodology behind this costing.

The costing uses the figures provided on pages 40 and 41 of the Conservative document, Raising the Bar,
Closing the Gap, on the overall numbers of new pupil places which will be provided, and the split of these places between primary and secondary school places. This gives the following figures for new pupil places created year on year:

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>Primary</td>
<td>Primary</td>
<td>Primary</td>
<td>Primary</td>
<td>Primary</td>
<td>Primary</td>
<td>Primary</td>
<td>Primary</td>
</tr>
<tr>
<td>5,928</td>
<td>12,077</td>
<td>19,383</td>
<td>26,654</td>
<td>33,924</td>
<td>41,194</td>
<td>48,465</td>
<td>55,735</td>
<td>63,006</td>
</tr>
<tr>
<td>15,057</td>
<td>30,673</td>
<td>49,227</td>
<td>67,691</td>
<td>86,156</td>
<td>104,621</td>
<td>123,085</td>
<td>141,550</td>
<td>160,014</td>
</tr>
</tbody>
</table>

The costing assumes that the revenue cost per pupil is the same as the 2007/08 per pupil funding figures, and assumes no growth on these figures. This gives a per pupil revenue cost per place of £3,450 per Primary school pupil, and £4,440 per Secondary school pupil.

The revenue cost of these policies includes a set-up cost of each place, which assumes that the places are created in 240 place Primary schools, and 1200 place Secondary schools, and that the set-up costs for each are the same as for New Academies.

This costing is concerned only with the revenue costs of the policy, and does not attempt to cost the capital costs of the policy which are estimated in the Conservative document.


**Notes**

**Conservative response to HMT costing**

- The Conservatives made the following statement in response to the FOI disclosure costing their policy.
  - The Treasury costings are intentionally misleading as they suggest we would increase the number of school pupils – rather than increasing the number of school places. The Treasury FOI multiplies the number of new primary and secondary school places we have pledged to create by the per pupil revenue cost per place (essentially, the amount a school gets for each of its pupils). So, if it costs £3,450 to educate a primary school child for a year, and if the Conservatives will create 63,000 new primary places then, the Treasury’s reasoning goes, the total cost must be £217m.
  - However, the Conservative policy is about creating more good school places, not creating more children: we would provide over 220,000 new school places. That would meet the demand from every parent who lost their appeal for their first choice school in our most deprived boroughs’ (Conservative Party, _Raising the Bar, Closing the Gap_, 2007). Under our proposals, money would follow the pupil. So instead of being forced into a place at a poorly performing school, the pupil can instead choose a place at a good school and the £3,450 that would have been allocated to the bad institution instead goes to the better one. No new revenue money is being spent as the number of pupils in the system remains the same. This is a point we addressed directly in our Green paper.
  - Recurrent funding for existing Academies comes from the DCSF in the form of the Dedicated Schools Grant. This is a per-pupil grant, which follows every pupil to the school that he or she attends. Our new academies would be funded on the same basis and, as explained above, would not increase recurrent costs. Any capital cost would be funded through a reallocation of some of the existing Building Schools for the Future programme.

**Conservative Party press release, 18 September 2009**

- The Conservative response assumes that their policy, apart from capital costs, would have no net impact on the total amount of school spending.

- The Conservative pledge is that funding would be provided for each of these new school places as soon as they are wanted. But at least in the short term this would mean additional funds, rather than an easy reallocation. For example, if a three pupils from a class of 30 left to go to the new school, it would not allow that school to reduce the teacher’s salary by 10 per cent. The marginal cost of educating the first new pupil in a new school would be substantially
more than the marginal cost of educating the last pupil of an existing school.

- In the long run, after enough schools had closed or cut back as a result of pupils leaving, the Conservative proposals might reduce their revenue cost. In the short term, and in particular over one five-year parliament, the school system would need to support both existing schools and new academies—otherwise, the transfer of even a small number of pupils from existing schools to new academies, taking their per-pupil funding with them, would make the existing schools dangerously underfunded, with a consequent risk to the education of the remaining pupils. It is unrealistic to imagine that this would be substantially achieved within a Parliament, unless these drastic and unpredictable cuts were imposed on existing schools throughout the school year.

- The experience of Sweden, on which the Conservative model is based, suggests that the system requires overcapacity, and that this leads to additional costs.

- Research by the National Agency for Education in Sweden found that 90% of municipalities which had seen a large number of independent schools had seen a “significant” increase in costs as a result.

  As the Swedish National Agency for Education put it: “To provide choice, you have to over-provide.”
  *The Independent, 1 December 2008*

  “You need overcapacity—everywhere where you expect customers to behave in a rational way you need overcapacity. You need more cars than car buyers: if there are no more cars than buyers, some will not get the car they want.”
  *Anders Hultin, Chief executive of Kunskapsskolan, Prospect Magazine April 2009*

  “Greater disagreement was seen on another question regarding finances. 34 percent consider that the setting up of independent schools has led to significant increases in costs for the municipality “to a very large extent”, 22 percent answered “to quite a large extent” and 31 percent “to quite a small extent”, while 9 percent answered that this is not at all the case in their municipality. Municipalities with a low proportion of pupils in independent schools consider that they have seen significant increases in costs to a lesser extent than do municipalities with many pupils in independent schools (see diagram 2.6). To sum up, 90 per-cent of the municipalities with independent schools consider that independent schools being set up led to significant increases in costs to varying degrees.”

- The Conservative plan could create significant overcapacity in the system, as places would be created wherever a provider came forward, rather than where standards needed to improve or where there was a shortage of places.
## Three infantry battalions

### Summary
- The Conservatives have pledged to introduce three new infantry battalions and recently confirmed that this is still their intention.
- They have never produced a costing for this policy but an HM Treasury costing, which leaves out substantial factors such as equipment, found the annual costs below.
- The Conservatives have not set out what specific tax increases or spending reductions would fund this policy.

<table>
<thead>
<tr>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>£778m</td>
<td>£105m</td>
<td>£105m</td>
<td>£105m</td>
<td>£105m</td>
</tr>
</tbody>
</table>

### The Conservative Commitment
- Shadow Defence Secretary Liam Fox announced his policy of creating three new infantry battalions at the Conservative Party Conference in 2007.

> "In the real world the only logical conclusion you can come to is that the army is already too small. Let me tell you that the Conservative Party will ensure that whenever the election comes the need for a bigger army, returning to proper, planned, establishment levels will be a key battleground. But if we are to deal with overstretch and the breaking of the harmony guidelines we will have to go further. We want to see the restoration of the three infantry battalions cut by Labour as soon as possible once we have seen the MoD’s books and identified the savings to pay for them. A bigger Army for a safer Britain."

Liam Fox, Shadow Secretary of State for Defence, Speech to Conservative Party Conference, 2 October 2007

### Basis of Costing
- The cost of this policy was given in Parliament by then Defence Secretary Des Browne in December 2007.

> “The hon. Gentleman's speech to the Conservative party conference suggested that the Army needed three further battalions. I do not believe that the Army needs that or that it thinks that it needs that. I accept that we need a balanced force structure in the Army, but that debate will not be helped by people seeking soundbites, particularly the sort that do not bring with them the commitment to invest the £700 million that would be necessary to make them reality.”

Des Browne, Hansard, 3 December 2007, Column 568, [http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm071203/debtext/71203-0003.htm#0712034000946](http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm071203/debtext/71203-0003.htm#0712034000946)

- Further details of the assumptions and methodology behind this costing were revealed in a Parliamentary written answer later in December 2007.

Dr. Fox: To ask the Secretary of State for Defence pursuant to the answer of 3 December 2007, Official Report, column 568, on armed services capacity, if he will place in the Library a copy of the assumptions and methodology used to estimate the cost of three infantry battalions at £700 million; and if he will make a statement.

Mr. Bob Ainsworth: While the costs of an infantry battalion are not generally held centrally (as these figures are extensive and spread over a wide variety of budgets), a set of general assumptions on which to base an illustrative costing of adding three infantry battalions has been developed.

These costings are dependent on the inter-relationship of a range of complex factors. Each of the assumptions that have been made is regarded as the most reasonable for indicative costing. Costs would
break down broadly into two categories: the initial start-up and capital investment costs, and the annual running costs.

Changes to these assumptions (particularly on the unit role or accommodation requirements) could result in significant changes to the overall total.

The following assumptions informed the costing:

Three light role infantry battalions, based in the UK, not held at high readiness and consisting of 625 personnel per battalion;

Three new barracks (furnished and equipped to standard). It is assumed that there are no existing empty barracks that are fit for purpose in which to accommodate the battalions, and co-location on a single site is unlikely;

The requirement for new single living accommodation (furnished and equipped to standard) (400 SLAs per battalion);

The requirement for new service family accommodation (furnished and equipped to standard) (225 SFAs per battalion);

Build is on land currently owned by MOD (therefore, there is no cost assumed for any requirement to purchase land);

There are no appreciable costs to gain planning permission or prepare the sites and access to them;

That over the period of implementation, this will not materially change the totality of Defences demand for personal clothing and equipment;

There is no impact on the Equipment Customer Capability Programme in that existing and programmed equipments, vehicles and communication items are whole fleet managed;

Initial recruitment costs are based on a total of 2,802 enlistments required to generate a throughput of 1,875;

Basic and collective training costs (1);

Annual barrack running costs estimated at 10 per cent. of cost of new build;

Annual salary costs (pay, national insurance and pensions) based on salaries within a rank structure of a light role infantry battalion;

No additional cost is assumed for allowances such as operational, separation and education allowances;

No other running cost is assumed (e.g. annual recruitment and retention and other costs);

No depreciation and cost of capital charges are assumed;

Figures quoted are at 2007-08 prices.

