

***Reconstruction,
Renewal, Repair***

**Plan
for
change**



Reconstruction, Renewal, Repair

This booklet sets out the Plan for Change we have proposed at the 2008 Conservative Party Conference in Birmingham.

Reconstruction of our struggling economy

A strong economy is the foundation of everything we want to achieve.

At a time of growing economic crisis and rising cost of living we will introduce immediate measures to help families, job-seekers and first-time house-buyers to ease the pain of the downturn.

But reconstruction is a long-term process and requires responsible management of government finances combined with structural reforms to the tax and financial systems.

Renewal of the NHS

The NHS is our number one priority.

We all have a stake in its future and want our healthcare to be among the best in the world. Labour has spent huge amounts of money that should have delivered the highest standards, but much of it has been wasted by their bureaucratic, target-driven approach.

So we will renew the NHS by ending the top-down targets and micro-management, trusting professionals and supporting patient choice. Doctors should answer to the needs of patients, not the interference of politicians.

Repair of our broken society

It isn't enough to treat the symptoms of social failure, we've got to tackle the causes.

Social mobility has stalled under Labour. We will give everybody the opportunities they deserve through radical reforms to our schools and better provision of skills training. Our welfare and prison reforms will help those who want to make a better life for themselves and apply tough sanctions to those that refuse that help.

From providing support to make families stronger to helping create a stronger voluntary sector, we will do whatever we can to encourage a more cohesive, compassionate society by empowering people to take responsibility for themselves and one another.

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Reconstruction Plan for a strong economy

Our plan for dealing with the economic crisis includes immediate measures to help with the challenges of the credit crunch and the rising cost of living.

But it is also important to be straight with people - it will take time to transform our economy and undo the damage that has been done over the last decade. That doesn't mean we can ignore the tough long term challenges. It means we need to start tackling them as soon as possible.

Our plans for economic recovery and long term prosperity include:

- Immediate help for struggling families, including a two-year freeze on council tax
- Longer term reform of budgetary policy to ensure fiscal responsibility
- Reform of the monetary and financial systems to ensure financial responsibility
- Tax reform to promote our long term prosperity
- A new high speed rail network to kick start economic regeneration
- Supply side reforms to nurture a more balanced economy

Immediate help for struggling families

We need immediate changes to help people deal with the rising cost of living and the threat of unemployment. These reforms will help in the short term, and strengthen our economy in the long term.

Help for families

- A two year freeze on council tax to help families cope with the rising cost of living. This will save a typical Band D household over £200.
- A fair fuel stabiliser so that fuel duty is cut when oil prices rise and North Sea oil revenues increase.
- A reform of Post Office Card Accounts to enable families without bank accounts to benefit from the lower energy and water bills offered to customers paying by direct debit. This could cut the energy bills of up to four million Post Office Card Account holders by up to £100 a year.

Help for employees and job-seekers

- A new procedure to give good companies and their creditors the breathing space to rescue their business. This will ensure that fewer good companies go bust, and that fewer people lose their jobs.
- When people do lose their jobs, there should be more support to find a new one. Our reforms to the welfare system will give job-seekers access to specialist help and advice provided by experts from the private sector and voluntary organisations.

Help for the housing market

- Help first time buyers facing higher mortgage costs by raising the stamp duty threshold for them to £250,000. This would take nine out of ten first time buyers out of stamp duty altogether.
- The abolition of Home Information Packs will save costs and make it easier to buy and sell homes.
- Working with lenders to ensure that repossession is a last resort.

Long term reform of budget policy

A reckless experiment in big spending on the back of a debt-fuelled boom has ended in failure. The fiscal rules have failed. We need a totally different approach that will entrench fiscal responsibility for good. We need a new fiscal framework so that in future all governments will have to live within their means and fix the roof when the sun is shining.

So the next Conservative Government will:

- Scrap the discredited fiscal rules.
- Introduce a tough new forward-looking mandate for the public finances at the end of a forecast horizon: falling debt as a percentage of GDP and a balanced current budget, adjusted for the cycle.
- For the first time in Britain, we will create a new Office for Budget Responsibility to assess independently the sustainability of the public finances and hold the Government to account.
- Task the new Office for Budget Responsibility with a full, independent audit of the nation's debts, including all the liabilities hidden off the government's balance sheet.
- Enforce a long term strategy for living within our means by focusing on value for money, reforming public services, and reducing the demands on the state.

These changes constitute a fundamental overhaul of fiscal policy that would give the UK the most credible and responsible fiscal policy framework in the world.

Reform of the monetary and financial systems

A decade of debt-fuelled growth has left the UK more exposed to the financial crisis than any other European country.

As the Shadow Chancellor, George Osborne, warned in 2006, “an economy built on borrowed money is living on borrowed time”.

