

# Interel's Speculative Conservative Manifesto 2017

General Election analysis by Interel UK





# Conservatives

## FIVE KEY QUESTIONS

- How can the Conservatives win Labour heartland seats?
- How can the Conservatives win seats from the SNP in Scotland?
- How can the Conservatives defend Remain voting seats from the Lib Dems?
- How much do you deviate from David Cameron's 2015 manifesto?
- Do you take advantage of Labour's weak standing to propose tough but necessary policies, or do you go for crowd pleasing policies instead and try to win as big a majority as possible?

## THE BIG PICTURE

The Conservative election manifesto will be published on Monday 8th May. It is being authored by Ben Gummer, Chair of the Cabinet Policy Board, George Freeman, Head of the Number 10 Policy Unit, John Godfrey, the Prime Minister's Director of Policy, and her Chief of Staff Nick Timothy.

With the Industrial Strategy Green Paper published in January, the Brexit White Paper released in February, last month's Budget, and the commencement of Brexit negotiations with the EU (all conveniently brought together in the 'Plan for Britain' website), it is likely that the Conservative Party manifesto will be lighter than the one offered in 2015. The Prime Minister will be keen to outline a broad agenda, setting out only a few flagship policies, rather than offering a more extensive and detailed manifesto.

As anyone who has watched the Prime Minister's media appearances in the last fortnight will know, the debate is being framed as "strong and stable leadership" versus a "coalition of chaos".

The Conservatives are also running a very personalised, almost presidential campaign to capitalise on Mrs May's strong popularity ratings. Mrs May's first manifesto as Conservative leader will ultimately want to project an image of a Government that can:

- Deliver a clean and orderly Brexit.
- Provide economic security.
- Offer strong and stable leadership.
- Do more to help families on modest or lower incomes.

# WHAT TO EXPECT

## INDUSTRY & BUSINESS

The Industrial Strategy Green Paper set out the ten pillars of the Government's ambitions. These were:

- Investing in science, research and innovation.
- Developing skills
- Upgrading infrastructure
- Supporting businesses to start and grow
- Improving procurement
- Encouraging trade and inward investment policy
- Delivering affordable energy and clean growth
- Cultivating world-leading sectors
- Driving growth across the whole country
- Creating the right institutions to bring together sectors and places

Manifesto pledges will likely emanate from these ten priorities. This can already be seen in the spending commitments made in the Budget, including £113m extra on road investment, £270m on disruptive technology and £90m on technical and STEM education.



## TAX

The Prime Minister will likely want to recommit to the current policy to raise the 40p income tax threshold to £50,000, and increase the tax-free personal allowance threshold to £12,500 – both have yet to be implemented despite being in the 2015 manifesto. Another Conservative favourite is easing the burden of inheritance tax. However, a headline policy on this is unlikely.

In a recent interview with Andrew Marr, the Prime Minister said the Government had no plans to increase the tax burden, but also made clear that she didn't want to give specific proposals on tax policy unless she could be confident that she could deliver them. With this in mind it seems probable the manifesto will ditch the triple lock, which as the Chancellor found in March, can prevent necessary tax rises. A broad commitment not to raise VAT, National Insurance or income tax will probably suffice, giving plenty of leeway to look at other ways of raising revenue.



## BREXIT

There are limits on what can go in the manifesto beyond the broad commitments set out in the Brexit White Paper. Introducing a Great Repeal Bill, the desire for a reciprocal commitment to grant residency to EU citizens currently living in the UK, and the introduction of a British Bill of Rights to replace the Human Rights Act will likely all feature.

On Brexit, it is messaging rather than detail which is key. The following messages will be repeated endlessly during the campaign. The Conservatives will deliver Brexit. There will be no second referendum, no "half-in, half-out" arrangement with the EU. The Conservatives are the only credible party of government that can say at this election that they are committed to making Brexit work.

## IMMIGRATION

The wording around immigration policy will be interesting. Many Leave campaigners insist that concerns about immigration are related to the ability of Britain to control its borders, rather than about meeting set targets. On the other hand, there has been pressure on the Prime Minister over the failure to bring immigration down to the tens of thousands, as previously pledged.

The manifesto will have to balance meeting popular concerns about immigration while also reassuring businesses reliant on a flexible labour market, ranging from sectors that need to recruit low paid or seasonal workers from abroad as well as those that depend on highly skilled professionals. Don't be surprised if we get strong language but ambiguous commitments on this subject.



## DEFENCE

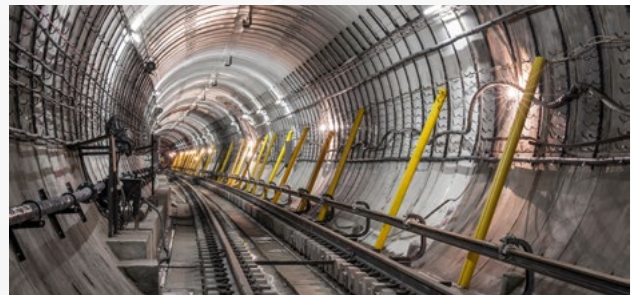
With the need to bolster NATO against an increased number of international threats, the manifesto is likely to include firm defence commitments. Committing to the 2 per cent of GDP defence spending target, and an assurance to retain the nuclear deterrent, would contrast significantly with Jeremy Corbyn's position. Corbyn has previously suggested NATO should be disbanded and that he would not press the nuclear button under any circumstance. Expect the Conservatives to hammer home the message that Corbyn cannot be trusted on national security issues.