Based on these assumptions, the following costs were derived:

<table>
<thead>
<tr>
<th></th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Initial start-up costs</strong> (estimated)</td>
<td></td>
</tr>
<tr>
<td>Cost of new barracks (furnished and equipped to standard, including approximately 400 SLA per battalion) (£150 million x 3)</td>
<td>450</td>
</tr>
<tr>
<td>Cost of building additional 225 (x 3) SFA (estimated at £200,000 per SFA)</td>
<td>135</td>
</tr>
<tr>
<td>Recruitment costs (given a recruit pass rate of only 67 per cent., a total of 2,802 enlistments are required to generate a throughput of 1,875 (625 personnel per battalion) at a cost of £12,000 (2) per enlistment)</td>
<td>34</td>
</tr>
<tr>
<td>Basic training costs (£29,000 per person)</td>
<td>54</td>
</tr>
<tr>
<td>Total</td>
<td>673</td>
</tr>
<tr>
<td><strong>Annual costs</strong> (estimated)</td>
<td></td>
</tr>
<tr>
<td>Annual barrack running costs (estimated at 10 per cent. of cost x 3)</td>
<td>45</td>
</tr>
<tr>
<td>Collective training costs (£1 million per battalion)</td>
<td>3</td>
</tr>
<tr>
<td>Annual salary costs (£19 million x 3)</td>
<td>57</td>
</tr>
<tr>
<td>Total</td>
<td>105</td>
</tr>
<tr>
<td><strong>Overall total</strong></td>
<td>778</td>
</tr>
</tbody>
</table>

(1) The battalions will conduct the following collective training (CT): CT levels 1 and 2—individual and sub unit training; CT level 3—unit level training—in this context it is assumed that the battalions will conduct exercises Druids Dance and Wessex Warrior. For the purposes of this exercise CT 4/5 training has been excluded (the all arms overseas training exercise in Kenya) on the assumption that there would be no increase in the incident of currently funded exercises; the key cost drivers are ammunition costs. T and S costs have been estimated as have clothing and textile costs based on usage for units in 1 (UK) Division.

No account has been taken of longer separation allowance costs for training activities.

(2) Costs are calculated on a full cost basis and therefore contain an element of overhead as well as fixed and variable costs.

Hansard, 17 December 2007, Columns 1032W-1034W.
This information was released again on 16 September 2009 following a Freedom of Information Act request.

**Notes**

**Conservative response to MoD costing**

- The Conservatives made the following statement in response to the FOI disclosure costing their policy.

> The Treasury’s document misrepresents the Conservative position. At the 2007 Party Conference, Liam Fox made it clear that we will need to look at the MOD’s accounts before proceeding with the ambition of increasing the size of the Army: ‘We want to see the restoration of the three infantry battalions cut by Labour as soon as possible once we have seen the Mo D’s books and identified the savings to pay for them. A bigger Army for a safer Britain’ (Liam Fox, Party Conference Speech, 2 October 2007).

As Dr Fox has stated, we do not have access to the books or proper military advice in Opposition, and our job is even more difficult due to Labour’s disastrous handling of the economy and the defence budget. Our final policy will need to reflect the situation in 2010. That is why we have committed ourselves to conducting a Strategic Defence Review, which would be initiated immediately after entering office. The review will consider the size and composition of the British Armed Forces alongside the strategic context and the capabilities we will need.

*Conservative Party press release, 18 September 2009*

- The Conservatives do not dispute the MoD’s costing of £778m in the first year and £105m in each subsequent year. Their press release restates the Conservatives’ commitment to restoring three infantry battalions.

- In September 2009, Shadow Security Minister, Pauline Neville-Jones stated it was ‘quite wrong’ to say the Conservatives had dropped their plans for a larger army.

  Pauline Neville Jones: “Bob you said earlier on and I just want to correct this if you don’t mind, when you said we had dropped the idea that we might have a larger army, we have not dropped this idea. I am the person who made that recommendation to the party in the review that I conducted”

  Bob Ainsworth: “So it still stands?”

  Pauline Neville Jones: “It will go into the defence review and if it is justified we will do it. No, I mean you don’t take decisions before you take a defence review but certainly if you have a defence review it is one of the issues so it is quite wrong to say we dropped it”

*Sun Armed Forces debate, Labour Party conference, 28 September 2009*

- Even if the Conservatives decided to postpone this until later in the Parliament, it would still cost at least £105m in 2014/15 in running costs, on top of the start up costs for whatever year it was introduced.

- It should be stressed that in the costing above a number of potentially expensive factors have been excluded;

  - No additional cost is assumed for allowances such as operational, separation and education allowances;
  - No other running cost is assumed (e.g. annual recruitment and retention and other costs);
- No depreciation and cost of capital charges are assumed;
- Build is on land currently owned by MOD (therefore, there is no cost assumed for any requirement to purchase land);
- There are no appreciable costs to gain planning permission or prepare the sites and access to them;
- That over the period of implementation, this will not materially change the totality of Defences demand for personal clothing and equipment;
- There is no impact on the Equipment Customer Capability Programme in that existing and programmed equipments, vehicles and communication items are whole fleet managed.
3,500 brick and steel prison places on existing sites

Summary

- The Conservatives are pledged to introduce 5,000 additional prison places, including 3,500 “brick and steel” units (the remaining 1,500 new places are discussed on p. 110).
- The “brick and steel” units discussed by the Conservatives can no longer be used by the prison service due to concerns about security and decency. The newer versions have a substantially higher capital cost.
- This is costed on the basis of zero running costs for these prison places. This is because the Conservative plans say they are expanding the prison estate to reduce overcrowding. This means that no additional prisoners could be accommodated as a result of the Tory policy without further costs.
- The Conservatives appear to have dropped their original plans to try to fund these places by selling off existing prisons but have yet to announce where else the funding would come from.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
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</thead>
<tbody>
<tr>
<td>£124.6m</td>
<td>£124.6m</td>
<td>£124.6m</td>
<td>£124.6m</td>
<td>£124.6m</td>
<td>£124.6m</td>
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</table>

The Conservative Commitment

- The Conservatives proposed in 2008 to sell off part of the old prison estate and to spend £250m on 3,500 new brick and steel units, as part of a plan to increase prison accommodation by 5,000 places. The status of their proposal to sell off the prison estate is now unclear (see Notes, below) but they remain committed to their repeated pledge to build 5,000 more prison places.

“Building on Policy Exchange’s work, we calculate that even after allowing for the cost of providing uncrowded replacements for existing jails, re-developing up to 30 existing prisons would release up to £250 million. This money would provide almost 3,500 prefabricated brick and steel units, with a life expectancy of at least 30 years, to expand existing prison sites, and thereby relieve overcrowding throughout the estate.

“Taking the additional 1,500 places in the new prisons, together with the 3,500 built with the money released from redevelopment, this programme would enable us to increase accommodation by a total of more than 5,000 places over Labour’s plans, taking the total operational capacity in the estate to over 100,000, in a rebuilding programme that would redevelop almost a fifth of the entire prison estate.”


“To ensure that we have adequate space to house offenders, our plans for renewal of the prison estate will increase capacity by 5,000 places above Labour’s plans.”

Conservative Party website, Crime and Justice policy,

http://www.conservatives.com/Policy/Where_we_stand/Crime_and_Justice.aspx

Basis of Costing

- The Conservatives’ own estimate of capital costs of £250m is based on their own estimate that a new brick and steel place would cost £70,000. They calculated this on the basis of a 2006 NAO report.

“We have used a marginal cost per prisoner of £150,000 for new prisons – in line with that given in the Carter report, 20 per cent higher than Policy Exchange’s ‘high’ estimate and £40,000 more than a cost recently quoted by Justice Secretary Jack Straw (Address to the Prison Governors’ Association, Buxton,
October 2007). We have also assumed that brick and steel expansions at existing prison sites could be provided at a cost of £70,000 per prisoner (based on a cost given by the National Audit Office of £63,000)."


- However, the Prison Service can no longer use the units upon which the Conservatives based their estimates. This is because of concerns over security, the need to provide accommodation for prisoners which meets standards of decency (lack of daylight was a problem, for instance) and design improvements.

- A new design of brick and steel units is now used, called Rapid Build Residential Units, which are improved in terms of security and decency factors, and also include rehabilitative facilities for activities such as education and training. According to the Ministry of Justice’s Carter Review, the cost of these units is £178,000 per place, including the necessary expansions in ancillary services. The capital cost of providing 3,500 places in Rapid Build Residential Units is therefore £623 m.

Table 2.1: Unit costs of short-term build options

<table>
<thead>
<tr>
<th>Construction Type (Lifetime)</th>
<th>Total places</th>
<th>Capital cost per place</th>
<th>Capital cost per place per year of lifespan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houseblocks (60 years)</td>
<td>3,992</td>
<td>£219,000</td>
<td>£3,660</td>
</tr>
<tr>
<td>Rapid Build Residential Unit (40 years)</td>
<td>872</td>
<td>£178,000</td>
<td>£4,400</td>
</tr>
<tr>
<td>Temporary Custodial Module (25 years)</td>
<td>544</td>
<td>£108,000</td>
<td>£4,300</td>
</tr>
<tr>
<td>Temporary Custodial Facility (25 years)</td>
<td>600</td>
<td>£122,000</td>
<td>£4,800</td>
</tr>
<tr>
<td>New Prison (100 years)</td>
<td>2,461</td>
<td>£152,000</td>
<td>£1,520</td>
</tr>
</tbody>
</table>


- Spread evenly over a five-year parliament, this works out at £124.6m per year.

Notes

- The Conservative plan to pay for this policy by selling off Victorian prisons was reported as having been dropped in December 2009 by Channel 4 News, quoting a “senior Conservative”.

"Many Victorian jails are listed buildings. As a result they are very expensive to convert so developers don’t expect to pay much for them. He [property developer Trevor Osborne] paid just a pound for Oxford jail but invested £35 million redeveloping it. It’s no surprise then to find the Tories backtracking on their pledge. Who on Earth would want to buy a crumbling Victorian jail? But Conservatives thought they’d sell 30 like this to fund 5,000 new prison places but they’ve realised that’s simply not realistic so they’re having a rethink so fundamental it will overturn decades of Tory policy. Because the party that used to say prison works, now has a new mantra – rehabilitation is better than incarceration. A senior Conservative told Channel 4 News that the Victorian prison sell-off had been overtaken by events, and while a Tory government would provide several thousand more prison places, public spending cuts meant 5,000 was no longer party policy.”

Cathy Newman, Channel 4 News, 2 December 2009

- The commitment to build 5,000 more prison places still appears on the Conservative Party website.

"To ensure that we have adequate space to house offenders, our plans for renewal of the prison estate will increase capacity by 5,000 places above Labour’s plans.”

Conservative Party website, Crime and Justice policy.
We have calculated only the capital costs of these new prison places, as the Conservatives have indicated that they would be to reduce overcrowding. We have assumed that they would accommodate no additional prisoners and therefore incur no additional running costs. If the Conservatives intend these places to accommodate additional prisoners, then they would add to the running costs of the prison estate.

According to the Carter Review, prison costs on average £37,500 per prisoner per year. On this basis, the running costs of an additional 3,500 prison places would be £131.25m per year. The running costs of an additional 5,000 prison places would be £187.5m per year.

However the current prison system is expensive, costing on average, £37,500 per prisoner per year*.

*This figure, provided by NOMS, is based on the total cost of prisons (both public and private) and expenditure met by HMPS and NOMS centre (e.g. prison property, prisoner escort services, IT). The figure includes adult prisons and YOIs but excludes health and education expenditure.  

