



# CFG POLICY BRIEFING: General Election 2015

April 2015

## Summary

This year's General Election is the most unpredictable since the Second World War. The polls have not showed any party with a consistent and decisive lead. Most analysts are predicting a hung Parliament with either a formal coalition between two (or more) parties or informal agreements between parties on key issues such as the Budget.

This makes it more important than ever that charities understand the policies of all the main parties, as these will be the key building blocks for discussions on the next government. The voluntary sector has not been a major feature of this election campaign so far, but a number of policies have been outlined which could have an impact on the sector.

The aim of this briefing is to outline and analyse the main policies likely to affect charities and to consider their potential impact. It considers the manifestos of the Labour Party, the Conservative Party, the Liberal Democrats, the United Kingdom Independence Party and the Green Party.

Charities work across a wide range of areas, and so any policy in each manifesto is likely to impact at least one charity working in that area. This briefing focuses on the main areas that charities work in or those policies which are likely to impact charities in their day-to-day operations.

This briefing considers the following areas:

- [Sector-wide policies](#)
- [Tax](#)
- [Local Government](#)
- [Public Services](#)
- [Volunteering](#)
- [International Development](#)
- [Arts, Culture and Heritage](#)

## Analysis

Although there is uncertainty around the election result, there are a number of trends that charities will need to adapt to regardless of which party (or parties) are in government.

- Charities should plan for higher staffing costs and higher levels of transparency on issues such as gender pay gaps and pay ratios.
- Charities should monitor carefully changes in the tax system to clamp down on tax avoidance as these can indirectly impact the sector.
- The next government is likely to continue to devolve power to the local level meaning that charities will need to continue engaging with local authorities and those working across multiple areas will see greater variation in design.
- Public services will be more open and charities will need to make sure that they gather data to comply with new requirements as well as be open to requests from the public. It is also likely that procurement will be used to further social and environmental goals.

The sector will need to make sure that its voice is heard in the implementation of these policies so that they do not negatively impact charities in achieving their objectives.

# Sector-wide policies

Sector-wide policies are defined as those policies which are likely to impact on charities without reference to a particular type of activity (for example, those working with young people).

## Summary of the main sector-wide policies

### The Labour Party

- Support for charities and social enterprises in creating value and supporting the social economy
- Large charities to publish gender pay gaps
- National Minimum Wage to be raised to £8 an hour by October 2019
- Repeal Lobbying Act

### The Conservative Party

- National Minimum Wage up to £8 an hour by 2020
- Use social investment to support charities and social enterprises
- Repeal the Human Rights Act and replace with UK Bill of Rights

### The Liberal Democrats

- Support social investment for charities and social enterprises
- Ask all companies with more than 250 employees to publish different pay levels between men and women in their organisation and will consider extending to cover Living Wage and pay ratios
- Will also consult on equality pay reviews and consulting staff on executive pay
- Review unpaid internships
- Independent review on how to set a Living Wage across all sectors

### The United Kingdom Independence Party

- Repeal the Human Rights Act and replace with UK Bill of Rights
- Abolish the Office for Civil Society
- Clamp down on 'fake charities' and state funded political activism

### The Green Party

- National Minimum Wage up to £10 an hour by 2020
- 10:1 pay ratios between highest and lowest paid staff
- Encourage divestment of fossil fuels and create greener alternatives
- Phase in 25 hour week
- Support social enterprise
- Repeal the Lobbying Act
- Make large organisations consider social and environmental impact

## Analysis

There are a number of areas of compatibility across the main three parties. The focus on inequality and low pay in recent years has made all parties keen to increase the National Minimum Wage. Charities should therefore plan for significant rises in the National Minimum Wage over the next few years. There is also likely to be pressure from the Labour Party and Liberal Democrats for more employers to use the Living Wage.

There is also agreement amongst the main parties that there should be reform to zero hour contracts. Charities that use zero hour contracts for staff with relatively regular hours should consider whether they can afford to transfer these staff onto permanent contracts as this is likely to be a key element of any future reform.

There is also interest from parties in the centre to centre-left (Labour, Lib Dems and Greens) for more transparency in larger organisations. Charities which do not currently gather data in these areas may need to plan to do so, if any of these parties forms part of the next government or has a deal in place to support it. There is also agreement on the repealing of the Lobbying Act which would also be likely to be carried through.

If the Conservatives are in power and do need to rely on the support of UKIP, it is likely that a repeal of Human Rights Act would be likely, although depending on the number of seats of both parties this may not get through the House of Commons.

Both current Coalition parties have outlined their support for social investment. Any agreement between the Conservatives and Liberal Democrats is, therefore, likely to include continued support for social investment.

## Quick summary

Charities should plan for higher staffing costs and higher levels of transparency on issues such as gender pay gaps and pay ratios. Social investment is likely to continue to be a major part of the funding landscape.

# Tax

Tax policies are those policies that are likely to affect charities because of their charitable status, their activities or because they are employers.