We must never make the same mistakes again. We need a totally different approach that will tackle the causes of bubbles before they emerge, provide proper supervision of the financial system, and give the authorities the powers they need to stop individual failures threatening the whole economy.

So the next Conservative Government will:

- Overhaul the tripartite system of financial regulation to give the Bank of England a far greater role in market oversight. This will help to prevent bubbles from emerging in the first place and improve intervention when things go wrong.
- Create a new Debt Responsibility Mechanism. The Bank of England will be asked to take a broader responsibility for debt in our banking system and our economy, and the risks it poses. The Bank will, through the year, send an open letter to the Financial Services Authority setting out its assessment of market-wide risk. The FSA will be required to take account of the Bank’s assessment when regulating lending by individual banks. This will help to stop debt-fuelled bubbles emerging in the first place by imposing tougher capital rules, bank by bank, during boom times.
- Give the Bank of England new powers to deal with failing banks when things go wrong.
- Introduce a new system of deposit insurance for savers for the first £50,000 of deposits, to be paid out within a week. This will help to restore consumer confidence in the banking system and reduce the risk of another run on a bank.
- Improve the system for regulating banks by asking the FSA to tackle irresponsible bonus structures. Institutions that use massive bonuses to encourage short-term reckless risk-taking will have to hold more capital to offset their higher risks.

- Improve the quality of regulation by matching the FSA’s new responsibilities with new funding. Financial institutions will have to contribute more funds and skilled secondees to the FSA so that the regulator is more equal to the regulated.
- Introduce more transparency into the regulation of complex financial instruments and hidden debts.
- Enhance the independence of the Bank of England by appointing the Governor for a single non-renewable eight year term and making the system of appointment to the Monetary Policy Committee more transparent.
- Improve the regulation of consumer credit to protect vulnerable consumers and reduce problem debt. This will include a free national financial advice service funded by the financial services sector, a crackdown on store cards, clearer information for credit card users and more competition in the home credit market.

Sir James Sassoon has agreed to advise us on how the tripartite structure of financial regulation should be overhauled in order to improve financial stability. Sir James was formerly Managing Director of the Treasury’s Finance and Industry Directorate, having previously had a career in investment banking.

Tax reform

This country is overtaxed.

Our objective is to reduce the tax burden on families and businesses. Not only is that the right thing to do, but in a fiercely competitive global economy we cannot afford to do anything else.

But we are fiscal conservatives. We will not put sound money and strong public finances at risk, and with the help of the new Office for Budget Responsibility we will entrench fiscal responsibility as the foundation of our economic policy.

Tax reform is not just about lower taxes. The tax system has grown increasingly complex over the last decade and urgently needs to be simplified.

We need a new approach. We will create a simpler, greener and more transparent tax system:

- A completely new approach to the making of tax law with proper scrutiny and an Office of Tax Simplification, which will deliver a simpler tax code and an end to stealth taxes.

- A reduction in the headline rate of corporation tax to 25 pence in the pound as a first step to lowering business taxes, funded by a reduction in complex allowances.
- A reduction in the small companies' rate of corporation tax from 22p to 20p, funded by removing complex new investment allowances.
- A commitment to increase the proportion of taxes collected from green taxation, with revenues from new green taxes going into a Family Fund that can only be used to reduce other taxes on families.
- A new Carbon Levy that encourages low carbon energy use to replace the Climate Change levy.
- A Fair Fuel Stabiliser to make sure the British economy is less exposed to instability in international oil markets.
- The raising of the transferable inheritance tax threshold to £1 million; the permanent abolition of stamp duty on properties up to £250,000 for first time buyers, taking 9 out of 10 out of stamp duty altogether; and an annual levy on non-domiciles.
- Recognising marriage in the tax system, eliminating the couple penalty in the tax credits system, and reforming the costly and complicated administration of tax credits.

A more balanced economy

Fiscal responsibility, financial responsibility and a competitive tax system are the necessary foundations for sustainable economic growth and prosperity. They will be the priorities of a Conservative Treasury. But on their own they are not enough.

Our future prosperity depends on a more balanced economy that is not dependent on just a few sectors. A more balanced economy will be more resilient to shocks and less prone to boom and bust. It will also help everyone to share in the benefits of globalisation, spreading prosperity to every part of the country.

We need a new wave of dynamic supply side reforms to create a broader-based, dynamic economy that can withstand global shocks. As well as a bottom-up reform of our education, skills and welfare systems, we need:

- A high-speed rail link between London, Birmingham, Manchester and Leeds to promote major economic development and cut polluting modes of travel. This allows us to cancel all moves towards opening a third runway at Heathrow.