We have not included this £187.5m figure for the purposes of this document.
1,500 new prison places

Summary

- The Conservatives are pledged to introduce 5,000 additional prison places, including 1,500 places specifically allocated to reducing overcrowding (the remaining places are discussed on p. 107).
- The Conservatives have cited the Carter Review of prisons for the additional capital costs of these places, but rounded down the Carter figures. Using the actual figures published in the Carter review finds a slightly different costing.
- This is costed on the basis of zero running costs for these prison places. This is because the Conservative plans say they are expanding the prison estate to reduce overcrowding. This means that no additional prisoners could be accommodated as a result of the Tory policy without further costs.
- The Conservatives appear to have dropped their original plans to try to fund these places by selling off existing prisons but have yet to announce where else the funding would come from.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
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<tr>
<td>£45.6m</td>
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<td>£45.6m</td>
<td>£45.6m</td>
</tr>
</tbody>
</table>

The Conservative Commitment

- The Conservatives committed to providing over 1,500 new prison places as the prison estate is redeveloped, in order to reduce overcrowding:

  “Our proposals envisage that the developers would be required to provide accommodation sufficient to house the prisoners currently accommodated by the existing population. However, at present many of these sites are overcrowded, and although within operational capacity are above their certified normal accommodation. We would require new capacity to be provided at uncrowded levels. Therefore, re-building existing provision would increase certified normal accommodation by over 1,500 places.”


Basis of Costing

- The Conservatives estimated that the cost of building each of these new places would be £150,000. They say that this is in line with the Carter Review, which in fact gives the capital cost per place as £152,000.

  “We have used a marginal cost per prisoner of £150,000 for new prisons – in line with given in the Carter report.”


<table>
<thead>
<tr>
<th>Construction Type (Lifetime)</th>
<th>Total places</th>
<th>Capital cost per place</th>
<th>Capital cost per place per year of lifespan</th>
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</tr>
<tr>
<td>Temporary Custodial Facility</td>
<td>600</td>
<td>£122,000</td>
<td>£4,800</td>
</tr>
</tbody>
</table>
• 1,500 prison places at £152,000 each would cost £228m in total, or £45.6m per year over a five-year parliament.

• Since this policy is explicitly aimed at reducing overcrowding, we have assumed in this costing that there will be no additional running costs: the additional prison places provided are not intended to be used by additional prisoners.

Notes

• The Conservative plan to pay for this policy by selling off Victorian prisons was reported as having been dropped in December 2009 by Channel 4 News, quoting a “senior Conservative”.

  “Many Victorian jails are listed buildings. As a result they are very expensive to convert so developers don’t expect to pay much for them. He [property developer Trevor Osborne] paid just a pound for Oxford jail but invested £35 million redeveloping it. It’s no surprise then to find the Tories backtracking on their pledge. Who on Earth would want to buy a crumbling Victorian jail? But Conservatives thought they’d sell 30 like this to fund 5,000 new prison places but they’ve realised that’s simply not realistic so they’re having a rethink so fundamental it will overturn decades of Tory policy. Because the party that used to say prison works, now has a new mantra – rehabilitation is better than incarceration. A senior Conservative told Channel 4 News that the Victorian prison sell-off had been overtaken by events, and while a Tory government would provide several thousand more prison places, public spending cuts meant 5,000 was no longer party policy.”
Cathy Newman, Channel 4 News, 2 December 2009

• The commitment to build 5,000 more prison places still appears on the Conservative Party website.

  “To ensure that we have adequate space to house offenders, our plans for renewal of the prison estate will increase capacity by 5,000 places above Labour’s plans.”
Conservative Party website, Crime and Justice policy,
http://www.conservatives.com/Policy/Where_we_stand/Crime_and_Justice.aspx

• We have calculated only the capital costs of these new prison places, as the Conservatives have indicated that they would be to reduce overcrowding. We have assumed that they would accommodate no additional prisoners and therefore incur no additional running costs. If the Conservatives intend these places to accommodate additional prisoners, then they would add to the running costs of the prison estate.

• According to the Carter Review, prison costs on average £37,500 per prisoner per year. On this basis, the running costs of an additional 1,500 prison places would be £56.25m per year. The running costs of an additional 5,000 prison places would be £187.5m per year.

However the current prison system is expensive, costing on average £37,500 per prisoner per year*

*This figure, provided by NOMS, is based on the total cost of prisons (both public and private) and expenditure met by HMPS and NOMS centre (e.g. prison property, prisoner escort services, IT). The figure includes adult prisons and YOIs but excludes health and education expenditure.

• We have not included this £187.5m figure for the purposes of this document.
More money for rehabilitation

Summary

- The Conservatives have set out plans to increase spending on rehabilitation without a plan for how this would be funded.
- The Conservative Party’s published figures have been used in the costing below.
- The Conservatives have not set out what specific tax increases or spending reductions would fund this policy.

<table>
<thead>
<tr>
<th>Year</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>£0</td>
<td>£13m</td>
<td>£41m</td>
<td>£97m</td>
<td>£183m</td>
<td></td>
</tr>
</tbody>
</table>

The Conservative Commitment

- The Conservative Party’s March 2008 prisons policy document “Prisons with a Purpose” included a commitment to invest in rehabilitation programmes and to pay the providers of these programmes on the basis of targets.

"As our rehabilitation revolution is put in place, money that would, under Labour, be used to incarcerate and bring to trial ex-prisoners who have reoffended will be paid to providers of rehabilitation programmes. We calculate that the total amounts available for additional rehabilitation will rise to over £250 million a year by 2017 if Prison and Rehabilitation Trusts and private prisons succeed in achieving our target of a 20 per cent reduction in re-offending by that time. This would be equal to an additional £2,500 spent on rehabilitation for each prisoner discharged in that year.”

Conservative Party, “Prisons with a Purpose: Our Sentencing and Rehabilitation Revolution to Break the Cycle of Crime, Security Agenda Policy Green Paper No. 4”, March 2008, p. 84

Basis of Costing

- These are the figures given by the Conservatives themselves in "Prisons with a Purpose".

"As our rehabilitation revolution is put in place, money that would, under Labour, be used to incarcerate and bring to trial ex-prisoners who have reoffended will be paid to providers of rehabilitation programmes. We calculate that the total amounts available for additional rehabilitation will rise to over £250 million a year by 2017 if Prison and Rehabilitation Trusts and private prisons succeed in achieving our target of a 20 per cent reduction in re-offending by that time. This would be equal to an additional £2,500 spent on rehabilitation for each prisoner discharged in that year.

"Using conservative assumptions, it is reasonable to assume that this will give providers an incentive to invest at least half of that amount of money up front in the two years before they receive their final payment.”

<table>
<thead>
<tr>
<th>Year end</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments made in rehabilitation programmes (£m)</td>
<td>13</td>
<td>41</td>
<td>70</td>
<td>100</td>
<td>130</td>
<td>146</td>
<td>148</td>
</tr>
<tr>
<td>Payments made to providers (£m) if targets are met</td>
<td>-</td>
<td>-</td>
<td>27</td>
<td>83</td>
<td>140</td>
<td>199</td>
<td>259</td>
</tr>
</tbody>
</table>

Shared equity scheme for social housing tenants

Summary

- The Conservatives have promised to give many social housing tenants an equity stake in their home.
- They have never produced a costing for this policy but an HM Treasury costing found the annual costs below.
- The Conservatives have not set out what specific tax increases or spending reductions would fund this policy.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
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<tr>
<td>Cost</td>
<td>£299m</td>
<td>£299m</td>
<td>£299m</td>
<td>£299m</td>
<td>£299m</td>
</tr>
</tbody>
</table>

The Conservative Commitment

- Shadow Housing Minister Grant Shapps announced at the Conservative Party Conference in October 2007 that a future Conservative Government would give social housing tenants a 10% equity stake in their home at the time of leaving the social rented sector, in exchange for five years' good behaviour. This policy had been recommended by the Conservative Party’s Public Services Policy Review.

"So today I can also announce that we will introduce new schemes to reward 5 years of good tenant behaviour with an equity share in their social housing."
Grant Shapps, Shadow Housing Minister, speech to Conservative Party Conference, 1 October 2007

Mr Shapps said he also wanted to adopt a policy recommendation made by the party’s public services review, which suggested that tenants should be rewarded for good behaviour by being helped into homeownership. According to the recommendation, tenants would be given a 10 per cent equity stake in their home in exchange for five years' good behaviour.

"If tenants are good and pay their rent on time and contribute to their community they can build up a proportion of equity without buying it," he said.
Grant Shapps, Inside Housing, 22 February 2008

"Proposal 19 – Social tenants should be given a 10% equity share in their social rented property when they leave the social rented sector, subject to having by that time acquired a record of five years good tenant behaviour."
Conservative Public Services Improvement Group, “Restoring Pride in our Public Services – final report of the Public Services Policy Review”, 4 September 2007, p. 146

Basis of Costing

- A Treasury costing of this policy was disclosed on 2 December 2009 following a Freedom of Information Act request. It reveals that the policy would cost £299m per year, based on the following methodology.

Housing policy is devolved so it is assumed that this policy applies to England only. It is further assumed that social landlords are reimbursed in full for the value of the equity share given. In the three years to 2005/06 the average number of moves out of the social rented sector to a different tenure (i.e. to the PRS or owner-occupied sector) was 98,400 (68,400 to become owner-occupiers and 30,000 to the PRS)[1] It is assumed that those who became owner-occupiers through the Right to Buy (approximately 48,700) would not have taken a 10% equity share instead. This leaves 49,700 potentially eligible households. 62% of households in social housing have been in these tenancies for 5 years or longer. It is assumed that...
those exiting social housing have the same distribution. This reduces the number of eligible households to 30,814. It is assumed that all of these households have exhibited good behaviour for at least the last 5 years.
A 10% equity share based on the market value of social housing properties sold in Q1 2007 would be worth around £9,700 (England average).
Average 30,814 eligible households a year each receiving £9,700 equity share = £299m per annum.
[1] This is households whose previous tenure was in the social sector and have now moved. We have excluded households who have moved within the social sector and households who have left the sector due to death. The data for RTB sales are actual sales figures. The data on other moves to the owner-occupied sector and moves to the PRS come from the Survey of English Housing; the sample size is very small so the figures should be treated with a degree of caution.
More health visitors

Summary

- The Conservatives have promised to fund enough health visitors to guarantee parents a certain entitlements, such as a minimum number of home visits.
- The Conservatives claims that this could be done with 4,200 health visitors, costing £200m.
- However, an HM Treasury costing, found that more health visitors would be needed to implement the Conservative plans, with the costs below.
- The Conservatives also pledged additional training and a Child Health Inequalities Fund. The Conservatives’ costed these policies as set out below and their figures have been used for the purposes of this document.
- The Conservatives have said that the policy would be funded by reducing the Sure Start outreach worker budget, but they have overestimated the size of the available savings from this budget (see p. 72).