## Summary of the main tax policies

### The Labour Party

- Cutting and then freeze business rates
- No increases in VAT or National Insurance
- Raise additional revenue through cutting tax avoidance

### The Conservative Party

- No VAT or National Insurance increases
- Raise £5bn through cutting tax avoidance
- Major review of business rates so that from 2017 they reflect the modern economy

### The Liberal Democrats

- Extend business rate review to consider introducing a Land Value Tax
- New HMRC target to reduce the tax gap and new general anti-avoidance rule

### The United Kingdom Independence Party

- 20% small business rate relief if it is the business' only property and valued under £50,000
- Clamp down on tax avoidance by multi-national companies through improving UK's tax sovereignty

### The Green Party

- Reducing NI for employers to 8% over the long term
- A new Land Value Tax to replace Business Rates
- A new Tax Dodging Bill to tackle the tax gap and a new general anti-avoidance principle

## Analysis

There are two main areas of focus for tax policies across the major parties that will affect charities.

Firstly, there is a clear aim to reduce tax avoidance. Although this should not impact on charities, last year proposed changes to the definition of charity for tax purposes and this year the Diverted Profit Tax (both measures to reduce avoidance) could have had significant negative impacts on the sector. Fortunately concerns were raised and charities protected. Continued problems with the VAT exemption on direct mail are another example of where a need to generate additional tax revenue has impacted the sector financially. However, as the focus on tax avoidance continues charities will need to remain vigilant for tax rule changes.

On business rates there is an appetite amongst Conservatives, Liberal Democrats and Greens for major reform. The Conservatives have not spelt out their vision for business taxation whilst the Liberal Democrats and Greens favour a Land Value Tax. Whilst charities are not the target of these changes, business rate relief is an important tax relief for the sector and is worth over £1.5bn a year. Charities will need to be careful that any changes do not lead to the loss of this relief.

### Quick summary

Tax avoidance will continue to be a main feature of deficit reduction plans, charitable exemptions may be targeted as part of the revenue raising process. There is likely to be reform of business rates and charities will need to adapt to the new rules and protect their relief.

## Local Government

Local Government policies are those policies that are likely to affect charities that are involved in delivering local services or receive grants from local authorities. Charities received £6.8bn from local government in grants and contracts in 2011/12.

### Summary of the main local government policies

#### The Labour Party

- Multi-year budgets for local authorities
- Local Public Accounts Committees to scrutinise local spending
- An 'English New Deal' on devolved public services with more local engagement in designing services

### The Conservative Party

- Reduce ring fencing of local authority budgets
- Enable local authorities to keep more of their business rate income
- Encourage more voluntary integration of local authority services and administration
- More City Deals for those cities with elected mayors

### The Liberal Democrats

- Encourage health services to link up with local authorities' social care teams and voluntary services
- More City Deals and Growth Deals to empower local areas
- Work with local authorities to promote the Living Wage

### The United Kingdom Independence Party

- No key policies affecting charities

### The Green Party

- Enable local authorities to favour local organisations through procurement system
- £10bn increase in local authority budgets to ensure that local authority grants can pay for all statutory services

## Analysis

Most parties favour greater devolution to local areas, and it is likely that regardless of which parties make up the next government that devolution will continue. This will likely give charities more opportunities to influence service design but will mean that charities which work across multiple areas will have to engage more with local authorities and adapt their services.

Labour and Conservatives have slightly different approaches to local government financing, with Labour looking to give more stability through multi-year budgets and the Conservatives focusing on giving local authorities more flexibility within existing budget rules. More flexibility could impact on charities that work in statutory service areas, whilst multi-year budgets would give charities more opportunity to plan ahead.

## Quick summary

Devolution will remain a key part of the next government's approach to service delivery, charities will need to keep engaged with local authorities and be prepared for variation in service design if they work across multiple areas.

## Public services

Public services policies are those policies which are likely to affect charities that deliver services (either via contracts or grants) on behalf of the public sector.

### Summary of the main public services policies

#### The Labour Party

- More pooled budgeting across areas such as health, social care and mental health
- Extend the Freedom of Information Act to all organisations carrying out public services
- Supporting the Living Wage through government procurement, alongside wider social impact considerations

#### The Conservative Party

- Scale up payment by results and social impact bonds
- Increase transparency

#### The Liberal Democrats

- Continue work to open public procurement to voluntary sector
- Freedom of Information Requests to be extended to all private companies delivering public services
- New Public Sector Sustainability Duty requiring steadily higher green criteria in public procurement policy
- Prohibit discrimination on the ground of religion in provision of public services
- Establish a new incubator for social enterprises to develop innovation solutions to policy problems
- Spread mutuals and employee participation in the public sector

#### The United Kingdom Independence Party

- Make it easier for small and medium sized businesses to tender for public service contracts by removing the necessity to demonstrate compliance in areas irrelevant to job being tendered for



## The Green Party

- Public Service Users Bill to bring back services to public ownership
- Anti-privatisation of public services
- Increased transparency for providers of public service

## Analysis

All parties are likely to implement greater transparency on public service delivery. Charities will need to consider the data that they collect, procedures for compliance with enhanced transparency and procedures to receive requests from the public.