- A new approach to funding vital infrastructure, with proper accounting and proper incentives, protection for taxpayers and cheaper financing. The taxpayer will no longer be locked into a contract that offers poor value-for-money, and Private Finance Initiative debt will no longer be hidden off the government's books.
- Proper regulatory budgets, freeing businesses to compete and reducing unnecessary costs.

Incentives for businesses to go green

We will create a step-change in the incentives for new green technology development, to encourage green energy investment and green collar jobs. We will:

- Introduce a Green Environmental Market, the world's first trading market for green technology companies.
- Develop Green ISAs to provide new sources of investment and drive green behaviour.
- Create a new system of 'feed-in tariffs' to stimulate microgeneration and decentralised energy.
- Create an Emissions Performance Standard to control coal power plants.
- Allow businesses to offset their carbon emission reduction targets by making energy efficiency improvements to employees' homes.
- Create at least three Carbon Capture and Storage demonstration projects over the next five to ten years.

Renewal

Plan for a better NHS

We want the next Conservative Government to be judged on how successful we are in making the NHS one of the best health systems in Europe. We want our NHS to deliver better, more personal care and bring an end to Labour's cuts to local services. We want to reverse the current situation, where our nation's overall healthcare outcomes, such as cancer survival rates, continually fall behind those of similar countries.

We want to achieve better access to the best medicines and tackle deep-rooted health inequalities, and save many more people from early death.

Achieving our aims will allow at least 100,000 more lives to be saved from disease every year, so nothing could be more important.

To achieve our ambitious vision for the NHS, we will rid it of the bureaucratic control of government, and all the Whitehall-imposed targets that are so damaging to patient care. Instead, positive new incentives will be created, driven by empowered patient choices within a more independent NHS. A new culture of rising standards will drive major improvements in quality and standards of care.

Our reforms will be set in a solid new foundation of funding and support to ensure lasting stability for the NHS. Rising real-terms funding will be combined with better value and greater productivity. Effective regulation will ensure high standards in all areas, from tackling deadly hospital infections to ensuring the safety of vulnerable patients.

Our plan to renew the NHS will bring major and lasting improvements to our population's health: an NHS delivering world-class healthcare, providing people with the highest standards of care for generations.

A Conservative government will:

- Reverse the top-down power relationship governing the NHS, putting patients, not politicians, in the driving seat. Patients will have a real power of choice over their care: which GP or other healthcare provider they want to use, which hospital they go to and even whether they want the privacy of a single room, rather than a ward.
- Empower genuinely informed choices by publishing new forms of information about the results of treatments that healthcare providers achieve. Patients and care commissioners can then see, for example, which hospitals perform well for a particular kind of surgery, or if a local GP has a good record for delivering good outcomes for patients.
- Create positive funding incentives to support patient choice by rewarding successful treatment results for patients. With funding following patients, providers will have clear incentives to achieve higher standards of care; the need for centralised targets and government control simply falls away.
- Give decision-making power back to NHS professionals and shift accountability firmly back to patients by allowing the NHS to be independent from government, with its own constitution, run by an independent board, and made accountable to a new patient body, 'HealthWatch'.

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- Put trust in our healthcare professionals: GPs and other primary care commissioners will have real budgets, real freedoms and real responsibility to manage their patients' care. And doctors and clinicians, not government officials, will decide how best to structure care in hospitals.
 - Allow independent healthcare providers, in addition to NHS Foundation Trusts and other NHS providers, the freedom to supply services to the NHS, if they can do so at the NHS price and NHS standards. Commissioning of NHS services will be separate from healthcare providers and overseen by the independent NHS Board. An independent regulatory structure will ensure high standards of service and care.
 - Tackle public health issues such as obesity, alcohol abuse and sexually transmitted infections by creating a Department of Public Health to deliver a strong cross-Government focus on these issues, and build new partnerships with local authorities and businesses to help deliver initiatives that promote healthy lifestyles and reduce health inequalities.

Repair Plan for social reform

Our vision is for a stronger, safer society where opportunity is spread much more widely and fairly. We want to reverse the educational failure, low skills and lack of opportunity that are holding Britain back.

Labour's approach hasn't worked: their big, impersonal state-controlled schemes fail to support the institutions that could really help tackle social problems – like schools, families, communities and the voluntary sector.

Education is the key to opportunity and social mobility, making it a Conservative priority. We will deliver more teaching by ability in schools, build hundreds of good new schools, and revolutionise apprenticeships to open up avenues of aspiration for the next generation.

With opportunity comes responsibility. We need to strengthen the structures which bring stability and a sense of belonging: home, neighbourhood and nation.

A Conservative government will strengthen families by reforming tax and benefits to support marriage and by encouraging flexible working. We will strengthen communities by expanding the role of charities and social enterprises. And we will strengthen society with a welfare system that ends the something-for-nothing culture and reinforces personal responsibility.