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<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
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</thead>
<tbody>
<tr>
<td>Additional health visitors (scenario 2)</td>
<td>0</td>
<td>£95m</td>
<td>£190m</td>
<td>£290m</td>
<td>£390m</td>
</tr>
<tr>
<td>Health visitor Training</td>
<td>£40m</td>
<td>£40m</td>
<td>£40m</td>
<td>£40m</td>
<td>£40m</td>
</tr>
<tr>
<td>Child Health Inequalities Fund</td>
<td>£10m</td>
<td>£10m</td>
<td>£10m</td>
<td>£10m</td>
<td>£10m</td>
</tr>
</tbody>
</table>

The Conservative Commitment

- David Cameron announced at Conservative Spring Forum in March 2008 that a Conservative Government would provide an additional 4,200 health visitors.

“That’s why I’m announcing today that a Conservative Government will provide a universal health visiting service to all parents. We’re going to radically increase the number of health visitors so that every family can count on the proper, professional support they need. Another 4,200 health visitors. With money set aside for proper training and extra help for families in the most deprived areas.”

David Cameron, speech to Conservative Spring Forum, 15 March 2008

- The Conservatives say that these health visitors will provide the following:

Therefore, by the end of the first Parliament, an incoming Conservative government will ensure:
1. a minimum guarantee of two visits in the home from their twentieth week of pregnancy until birth to advise parents on pregnancy nutrition, health, and preparation for child raising. These visits are supplementary to midwife coverage and will allow for better preparation for parenthood as well as enabling the health visitor to build up a relationship with the family from an early stage;
2. a minimum guarantee of six hours of health visitor support in the home for all families over the first two weeks of a child’s life. It will be for the parents and the health visitors to agree on the best way in which this six-hour entitlement can best be used, given the particular circumstances and needs of the family;
3. a minimum guarantee of an hour every two weeks for all families for the next six months of a child’s life. This will include group activities where necessary, such as well baby clinics and breastfeeding support;
4. a minimum guarantee of monthly visits, either in the home or in the health visitor’s base, for all children between six months and one year to support parents in the critical transition to solid feeding, establishing good sleep patterns and coping as a family with a growing child. It will become increasingly important to ensure good maternal health as mothers return to work;
5. a minimum guarantee of at least two visits every year for every child under the age of five, either in the home or in the health visitor’s base, to perform immunisations, hearing and vision tests, and developmental and growth checks. The health visitor will be able to advise on child nutrition and health as needed and
prepare the child for the transition from home to school; and
6. establishment of a £10 million per year Child Health Inequalities Fund to boost support for families in the
most deprived areas.
This model will allow for a minimum guarantee of 23 hours of contact time between health visitors and
children immediately before and during their first year of life – the level recommended by professionals
within the health visiting service. This level of support will be available to all families. Health visitors and
parents can agree how support is best delivered to meet a family’s individual needs in those critical early
years. This will be true universal coverage.
_Conservative Party, “Helping new families: Support in the early years through universal health visiting”, March
2008_

**Basis of Costing**

- The Conservatives estimate that this policy would cost £200 million per year.

**Paying for the policy**

The cost of the policy is £200 million per year. This will be funded by:
- using £150 million of the £200 million per year, with which the Government are intending to pay for a
new cadre of ‘outreach’ workers from Children’s Centres, to hire, instead, 4,200 additional professional
health visitors;
- using £40 million of the remaining £50 million a year to fund additional training for health visitors; and
- using the remaining £10 million a year to pay for our Child Health Inequalities Fund. This level of support
will be available to all families. Health visitors and parents can agree how support is best delivered to
meet a family’s individual needs in those critical early years.
_Conservative Party, “Helping new families: Support in the early years through universal health visiting”, March
2008_

An HM Treasury costing of the policy, based on what is required to meet the policy
commitments on universal health visiting described in the Conservative policy document
“Helping new families” (quoted above), was released on 24 December 2009 following a
Freedom of Information request.

- The Treasury costing assumes that the full commitment is reached in year 5, and that the
number of health visitors builds in steady increments, beginning in 2011-12, allowing a first
year of planning. The costing looks at two different ranges: under the first, the health visitors
required to deliver the policy cost £685m per year once they have been fully recruited; under
the second, they cost £390m per year once fully recruited.

Both ranges assume:
1) Health visitors spend the following length of time on clinical work:
   1. 6 hours on visits in the first two weeks of child’s life (guarantee 2)
   2. 12 hours on visits in next 6 months of child’s life (guarantee 3)
   3. This leaves 5 hours of the 23 hours minimum contact time before birth and in the first year
      of child’s life for the following 8 visits:
      • 2 visits before birth (guarantee 1)
      • 6 visits between child at 6 months and end of first year of child’s life (guarantee 4)
   4. 8 visits of 20 minutes (the current length of contact per visit) for every child between 1
      and 5 (guarantee 5)

2) Health visitors spend 16% of their time on travel.
Range 1 assumes
   - Health visitors spend 49% of their time on non-clinical work (as per “Unit Costs of Health and
     Social Care 2008”, p. 103).
Range 2 assumes:
   - Health visitors spend 30% of their time on non-clinical work.
Range 1 calculates the need for 15,223 new Health Visitors to provide the guarantees. Breakdown for
15,223 new Health Visitors using current average salaries and benefits:
   - Salary costs: £449m
Range 2 calculates the need for 8,712 new Health Visitors to provide the guarantees. Breakdown for 8,712 new Health Visitors using current average salaries and benefits:
- Salary costs: £257m
- Other costs: £134m
- Total salary and benefit costs: £391m


- In the costing above, the less expensive “Scenario 2” has been used.
- In addition, as part of their policy, the Conservatives have allocated £40m per year to health visitor training, and £10m per year to a Child Health Inequalities Fund. We have added these to the Treasury costing.

Notes

- The Conservatives plan to fund this policy by using what they describe as a £200m budget for Sure Start outreach workers. However, the budget for Sure Start outreach workers is actually £79m.

  “...the Government are investing a total of £4 billion in supporting services through, and developing further, children’s centres over the next three years, which includes an additional £79 million specifically for outreach work. What we are not doing is having a £200 million cut, which is what the opposition would propose...” Beverley Hughes, then Children’s Minister, Hansard, 19 May 2008, Column 6, http://www.parliament.the-stationery-office.co.uk/pa/cm200708/cmhansrd/cm080519/debtext/80519-0001.htm#08051912000418

- See also p. 72.
Maternity nurses for all

Summary

• The Conservatives have promised to introduce a version of the Dutch “kraamzorg” system of maternity nurses.
• They have never produced a costing for this policy but an HM Treasury costing, found the annual costs below.
• The Conservatives have not set out what specific tax increases or spending reductions would fund this policy.

<table>
<thead>
<tr>
<th>Year</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
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<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>£492m -</td>
<td>£492m -</td>
<td>£492m -</td>
<td>£492m -</td>
<td>£492m -</td>
</tr>
<tr>
<td></td>
<td>£2,800m</td>
<td>£2,800m</td>
<td>£2,800m</td>
<td>£2,800m</td>
<td>£2,800m</td>
</tr>
</tbody>
</table>

The Conservative Commitment

• Shadow Children, Schools and Families Secretary Michael Gove said in February 2008 that he and Shadow Health Secretary Andrew Lansley were investigating “the Dutch system of kraamzorgs, or maternity nurses for all”, “to see what we can learn from Holland and apply in the UK”.

“David Cameron has asked Andrew Lansley, the Shadow Secretary of State for Health, and I [sic] to investigate what we can do to help parents in the crucial first months and early years when the pressures are so intense, and the conditions are often set for children’s futures.

“He wants to ensure every child gets the best possible start, with government acting to help support families at this time. David knows that the state doesn’t have all the answers – one of the reasons why he’s so supportive of civil society groups such as Homestart, which allow experienced parents to help new mums and dads learn the ropes and cope with the stresses.

“But he also believes we have a duty to investigate what works best for families and learn from countries, such as the Netherlands, where children enjoy much better outcomes than we do here.

“The Dutch system of kraamzorgs, or maternity nurses for all, helps parents in the vital first few days, ensuring there’s an experienced extra pair of hands there to guarantee both mother and baby get rest, while providing expertise on everything from bathing to breastfeeding.

“David has asked us to see what we can learn from Holland and apply in the UK. If we can provide a better level of support for parents in the first months, we may be able to help crack some of the problems of inequality and social mobility which hold us back as a country, by ensuring that every child gets the sort of support that currently only the wealthier can buy.”

Michael Gove, Observer, 3 February 2008

• David Cameron restated his interest in the policy in his speech to Conservative Spring Forum in March 2008.

“In the last few weeks Michael Gove, Andrew Lansley, Maria Miller and Stephen O’Brien have been looking at the Dutch system called kraamzorg, which provides dedicated maternity nurses for every new mother in their home in the vital first few days. That’s the sort of support we need here in Britain for everyone - not just those parents who can afford to pay for it.”

David Cameron, speech to Conservative Spring Forum, 15 March 2008

• Although little additional detail has been given about the policy, since it was first announced, it has been highlighted by Shadow Children’s Minister Maria Miller at Conservative Party Conference in 2008 and by Shadow Children, Schools and Families Secretary Michael Gove in a speech to Barnardo’s in 2009, suggesting that the Conservatives are still committed to it.
Because we want families to be stronger and more resilient we are also committed to introducing our version of the Dutch kraamzorg system. We would give mothers and fathers practical support from a maternity nurse in the home in the first few days after a child is born - help with the things that need time: like establishing breast feeding, helping older children adjust to the new arrival - and the practical things like preparing meals, all of which will help the family get into the routine of having a new baby in the house. The sort of practical support which can make all the difference. It is perhaps unsurprising that whilst the UNICEF ranked the UK as the worse place to grow up, they ranked the Netherlands top. 

Maria Miller, speech to Conservative Party Conference, 30 September 2008

“It is undoubtedly the case that family background and a million different factors - from what happens in the womb to the presence of a consistent male authority figure – can profoundly influence a child's prospects and ability to achieve. And policies to give every child the best possible start in life are crucial – which is why we have devoted attention to developing a universal health visitor service, to focussing Surestart on the most disadvantaged, on implementing a version of the Dutch kraamzorg or state maternity nurse system and on supporting parental commitment.”