Only the Green Party is likely to significantly scale back the trend towards bringing in non-public sector providers of services, although they do appear to welcome the role of charities in delivery.

The centre to centre-left parties all have policies to use procurement to further social and environmental goals (such as the Living Wage). If there is a coalition or agreement between these parties, additional criteria to deliver public services are likely. Although this follows a trend started in this Parliament through the passage of the Social Value Act.

A Conservative-led government would likely continue the emphasis on social investment for public service delivery. There is agreement with the Liberal Democrats on this issue. Labour do not reference social investment in their manifesto, making it difficult to predict if they would have social investment as part of their public service plans.

## Quick summary

Transparency will increase, charities will need to prepare. If a centre/centre-left coalition is created then public procurement will be used to advance social and environmental goals, charities will need to consider how to integrate these into their services. The future of social investment in public service delivery is uncertain in the event of a non-Conservative-led government.

# Volunteering

Volunteering policies are those policies which are likely to affect charities that involve volunteers in achieving their objectives.

## Summary of the main public services policies

### The Labour Party

- Support for volunteering through 'Step up to Serve' and National Citizen Service

### The Conservative Party

- Workplace entitlement to volunteering leave for 3 days a year with pay for those working in large companies and public sector

### The Liberal Democrats

- Promote social action and volunteering at school, college and university

### The United Kingdom Independence Party

- Scrap the National Citizen Service and International Citizen Service Volunteers

### The Green Party

- No key policies on volunteering

# International development

International development policies are those policies which are likely to affect charities that work overseas and receive grants from central government.

## Summary of the main public services policies

### The Labour Party

- Keep 0.7% aid commitment

### The Conservative Party

- Keep 0.7% aid commitment
- Double size of the Aid Match scheme

### The Liberal Democrats

- Keep 0.7% aid commitment
- New Civil Society Partnership Scheme to build links between peoples in rich and poor countries

### The United Kingdom Independence Party

- Reduce overseas aid budget from 0.7% to 0.2% of GDP

### The Green Party

- Increase overseas aid budget from 0.7% to 1% of GDP

## Analysis

All main parties bar UKIP are committed to the 0.7% aid target, apart from the Greens that would increase the aid budget and the United Kingdom Independence Party that would reduce it. This level of consensus means that it is unlikely that aid spending would change as part of any future government. Charities working in this sector should not have to deal with volatile funding changes in the next Parliament.

# Arts, Heritage and Culture

Arts, Heritage and Culture policies are those policies which are likely to affect charities that work in the arts sector, look after buildings or areas of national heritage or work in the cultural sector.

## Summary of the main public services policies

### The Labour Party

- Free Admission to Museums and Galleries to be retained
- A new Prime Minister's Committee on Arts, Culture and Creative Industries

### The Conservative Party

- Keep free access to museums and galleries

### The Liberal Democrats

- Keep free access to museums and galleries

### The United Kingdom Independence Party

- A Minister of State for Heritage and Tourism
- A tax system to support historic buildings and countryside

### The Green Party

- No key policies affecting charities.

## Analysis

All the main parties are committed to keeping free access to museums and galleries, however, with spending tight, arts, culture and heritage are not high on spending priorities. It is likely, therefore, that these areas will see further cuts over the next Parliament and charities should plan accordingly.

## Other policies that may affect charities

### The Labour Party

- A more local level replacement for the Work Programme
- Open Sure Start Centres up to charities and other local childcare providers to help services co-locate and integrate
- Abolishing Police and Crime Commissioners
- A new National Primary Childcare Service to promote voluntary and charitable delivery of quality extracurricular activities
- A Constitutional Convention involving citizen participation to decide future governance of the UK

### The Conservative Party

- Replace Jobseekers Allowance 18-21 with a Youth Allowance requiring an apprenticeship, traineeship or 'daily community work'

### The Liberal Democrats

- Develop the Work Programme in consultation with local government
- Promote a new community banking sector to support SMEs and social enterprise

### The United Kingdom Independence Party

- Train and fund 800 advisers to work at 800 food banks
- Charity shops and food banks exempt from charges related to unwanted food waste and other goods
- Reform Police and Crime Commissioners and reduce their number
- Minister for Veterans to work with charities to provide single point of contact for veterans
- Pensions Advice and seminar programme to help pensioners make the right decisions for the future

### The Green Party

- Consistent and long term funding for a national network of Rape Crisis Centres up to £100m over the next Parliament
- Abolishing Police and Crime Commissioners
- A Constitutional Convention involving citizen participation to decide future governance of the UK
- End charitable status for private schools