## ENERGY

As part of her attempt to position the Conservatives as the party of working people, the Prime Minister looks set to include a price cap on energy bills. This will no doubt please Ed Miliband, who made the policy famous in 2013 and later included it in his Labour manifesto. Those on the Tory benches might be more bemused. At the time, the then Conservative Chairman Grant Shapps said the policy would create "complete chaos", with David Cameron calling it a "joke".

In broader terms, the Tories will likely retain their pledge to unlock £59bn of investment in electricity to create a secure, diverse and competitive energy market.



## TRANSPORT

Transport is rarely a central tenant of any party's manifesto. If mentioned here, it is likely to be part of a broader commitment to renew major projects through the £23bn infrastructure and innovation investment the Chancellor announced in the last Autumn Statement. It is possible we will see the manifesto recommitting to HS2, Crossrail 2 and even a third runway at Heathrow – but these schemes are contentious locally and it may be the manifesto excludes any specific promises.

We may see a specific pledge on air quality. With the Royal Colleges of Physicians and of Paediatrics and Child Health estimating that 40,000 people died of air pollution in the last year, a move against diesel engines would be popular, particularly in places like South West London.



## HOUSING

The Government published an extensive Housing White Paper in early February. It is expected that much of this content will be transferred into the manifesto.

The central theme of the White Paper was a move away from a narrow focus on home ownership, shifting instead towards expanding diversity of tenure and better options for those in the private rented sector – a change possibly driven by necessity given high housing costs and the inability of many people to afford their own home.

The White Paper proposed measures aimed at increasing housing supply through planning reforms. The Government also announced new rules at the start of April to give greater local powers to tackle rogue landlords, and ban letting agents fees – all populist policies designed to show that the Conservatives are on the side of tenants.

## EDUCATION

Cuts to school funding has been a go-to question for Jeremy Corbyn at PMQs in recent weeks. The Prime Minister has insisted that 'fairer funding' brings parity between schools, although the National Audit Office says that schools are facing a real term £3bn funding cut between now and 2020. Furthermore with rumours that senior Conservatives are growing increasingly critical of the new proposed funding formula, we may well see this kicked into the long grass for the time being.



Grammar schools will also be another interesting issue. May has been open about her support for selective education, although there is not unanimous support for this within her party. Expect something on increasing selective school places, albeit under a different guise from the grammar schools label. The manifesto will also likely to offer a similar target to the 500 new free schools set out in the 2014 manifesto.

The 2015 pledge to create three million new apprenticeships by 2020 will probably also make another appearance, along with other policies around technical education.



## HEALTH

Tory advisers will no doubt have identified health as a potential vulnerable spot for a Labour attack.

The Budget included a £425m investment package for the NHS, on top of the extra £8bn the Tories promised to deliver between 2015 and 2020. A headline health commitment would be a defensive move against a Labour attack on the NHS.

Following recent publicity on the issue, the manifesto may also put focus on a plan to transform the UK's approach to mental health.



## PENSIONS

The Prime Minister has said that under a Conservative Government the state pension will still go up every year – but how they would calculate that will be a matter for discussion. This suggests that that we could see a departure from the 2015 policy, which states that pensions will rise in line with wages, inflation or by 2.5 per cent – whichever is the highest. The Prime Minister has also said that she will give more powers to the pension regulator to take action when funds collapse as companies are bought and sold.

Pensioners vote in greater numbers than any other demographics. In 2015 almost half of those over 65 voted Conservative. Mrs May might be wary of dissuading this powerful voting bloc from backing her party this time.

## BOUNDARY CHANGES

The boundary changes which will reduce the number of MPs to 600 was something the Prime Minister and her predecessor were determined to implement in this Parliament. Although time cut short her ability to do so, it is likely the changes will again feature in the Tory manifesto. However, with some early polling suggesting the Conservatives might claim 399 seats to Labour's 176, some might argue that the status quo should be retained for the time being.

It seems more likely that the Conservatives will take the opportunity to fix a systemic issue – anticipate a vigorous debate on the subject over the next few years.

## OTHER ISSUES

Parliamentary time to repeal the Hunting Act has featured in the last three manifestos. However, being in opposition, then in the coalition, and finally focusing on other areas when in government, has meant the subject is not one the Conservatives have given much thought to. It is unlikely to be included again, not least because support for the legislation amongst urban Tories means that any move to repeal it would face a tough time.

Following the Westminster terror attack last month, it would not be a surprise for something in relation to counterterrorism and cyber security to be included. Now is an opportunity to get a strong mandate to deliver what could be controversial policies on national security grounds, such as greater rights for government agencies to obtain data from social media platforms or messaging applications.

The Prime Minister has already backed the 0.7 per cent of GDP spending on international development, despite it being unpopular with elements of her party.

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