Michael Gove, speech to Barnardo’s, 9 March 2009

Basis of Costing

- A Treasury costing of this policy was disclosed on 2 December 2009 following a Freedom of Information Act request. This gave a range of costs between £492m and £2.8bn per annum, based on a policy of providing "a dedicated maternity nurse for every new mother in their home for up to six hours a day in the first week" – the wording of an Observer front-page story, briefed by the Conservatives, on 3 February 2008. The cost would be less if less support were provided.

  Officials have been requested to cost the following opposition policy: “A Conservative government would aim to provide a dedicated maternity nurse for every new mother in their home for up to six hours a day in the first week”

  There were 636,000 births in 2006

  The costs of a ‘maternity nurse’ depends on the level of qualifications of the individual undertaking the visit and the approach taken to costing. The advice from the Department of Health (DH) is that most equivalent to a maternity nurse is a health visitor.

  Figures provided by DH’s Finance team indicate that the cost of a health visitor for an hour’s home visit is £104 (PSSRU unit costs including annualised training costs). If this level of professional were to provide the support the cost would be up to £2.8bn per annum (=£104x6x7x636,000). Note that the policy describes the level of support as “up to six hours a day” as a maximum.

  The cost of a clinical support worker without professional qualifications is £22 per hour. If this level of professional were to provide the support the cost would be up to £590m per annum (=£22x6*7x636,000).

  The cost of a community nurse is £67 per hour. If this level of professional were to provide the support the cost would be up to £1.8bn per annum (=£67x6x7x636,000).

  An alternative approach to costing taken by DH’s workforce directorate (and provided to DH ministers) is to calculate the cost of a maternity nurse based on the average weekly cost (£773.48). Using this methodology the total projected cost would be £492m.


- The Conservatives have never published a detailed explanation of the policy, or said how much they think it would cost. However, when interviewed about the policy on Channel 4 News in February 2008, Shadow Health Secretary Andrew Lansley voluntarily suggested the figure of £145m per year, as well as rejecting Channel 4 News’ costing of £335m per year. He gave no basis for this figure.

  Samira Ahmed: “Who is going to pay for this?”

  Andrew Lansley: “We also want to see this in the Dutch context as well and see how it works. When you’re asking about how much money, well, let me give you an example. Outside the health budget at the moment, the government are proposing legislation before parliament that
there be cash grants to mothers in the 29th week of pregnancy of about £190.00 each. That’s £145 million a year. So we’re going to look at whether that which appears not to be evidence based is the right way in which to use that money or whether new mothers would actually find it far better for us to use those resources, or if we can find them additional resources, to give a more practical form of support when mothers come home from hospitals.”

Samira Ahmed: “But we’ve costed it at £335 million.”
Andrew Lansley: “That’s if every mother was provided with help for 4, 5 days and…”
Samira Ahmed: “So you’re not offering it to everybody?”
Andrew Lansley: “Well no. We haven’t said we’ve rolled out a scheme. What we’ve said is that we are going to look carefully at the Dutch scheme. Now the Dutch scheme of course is quite different from, in this country, because it’s a co payment scheme. It’s often funded through social insurance and the like, so clearly there are differences because in this country health care is free, social care is means tested. So we need to look at to what extent this is a health care provision which is free, to what extent it is social care provision.”

Channel 4 News, 3 February 2008

Notes

• This policy is similar to the Conservative policy on health visitors (see p. 115), but it is clear from the careful wording of speeches by Shadow Minister for the Family Maria Miller and Shadow Children, Schools and Families Secretary Michael Gove that the Conservatives see it as a distinct policy, which must therefore be funded separately.

“That is why we will re-introduce a universal health visitor service which will focus on supporting both mothers and fathers around the birth of a child – and we will give those health visitors the training they need to spot when relationships are under pressure and most important of all signpost where help is available. Because we want families to be stronger and more resilient we are also committed to introducing our version of the Dutch kraamzorg system.”

Maria Miller, speech to Conservative Party Conference, 30 September 2008

“And policies to give every child the best possible start in life are crucial – which is why we have devoted attention to developing a universal health visitor service, to focussing Surestart on the most disadvantaged, on implementing a version of the Dutch kraamzorg or state maternity nurse system and on supporting parental commitment.”

Michael Gove, speech to Barnardo’s, 9 March 2009
Reinstate the Defence Export Services Organisation (DESO)

Summary

- The Conservatives have promised to reinstate the Defence Export Services Organisation.
- They have never produced a costing for this policy but an HM Treasury costing, found the annual costs below.
- The Conservatives have not set out what specific tax increases or spending reductions would fund this policy.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
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<tr>
<td>£</td>
<td>2.371m</td>
<td>8.63m</td>
<td>8.846m</td>
<td>9.067m</td>
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</tbody>
</table>

The Conservative Commitment

- Shadow Defence Secretary Liam Fox said in May 2009 that a Conservative Government would reinstate the Defence Export Services Organisation (DESO).

> "The defence industry in Scotland provides the jobs of more than 11,000 people. Thousands more jobs are indirectly supported by the defence industry in Scotland. One way to safeguard and increase these Scottish jobs is to increase Britain’s overall share of world wide defence exports. To make this happen, one of the first acts of a Conservative led Government will be to reinstate the Defence Export Services Organisation (DESO) which was abolished by Labour in what can only be described as an act of industrial vandalism."

Liam Fox, speech to Scottish Conservatives Conference, Perth, 14 May 2009

Basis of Costing

- An HM Treasury costing of this policy was published on 24 December 2009 following a Freedom of Information Act request. This costed the reinstatement of the Defence Export Organisation within the MoD, reversing its transfer from the MoD to UK Trade and Investment. The costing is available at [http://www.hm-treasury.gov.uk/d/foi_oppcostings_deso.pdf](http://www.hm-treasury.gov.uk/d/foi_oppcostings_deso.pdf) and the figures are reproduced in the table above.

- The costing assumes a full transfer back to the MoD at the pre-transfer structure (i.e. with the restoration of the staff reductions made under the MoD’s Head Office streamlining programme).

- The costing does not include any staff costs to agree and arrange transfer; relocation costs from current location in UKTI to MoD; new MoD IT systems or an increased guarding requirement.

- The cost increases from year 2 as the Government forgoes the assumed rental receipt on empty office space, which would otherwise be put on the market.
**Increase couple element of Working Tax Credit**

**Summary**

- The Conservatives have promised to increase Working Tax Credits for couples. They originally said this would cost £3.0bn per year but a more up to date costing provided by HM Treasury answer to a Parliamentary Question found it would now cost £3.1bn.
- The Conservatives have not said when this benefit change would be introduced so, following the methodology of this document, it has only been counted as coming into full operation by 2014/15, although indicative figures for earlier years are provided below in brackets.
- The Conservatives have said that this would be funded by moving more benefit claimants into work but have not set out realistic plans to save the necessary funds (see p. 61).

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<td></td>
<td>(£3.1bn)</td>
<td>(£3.1bn)</td>
<td>(£3.1bn)</td>
<td>(£3.1bn*)</td>
<td>£3.1bn*</td>
</tr>
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*HM Treasury have not made estimates beyond 2012/13 so a flat projection has been assumed.

**The Conservative Commitment**

- David Cameron has promised to increase the couple element of Working Tax Credit on a number of occasions since October 2007, including in his Hugo Young Memorial Lecture in November 2009

  “Nicky, if you take the start of our conference the very first thing we announced was a policy towards the National Health Service of how we give people greater choice and how we empower General Practitioners to make sure they can get the rapid and good treatments for their patients, but the next thing we said was how we are going to help working families on tax credits who at the moment couples are completely penalised, it actually pays people to separate and live apart, and we say we’re going to scrap that couple penalty by increasing the money we pay couples, £32 a week for 1.8 million of some of the poorest households in our country, and that would lift 300,000 children out of poverty.”
  
  *David Cameron, BBC Radio Five Live, 2 October 2007*

  “We have set out plans to end the couple penalty in the tax credits system by increasing working tax credits for couples who stay together. As we end the couple penalty, there will be an immediate benefit - the poorest couples with children will gain, on average, £1500 a year, lifting up to 300,000 children out of poverty.”

  *David Cameron, Hugo Young Memorial Lecture, 10 November 2009*

**Basis of Costing**

- The Conservative Party gave the cost of this change in Working Tax Credit as £3 billion per year.

  “According to the Freud Report, moving someone off benefits and into work saves on average more than £5,000 a year in benefit payments, so to pay for the £3bn cost of ending the couple penalty our reforms would only need to reduce the benefit rolls by an additional 600,000.”

  *Time for Aspiration, Conservative Party Press Release, 1 October 2007*

- This costing is the same as that given by the Conservative Party’s Social Justice Commission in its report in July 2007.
into account the additional adult). This would cost £3bn giving 1.8m couples with children £32.05 more, on average, per week. At present a couple receives the same level of WTC as a lone parent. This measure would contribute to stability (marriage is almost always preceded by cohabitation) and alleviate poverty (60% of families in poverty are headed by couples).

*Family Breakdown, Final Report of the Conservative Party Social Justice Commission, Executive Summary, 10 July 2007, p 11*

- A Treasury costing of this policy was disclosed on 2 December 2009 following a Freedom of Information Act request. This estimated the cost of the policy, on the assumption of an April 2008 start date, at £3.1bn per year - £100m per year more than the Conservative Party's estimate.

**Requested costing: “New element for couples in tax credits giving 1.8 million families £32 per week.”**

Policy costed: Maximum Working Tax Credit (WTC) for all couples with children raised from £3,430 to £5,385 in 2007-08 (+57%); same percentage increase in maximum WTC for couples with children relative to projected base levels costed in 2009-10.

Policies costed in 2007-08 (current year) and 2009-10 following implementation of Budget 2007 reforms to personal taxation. Analysis for 2009-10 based on projected tax and benefit system parameters.

Policies analysed using microsimulation model of tax and benefit system, based Family Resources Survey sample of households for 2005-06 with nominal variables (e.g. earnings) uprated to analysis year. Results grossed to UK population totals. Results are subject to sampling variation.

All analysis assumes 100% take-up of benefits and tax credits; costings take no account of possible behavioural changes resulting from the change to the tax and benefit system.


On the assumption of a start date of April 2008:

- 2008-08 [sic] £3.1bn
- 2009-10 £3.1bn
- 2010-11 £3.1bn
- 2011-12 £3.1bn
- 2012-13 £3.1bn


- The Conservatives have not been clear when in the Parliament this increase would be introduced. They have said that it would be a “first priority”, although they have also said that it would have to wait for up to “twelve months” until welfare savings were achieved. If the Conservatives introduced the policy in their second Budget, it would cost £12.4 billion over the Parliament, while if they waited until their last Budget it would cost £3.1 billion.

  ES: “You say you’re going to use the money that you’ve saved from the programmes from getting people back into work. My understanding, I could be quite wrong about this, was that you said that that money would go towards helping married couples through the tax system?”

  CG: “That’s right…”

  ES: “Using it twice are you?”

  CG: “What I’m talking about in terms of paying for the cost of the programmes is that the first few months you’re back in work, the money that’s being saved in benefits is being used to pay the first instalment payments. Once you’ve been back in work for six, nine, twelve months, and the contract’s over, that money can go straight back into the Treasury and that can be used to provide better support for people who are in work. We’ve never argued that solving poverty is just about getting people back into work. It’s also about supporting people in low pay work. That money then becomes available to address for example, the couple penalty and the tax credit system which is our first priority and we’re committed to trying to achieve that in government.”

*Chris Grayling, then Shadow Secretary of State for Work and Pensions, and Ed Stourton, BBC R4 Today. 8 January 2008*
The Conservative Party's claimed welfare savings are discussed on p. 61.
Spending promises (uncosted)

These are firm Conservative Party policy promises which would require additional spending. However because the Conservatives have remained vague about key details, we have not provided a costing. In many cases these spending commitments are likely to be very large.
# National Citizens’ Service

## Summary

David Cameron suggested a national school leaver programme during his campaign for the Conservative Party leadership in 2005, and has repeated this commitment many times since then. More recently, he has referred to the programme as a National Citizens’ Service. He has reduced the suggested length of the programme from six weeks to three.

The Conservatives have never presented a costed proposal for a National Citizens’ Service, but David Cameron has said that "my view is simply this is something we can’t afford not to do, so I’m absolutely prepared to put the funding in".

## The Conservative Commitment

- David Cameron has repeatedly stated his commitment to introduce a national school leaver programme – starting before he was elected leader of the Conservative Party.

  “That Conservatives can tackle the challenges of an increasingly atomised society by showing that personal responsibility is part of a shared responsibility: that we’re all in this together. This points to exciting new policy directions, such as my proposal for a national school leaver programme involving schools, businesses, community organisations, charities and the armed forces – to prepare young people for their adult responsibilities and to create a greater sense of national cohesion.”
  
  *David Cameron, The Spectator, 1 October 2005*

- He has described this as a six-week programme, including a one-week residential course, four weeks of community service and a "week of challenge".

  “Well my view is simply this is something we can’t afford not to do, so I’m absolutely prepared to put the funding in, but let’s get the order right. First we’ve got to design the programme so we’ve absolutely got it nailed down. We’re saying today six weeks, starting with a week of residential course that’s about personal development, then four weeks of community service, then this week of challenge. That’s our view but we want to hear other people’s views. Then we’ve got to work out how you roll it out. 650,000 16 year olds in our country, how quickly can we get all of them doing it. Once we’ve answered those questions then we’ll have to put the figures on, we’ll have to show the cost and we’ll have to say how we’re going to pay for it, but this to me is as important as the manifesto or any of the policy groups, this to me is absolutely central to what I want to do for and with this country, because I think, you know, young people are so essential for the future of our society, and inspiring them to want them to feel part of something. I think it’s vital if were going to solve all the problems we know we have.”
  
  *David Cameron, GMTV, 6 September 2007*

- More recently he has said that the programme, now called National Citizens’ Service, would last three weeks.

  “Our plan for National Citizens' Service will bring together sixteen year olds from across the country in a three-week programme where they can learn what it means to be socially responsible, to serve their community, and to get on and get along with people from different backgrounds.

  "I hope it will help inspire social action and co-operation amongst a new generation of teenagers.”

  *David Cameron, Hugo Young Memorial Lecture, 10 November 2009*
## New educational centres for excluded children

### Summary

Shadow Home Secretary Chris Grayling announced in 2009 that the Conservative policy of letting parents, charities and other organisations to set up their own schools would allow the creation of "educational centres to deal with children who have been excluded".

Since the Conservatives plan to allow schools to retain the funding allocated to any pupils they exclude, this requires extra money – the money does not "follow the pupil", as assumed by the rest of their schools policy.

### The Conservative Commitment

- Shadow Home Secretary Chris Grayling said in November 2009 that under Conservative education reforms, charities would be allowed to set up educational centres to deal with children who have been excluded.

  "Tory education reforms, which would smash the local authority monopoly on state schools, would open up the sector to charities with expertise at turning around troubled youngsters, Mr Grayling said.
  "I would like to see them setting up educational centres to deal with children who have been excluded," he said."

  *Daily Mail, 17 November 2009*

- Under Conservative plans to allow schools to retain per-pupil funding for pupils they expel, expelled pupils would not carry funding with them into any new school or institution into which they were admitted.

  "We will abolish the rules which impose a financial penalty on schools that expel children."

  *Conservative Party, “Giving Power Back to Teachers”, April 2008*

- This means that the Conservatives would have to find additional funding to educate these pupils.
## Financial support for school merit systems

### Summary

The Conservatives committed in 2007 to providing financial support for schools to introduce merit systems. They did not say how much financial support they would provide.

### The Conservative Commitment

- In their November 2007 education policy paper “Raising the Bar, Closing the Gap”, the Conservatives pledged to provide “logistical and financial support” for schools introducing systems which award credits and debits to pupils on the basis of behaviour. The Conservatives did not say how much financial support they would provide.

> “The weekly record of credits and debits could be shared with parents, so that families are given a regular update on their child’s behavioural record. The accumulation of credits at the end of every term, off-set by the number of debits, might then be recognised with specific rewards, and students who fall below a certain level would face the loss of certain defined privileges. We would provide logistical and financial support for the establishment of systems within any school which wished to adopt this or similar schemes to inspire good behaviour.”

*Conservative Party policy paper, “Raising the Bar, Closing the Gap, Opportunity Agenda Policy Green Paper No. 1”, 20 November 2007*
Increased funding for Ofsted

Summary

The Conservatives said in 2008 that they would increase Ofsted’s funding. They did not say how much more funding they would provide.

The Conservative Commitment

- In December 2008 Shadow Children, Schools and Families Secretary Michael Gove told the TES that he would provide Ofsted with additional resources to look at schools in greater depth and carry out its increased children’s services responsibilities.

  ‘Ofsted can expect a funding increase under a Conservative government to allow it to carry out less data-driven school inspections, it emerged this week. Michael Gove, shadow schools secretary, told The TES he thought the watchdog would need more resources to look at schools in greater depth and carry out its increased children’s services responsibilities. “My inclination would be to provide Ofsted with those resources,” he said. “One of the problems is that inspections have been too reliant on already published data.”

  TES, 5 December 2008
More funding for elite teacher training

Summary

The Conservatives said in 2009 that they would increase funding for elite teacher training. They did not say how much more funding they would provide.

The Conservative Commitment

- In June 2009 Shadow Children, Schools and Families Secretary Michael Gove said that a Conservative government would expand Teach First and pioneer a new Teach Next programme to encourage people to move into teaching after success in other professions.

  "And in our efforts to ensure that more talented people join the already hugely impressive cohort of those currently in teaching, we would expand Teach First and pioneer a new Teach Next programme to help those who have already succeeded in one profession transfer their talents to teaching."
  Michael Gove, speech to the RSA, 30 June 2009

- He repeated this commitment in October 2009, and also said that the Conservatives would fund an "incubator" to form new management teams for failing schools.

  A Conservative government will pump more money into elite teacher training, shadow schools secretary Michael Gove said today.
  Support for three organisations, Teach First, Teaching Leaders and Future Leaders, which recruit and train top teachers, would be "substantially increased", he said.
  This would allow them to expand to all areas of England and branch out into primary schools.
  Teach First recruits top graduates and trains them to teach in challenging secondary schools.
  Teaching Leaders develops middle leaders, such as heads of departments, and Future Leaders aims to develop the next generation of school leaders to work in challenging schools.
  Mr Gove said the Tories also plan to fund an "incubator" to allow graduates of these three programmes to work with chains of academies to form new management teams that can take over schools deemed to be "failing" by Ofsted.
  They would also work with parents' groups to start new schools.
  Mr Gove said: "Our support for these three brilliant programmes will train many more great teachers, especially in schools that have problems.
  "It is also hugely encouraging that alumni of these three groups are eager to start new schools. The equivalent programme - Teach for America - has been crucial to the success of Charter schools in America, such as the 'Knowledge is Power' Schools that President Obama is supporting."
  PA, 22 October 2009

  "We will help secure the leadership these new schools need by providing funding for Teach First, Teaching Leaders, and Future Leaders to begin work on an "incubator". That incubator can work with established Academy chains to form new Academy management teams to take over schools identified as 'failing' by a revamped Ofsted, and also work with their own alumnæ and parent groups on the foundation of new schools."
  Michael Gove, speech to Centre for Policy Studies, 6 November 2009
## A school nurse for every school

### Summary

The Conservatives have been committed since 2006 to ensuring that every school has a school nurse. They have not set out how much they think this would cost.

### The Conservative Commitment

- Shadow Health Secretary Andrew Lansley told the Conservative Party Conference in 2006 that a future Conservative Government would ensure that every school has a school nurse.

  "We can ensure that every school has a school nurse, who supports a curriculum that incorporates healthy diet and lifestyle and provides advice on a one-to-one basis."
  *Andrew Lansley, Speech to Conservative Party conference, 2 October 2006*

  "And do we have enough school nurses? No we don’t. The government said there would be a school nurse for every secondary school and its primary school catchment area. We don’t have that. Government said it would happen, it hasn’t happened, and measuring isn’t good enough, and frankly parents wouldn’t be told every day, and parents actually know this, they know the truth."
  *Andrew Lansley, GMTV, 25 January 2007*
## Home Office

### Border Protection Service

#### Summary

The Conservatives have been committed since 2007 to establishing a dedicated border police force. The Conservative working group established to look into this policy published more detailed, but uncosted, plans for a Border Protection Service in 2008.

#### The Conservative Commitment

- In February 2007 Conservative leader David Cameron announced plans to establish a dedicated border police service, which he indicated would have 10,000 staff.

  David Cameron has unveiled plans to establish a dedicated border police service to strengthen controls designed to prevent drug dealers, people smugglers, illegal immigrants, gun importers and terrorists from entering and operating in the UK. And the Conservative Leader has appointed former Metropolitan Police Commissioner Lord Stevens to head up a special working group which will examine how best to implement the new 10,000 strong force.

  *Conservative Party News Release, 26 February 2007*

- The working group reported in July 2008, and set out in more detail what the Conservatives’ proposed Border Protection Service (BPS) would do.

  It is proposed to create a new, integrated, uniformed BPS, with full executive control and responsibility for maintaining and enforcing border control and security measures mandated by parliament. The BPS would be formed by amalgamating the relevant functions of elements of the main existing bodies involved with border control and security – the police service, BIA, HMRC and UKvisas. The BPS would be a police service led by a chief constable, albeit with many wider ranging responsibilities than are traditionally associated with territorial police services. But this would ease issues of jurisdiction, delivery and coordination in the management of the threats posed by crime and terrorism. Similar challenges were encountered over the creation of SOCA.


  It is important that the BPS offers added capacity beyond the level of service provided under current border security arrangements. For instance, the BPS needs to be more visible to present a deterrent to criminals and terrorists and provide reassurance to the public, in addition to being used to the maximum effect in intelligence-led operations.

  To meet these challenges it is vital to enhance the existing level of cover and the BPS would need to provide:

  - 24/7 coverage at all major air and sea ports.
  - A reliable presence and patrols of smaller ports and airstrips.
  - Increased action on smuggling, trafficking and duty avoidance.
  - Improved enforcement to deter illegal immigrants and deal with ‘overstayers’.


- The Conservatives have not attempted to present their own costing of this proposal, but they say that “Substantial investment will be needed both initially and year on year”.

  Substantial investment will be needed both initially and year on year, to ensure that the BPS has the vital technology to ensure its effectiveness and efficiency in meeting existing and emerging threats.

Notes

- The Conservatives have indicated that this proposal, like their residential abstinence-based drug rehabilitation programmes (p. 135) and more prison places (p. 107 and p. 110) would be funded by scrapping ID cards.

  "Why waste billions on ID cards when that money could be better spent on measures that will protect our security today: proper border controls, more resources for the security services, more police?"
  
  _David Cameron, Sunday Telegraph, February 12 2006_

- See p. 77 for potential savings from scrapping ID cards.
## Residential abstinence-based drug rehabilitation programmes

### Summary

The Conservatives have been committed since 2008 to residential abstinence-based drug rehabilitation programmes. They have not published any costed proposals, but have indicated that they would make a new abstinence-based Drug Rehabilitation Order available to the courts, that residential rehabilitation programmes should last “at least six months”, and that they would be delivered by private and third sector organisations paid by results.

Former Shadow Home Secretary David Davis described the idea as “very expensive”. Shadow Chancellor George Osborne has indicated that additional funding for drug rehabilitation will come from the health budget, and David Cameron has suggested it will be paid for by scrapping ID cards.

### The Conservative Commitment

- The Conservatives have repeated their commitment to residential abstinence-based drug rehabilitation programmes on a number of occasions. In November 2008, David Cameron called for “a lot more residential rehab”, contrasting this approach favourably with community treatment programmes.

> "I think that we need to recognise, particularly with drugs, I think what we need is a lot more residential rehab, not just drug addicts coming in off the streets being given a methadone script which is kind of a softer version of heroin and just being sent off to go and take that. I think what we need to do is address the underlying problem and residential rehab, where you really get to the bottom of someone’s drug problem, I think is more effective.”

  *David Cameron, Q&A following speech to Conservative Women’s Conference, 10 November 2008*

- In their policy paper “Repair: Plan for Social Reform”, published in October 2008, they proposed creating an abstinence-based Drug Rehabilitation Order which the courts could use as an alternative to community sentences.

  The UK currently has the highest level of problem drug use and the second highest level of drug-related deaths in Europe. Drug related crimes have increased, contributing to social breakdown. Labour have sought an approach of maintenance and management of drug addiction, rather than seeking to break the cycle of addiction. We need to solve not manage addiction. We propose:

  - To introduce an abstinence-based Drug Rehabilitation Order to break the cycle of addiction and offending. The focus on abstinence is a fundamental distinction between Labour’s approach of maintenance and management, which has failed, and ours.
  - Residential-abstinence oriented programs and, where appropriate, day-care programs will give the courts a serious rehabilitation alternative to failed community sentences, like the DTTOs, which fail to tackle addiction.


- They have not given a cost for this proposal, but David Davis, when he was Shadow Home Secretary, indicated that residential rehabilitation programmes should last “at least six months”, and described them as “very expensive”.

  “Shoplifting is driven massively by people trying to get money for drugs and the biggest single long term change in this is a very, very tough grip on the drugs policy, meaning people who have got a serious drugs problem have to go through a residential rehabilitation programme. It’s very expensive this idea... but they have at least six months, with a decent chance to get them off it. That way you may just prevent them having a life of crime.”

  *David Davis, then Shadow Home Secretary, BBC Radio 5 Live, 26 January 2007*
• The Conservative policy paper “Prisons with a Purpose” says that drug rehabilitation would be enforced by contracting with private and third sector organisations who would be paid by results.

   “We will enforce Drug Rehabilitation Requirements by contracting with private and third sector organisations to operate the treatment programmes and paying them by results.”

• Shadow Chancellor George Osborne has indicated that the funding for this would come from the health budget.

   George Osborne: Yeah. I mean I think I’ll give you one example. I think there should be a great deal more effort on drug rehabilitation. I mean, obviously for people, drug dependency is a massive problem at the bottom of society, I mean when I say the bottom of society people on the lowest incomes, people in the greatest risk of social exclusion and there’s simply not adequate supply of drug rehabilitation.
   Andrew Marr: You’d spend money on drug rehabilitation that’s not being spent now?
   George Osborne: I think we would shift resources within the health budget, spending money on drug rehabilitation.
   Sunday AM, 3 December 2006

• David Cameron has indicated that funding for drug rehabilitation would come from scrapping ID cards.

   “On crime, we’ve said scrap ID cards and focus instead on drug rehab, building prisons and introducing a proper Border Police force.”
   David Cameron, Daily Telegraph Online Q&A, 11 September, 2007

Notes

• The Conservatives have indicated that this proposal, like their Border Protection Service (p. 133) and more prison places (p. 107 and 110) would be funded by scrapping ID cards. See p. 77 for potential savings from scrapping ID cards.
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<thead>
<tr>
<th>Department of Energy and Climate Change</th>
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<tbody>
<tr>
<td><strong>All coal-fired power stations retro-fitted with CCS technology</strong></td>
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<tr>
<td><strong>Summary</strong></td>
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<tr>
<td>In 2007, David Cameron promised that all existing coal-fired power stations would be retro-fitted with carbon capture and storage technology. He did not say what he thought this would cost.</td>
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<td><strong>The Conservative Commitment</strong></td>
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<tr>
<td>• In December 2007 David Cameron announced that under a Conservative Government, all existing coal-fired power stations would be retro-fitted with carbon capture and storage technology.</td>
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<td>“I can announce today one important way in which the next Conservative Government will do just that. Both Britain and China have large reserves of coal. Yet, today, burning coal for electricity is a huge contributor to global warming. But we are on the brink of accessing a technology that could change all that. Carbon Capture and Storage. This could increase our energy security - and help tackle climate change at the same time. Right now, at least a dozen CCS pilots are ready to launch around the world. But even though we have the depleted oil and gas fields that are ideal for testing this technology, not a single pilot is yet taking place in Britain. We cannot afford this kind of delay. So I can announce that developing green coal will be a priority for a Conservative Government: we will do what it takes to make Britain a world leader in this crucial field. All existing coal-fired power stations should be retro-fitted with CCS, and all future coal-fired power stations should be built with CCS.”</td>
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<td><em>David Cameron, Speech at Chongqing University, China, 20 December 2007</em></td>
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Business rate incentives for onshore wind farms

Summary

The Conservatives pledged in October 2009 to allow communities that choose to host onshore wind farms to keep all of the business rates they generate for six years. They did not say what they thought this would cost.

The Conservative Commitment

- Shadow Energy Secretary Greg Clark announced at the Conservative Party Conference in October 2009 that a Conservative Government would allow communities that choose to host onshore wind farms to keep all of the business rates they generate for six years.

  "We will allow communities that choose to host onshore wind farms to keep all of the business rates they generate for six years."

  *Greg Clark, speech to Conservative Party Conference, 6 October 2009*
More money for the British tourism industry

Summary

Shadow Tourism Minister Tobias Ellwood has called for more money to be put into the British tourism industry. He has not said how much more money he would like to see put in.

The Conservative Commitment

- In March 2009 Shadow Tourism Minister Tobias Ellwood said that “we should be considering putting more money into our British tourism industry and, unfortunately, that is not happening”. He also said that a recent reduction in VisitBritain’s budget “must be wrong”.

  "Every pound that is spent by VisitBritain abroad brings £36 of investment into the UK. I ask hon. Members to show me another Department that has that return on an investment—where one pays £1 and gets back £36. That would suggest that in these economically difficult times, particularly while exchange rates are what they are, we should be considering putting more money into our British tourism industry and, unfortunately, that is not happening. One would think that when we are about to host one of the most important sporting events in a generation, the Olympic games, we would take advantage of that fact and harness the marketing opportunities. However, the Government are not spending a single penny on marketing to take advantage of that once-in-a-lifetime opportunity. Surely that must change."

  "As I said, that is now changing, because the economy is working against people, so we should be harnessing those opportunities to ensure that tourism is one area that sees growth and that can help improve employment. We should be doing that rather than cutting the tourism budget, which is what the Government are doing. VisitBritain’s budget for the coming three years has been cut by 20 per cent. That must be wrong, given how much money it could make for the Treasury."
  Tobias Ellwood, Hansard, 31 March 2009, Column 880, http://www.parliament.the-stationery-office.co.uk/pa/cm200809/cmhansrd/cm090331/debtext/90331-0019.htm#09033171000070
### National school sports championships

#### Summary

The Conservatives suggested in 2008 that they would introduce national school sports championships in many sports. They did not say how much they thought this would cost.

#### The Conservative Commitment

- Shadow Culture, Media and Sport Secretary Jeremy Hunt suggested in an interview with the *Daily Telegraph* in December 2008 that a future Conservative Government would introduce national school sports championships in many more sports.

  Mr Hunt told the Daily Telegraph: “We all know how important competitive sport is in teaching children about values like discipline and picking yourself up when things go wrong.

  “But the best way to make sure it really takes root in our schools is by tapping into the competitive instincts all schools have to do well against their rivals.

  “At the moment school sport league tables are patchy at best – a more rigorous system would allow the return of national school sports championships in many more sports.”

  *Daily Telegraph, 25 December 2008*
Ministry of Defence

Build seven more destroyers or frigates

Summary

Shadow Defence Secretary Liam Fox has said that the Royal Navy needs seven more destroyers or frigates to carry out its duties. He has not said how much he thinks these extra ships would cost.

The Conservative Commitment

• Shadow Defence Secretary Liam Fox said in February 2009 that the Royal Navy needs 30 destroyers and frigates to carry out its duties, but only has 23.

  The Tory MP was visiting HMS Warrior at the Historic Dockyard when he made a call for improved defence spending.
  He said the MoD needed to spend more on destroyers and frigates, but was constrained by current spending on operations in Iraq and Afghanistan. He said: 'We've got a navy where the number of destroyers and frigates is down to 23 effectively, when we need 30 just to carry out the duties we have. I've just come back from the Gulf where I visited the navy and saw the work they are doing there. They are doing a fantastic job and are held in very high esteem by the Americans. But they are doing it with ever more clapped-out kit.'

Liam Fox, Shadow Secretary of State for Defence, Portsmouth Today, 5 February 2009
## More spending on defence research

### Summary

The Conservatives have attacked cuts in defence research spending. They have not said how far they would like defence research spending to increase.

### The Conservative Commitment

- Shadow Defence Minister Gerald Howarth complained in April 2009 about cuts in defence research, and said that “that research must continue”. Shadow Defence Secretary Liam Fox had said in January 2009 that cuts in defence spending are “tantamount to strategic suicide”.

  "Critical defence research has also been cut. If we are to maintain our technology lead in key areas and have an intelligent customer base, that research must continue."
  
  *Gerald Howarth, Shadow Defence Minister, Defence Management, 14 April 2009*

  "Defence spending for science and technology has been cut recently by 19 per cent. This is tantamount to strategic suicide, and is testament to Labour’s short-sighted approach to defence policy - especially during the current economic crisis since science and technology companies employ thousands of people throughout the UK”
  
  *Liam Fox, Conservatives.com, 28 January 2009*
Abolish Home Information Packs and compensate HIP providers

Summary

The Conservatives have been committed to abolishing Home Information Packs since 2007. They acknowledge that they may need to compensate HIP providers for the consequent loss of income, but they have not made any public estimate of what this would cost.

The Conservative Commitment

• Shadow Housing Minister Grant Shapps told the Conservative Party Conference in October 2007 that a Conservative Government would abolish Home Information Packs.

  “They didn’t listen when we said that HIPS are clumsy, ineffective and useless. And they had to bypass democracy to force them through Parliament.
  “The experts ridiculed them, the industry doesn’t want them; the market doesn’t need them; and I can announce to you today that the next Conservative Government – will scrap them!”
  Grant Shapps, speech to Conservative Party Conference, 1 October 2007

• Shadow Minister for Communities and Local Government Robert Neill acknowledged that the government of the day would have to bear any commercial consequences of abandoning the scheme.

  “My hon. Friend is right. The Government are culpable for the effect on the market—no amount of flannel gets around the destabilising effects—and for the position of those who bought a pig in a poke and took a commercial risk by setting up firms as HIPs providers. I regret the fact that the Government misled them, but that is what happened. If there is, regrettably, a commercial consequence to abandoning the scheme—which will doubtless happen in due course—the Government must shoulder the responsibility for leading them up the garden path. We will take no lectures on that from Labour Members.”
Matching Council Tax funding for all new homes

Summary

The Conservatives pledged in October 2009 to give councils matching funding for Council Tax revenue received on all new homes for a period of six years, and 125 pence for every pound received in Council Tax for new social homes. They have not set out how much they think this would cost.

The Conservative Commitment

- Shadow Housing Minister Grant Shapps promised in October 2009 that a Conservative Government would offer matching Council Tax funding for all new homes for six years, and 125 pence for every pound received in Council Tax from new social homes.

"So a future Conservative Government will match pound-for-pound the Council Tax revenue received on all new homes for a period of six years. And in order to help fix Labour’s affordable housing crisis, we will guarantee 125 pence for every pound received in Council Tax from new social homes... again in addition to the money already collected. And if you just take a moment to think about what this means in cash terms, you’ll see that it is a really big deal."

"Those 10,000 homes in my area would mean match funding of something like £100m."

Grant Shapps, speech on housebuilding, 27 October 2009
Central funding for councils to provide weekly rubbish collections

Summary

The Conservatives have been committed since 2008 to providing central funding for councils to provide weekly rubbish collections. They have not set out how much they think this would cost.

The Conservative Commitment

- Eric Pickles, then Shadow Communities and Local Government Secretary, said in December 2008 that a Conservative government would provide central funding for councils to provide weekly rubbish collections.

  “We reject Labour’s approach of state bullying, cutting services and higher taxes. That is why we will provide funding for those councils that wish to introduce proper weekly rubbish collections, on top of comprehensive recycling services. We will make it easier for families to go green and increase recycling by working with households, not punishing them with heavy-handed bin taxes, bin cuts and bin fines. However, as someone who is a champion of localism, I of course respect that it is for Councils who are directly responsible to their electorate to make the choice about services they offer.”
  
  *Eric Pickles, Conservative Home Q&A, 23 December 2008*

  “A Conservative government would change Whitehall policy so that there is an expectation that councils should offer full weekly collections, reversing the Labour policy. Central funding will be offered for all councils to provide a weekly collection of organic waste, as well as comprehensive recycling collections. This will be provided by scrapping a series of unelected quangos and local government bureaucracy. Councils, subject to the ballot box, will still have the final decision on what services to offer, but they will no longer be forced and bullied into cutting services because of Whitehall diktats. We want to hand power back to local communities. Cutbacks and stealth taxes do not have to be inevitable. If the Conservatives win power, the needs of local people will not be sidelined: they will be at the forefront of everything we do.”
  
  *Eric Pickles, Guardian.co.uk, Comment is free, 6 December 2008*
Department of Health

Changing, showering and laundry facilities in NHS hospitals

Summary

The Conservatives have been committed since January 2007 to ensuring that NHS staff have access to changing, showering and laundry facilities in hospitals. They have not presented a costing for this policy, but Shadow Health Secretary Andrew Lansley says “I accept that that will not be cheap”.

The Conservative Commitment

• David Cameron said in January 2007 that NHS Trusts should be placed under an obligation to provide changing and laundry facilities for staff.

  “We need to change the Code of Practice in the 2006 Health Act. The Code should ensure that NHS Trusts are under an obligation to provide changing and laundry facilities for staff.”
  
  David Cameron, Speech to the Future of Nursing Conference, 24 January 2007

• Andrew Lansley repeated this commitment and acknowledged that it “will not be cheap”.

  “The Leader of the Opposition has made it clear that we want the code of practice, which the Government put laboriously into legislation last year, to reflect the need for changing, showering and laundering facilities in hospitals. I accept that that will not be cheap, but it is not provided for in the code of practice, and the Government appear unable to commit to it. At the moment, the Royal College of Nursing tells us that half of nurses are not able to change at work, six out of 10 are not able to shower at work—we are all able to shower in Portcullis house, and nurses certainly need that facility at work—and six or seven out of 10 are not able to have uniforms laundered at work.”
  
  Andrew Lansley, Hansard, 23 January 2007, Column 1299, http://www.parliament.the-stationery-office.co.uk/pa/cm200607/cmhansrd/cm070123/debtext/70123-0006.htm#07012338000584

146
## More money for the voluntary sector

### Summary

The Conservatives have committed to give voluntary sector organisations more access to public funds. They have not said how much more government money they would allocate to the voluntary sector.

### The Conservative Commitment

- Conservative Party leader David Cameron has said repeatedly that voluntary bodies and charities should have more government money.

  - David Cameron: The Big Issue is a social enterprise; something that gets people off the streets, so let’s find the voluntary bodies and the charities that are doing the great work, and give them more power and responsibility, and that’s one policy.
  - Dermot Murnaghan: And more money?
  - David Cameron: Yes and more of the government’s money, rather than the government spending it because it often does so badly.

  *BBC Breakfast, 10 July 2006*

  "In terms of what the Third Sector wants, charities, voluntary bodies, social enterprises can do I mean obviously at the moment they have access to public funds and I believe they should have even greater access to public funds."

  *David Cameron, The Guardian Public Services Summit, 26 January 2007*

  "But related to that, something we haven’t had time perhaps to talk about today as much as I’d like something we haven’t had time perhaps to talk about today as much as I’d like, is one of the big parts of Iain’s (Duncan Smith) report, and I’ll ask him to talk about it, is the work we want to do with voluntary bodies who are often the best at dealing with these problems. In terms of saying look, you should have long term contracts like the government gives itself. You should have greater trust and funding like the government gives itself. If you’re going to deal with some of these very deep and often personal emotional problems you’ve got to trust the voluntary sector a lot more and recognise they often have the solutions rather than government."

  *David Cameron, Q and A after speech in Manchester, 8 November 2007*

  - Jeremy Paxman: George Osborne hasn’t got the national cheque book yet but he might be willing to give you some sort of blank promissory note, come on...
  - George Osborne: I think groups like Tony’s [Dr Tony Sewell, Chief Executive of "Generating Genius"] are precisely the sorts of groups that should get more state funding, those social entrepreneurs, small groups like that, that are not large government bureaucracies, have a much greater track record of dealing with problems at the very bottom of society, than some of those big state bureaucracies do.

  *George Osborne, BBC2 Newsnight, 13 February 2007*
### Tax credits for grandparents who look after children

#### Summary

David Cameron said in 2006 that grandparents who carry out childcare should be eligible for tax credits. He did not say how he thought this should work, or what he thought it would cost.

#### The Conservative Commitment

- Conservative Party leader David Cameron told Age Concern in October 2006 that tax credits ought to be available for grandparents who care for their grandchildren.

  “It’s worth thinking about those areas where, in a speech about the ageing of the population, that it’s absolutely essential to address. Obviously we’ve got to look at pensions and pension benefits, I think we should say something about - that child care issue - it is counter-intuitive to talk about child care in a speech about grandparents but actually it’s many of them who are doing the care, so the tax credits ought to be there for them.”  
  *David Cameron, Discussion on speech to Age Concern, www.webcameron.org.uk, 21 October 2006*

- In December 2009 David Willetts, Shadow spokesman on families, raised this policy again

  In cases of relationship breakdown, Willetts proposes that fathers should be given access to tax credits if they are looking after the child more frequently than the mother, and grandparents should be automatically considered for placements if both parents are not deemed suitable to bring up the children. Grandparents should also be considered for access to the child following a divorce. He said: “We do not think law custom or practice has kept up with the transformed role of grandparents.”  
  *The Guardian, 22 December 2009*