To deliver the social reform we need requires positive action to fix our broken society. Our rehabilitation revolution will harness the innovation of the voluntary sector and the professionalism of prison governors to reduce reoffending and help more offenders leave behind a life of crime. And our profound changes to the nature of policing, achieved through introducing locally-elected police commissioners, crime maps and regular beat meetings, will deliver a complete culture shift by making the police truly accountable to local communities.

Schools

We will address the educational underperformance which blights our nation's future through a long-term, supply-side revolution, along with a number of immediate measures.

Immediate actions

- Improving discipline and behaviour in schools by shifting the balance of power in every classroom in every school back in favour of the teacher and headteacher.
- Delivering more teaching by ability which stretches the strongest and nurtures the weakest.
- Reforming the teaching of reading and cutting the bureaucracy of testing.

Long-term, supply-side revolution

- Over 220,000 new school places being created.
- Freeing up the system to allow charities, livery companies, existing school federations, not-for-profit trusts, cooperatives and groups of parents to set up new schools in the state sector.
- Divert more resources to pupils from disadvantaged backgrounds, ensuring they get the earliest possible opportunity to choose the best schools and the best teaching.
- Free good schools to tackle disadvantage by allowing comprehensives to become autonomous, non-selective Academies, with help for other underperforming institutions to raise standards as a condition of this new freedom.

Improving behaviour

- We will help many more ex-military servicemen and women become teachers – this is proven to help children who are most in need of strong role models to improve their behaviour and attainment. We would pay the tuition fees for a first degree for anyone who has undertaken a tour of active service, and award all ex-servicemen and women who go through graduate teacher training a bursary of £9,000.
- We will fund an immediate five-fold expansion in the number of Skill Force instructors so that over 40,000 vulnerable children can benefit. Skill Force is an independent charity that takes former leaders from the Armed Forces, trains them, and deploys them to some of the most disadvantaged schools.

Skills

The system of training in the UK is stuck in the past - as a result, over three-quarters of a million young people are not in any kind of education, employment, or training.

We propose a revolution in skills and training, reforming the failing Train to Gain scheme to deliver:

A massive expansion in the provision of real apprenticeships

- Measures to make it easier for companies to run apprenticeships.
- Creating 100,000 additional real apprenticeships every year.
- A £2,000 bonus for each apprenticeship at a small or medium-sized enterprise.

Skills scholarships for talented apprentices

- We will give many more apprentices the chance to go to university.
- Through skills scholarships, we can put more than 1,000 apprentices into higher education – four times the current figure.

More community learning to improve skills and employability

- A £100 million fund aimed at helping youngsters not in any kind of education, employment or training (NEETs).

Supply-side reform to set further education free

- Freeing Further Education colleges from unnecessary bureaucracy.
- Allowing new providers to enter the sector.

A revolution in careers advice

- Providing a careers adviser in every secondary school and college in the country.
- Creating a new all-age careers advice service.

Welfare

Our programme of welfare reform will end the culture of long-term welfare dependence in this country and help make British poverty history.

Respect for those who cannot work

- Those recipients of Incapacity Benefit who are genuinely unable to work will receive continued support.

Employment for those who can

- Every out-of-work benefit claimant will be expected to work or prepare for work if they are capable of doing so.
- A comprehensive programme of support for job-seekers.
- Welfare-to-work services to be provided by organisations on a payment-by-results basis.

Assessments for those claiming out of work benefits

- Rapid assessments for new and existing claimants so that everyone gets swift access to the help they need to get back into work.

Limits to claiming out-of-work benefits

- People who refuse to join a return-to-work programme will lose the right to claim out-of-work benefits until they do so.
- People who refuse to accept reasonable job offers could lose the right to claim out-of-work benefits for up to three years.
- Time limits for out-of-work benefits - so people who claim for more than two years out of three will be required to join community work programmes.

Rehabilitation Revolution

Britain's prison system is not working. Half of all crime is committed by previous offenders, and 65 per cent of prisoners re-offend within two years of release.

Our measures will restore confidence in the criminal justice system, re-design prisons for the 21st century, and launch a sentencing and rehabilitation revolution.

Tough sentencing with no automatic early release

- We will introduce honesty in sentencing so courts set a minimum and a maximum period of time in prison.
- We will replace automatic release with earned release – prisoners will only get out before their maximum sentence if they have earned the privilege.
- We will make community sentences tough and effective, and withdraw benefits for those who don't attend.
- We will enforce Drug Rehabilitation Requirements in community sentences.

Helping victims

- Offenders will compensate victims through a Victims' Fund. Those serving prison sentences will pay into the Fund by working in prison.

Reform prisons

- Prison and Rehabilitation Trusts and private sector prisons will be paid by results - with a bonus awarded if the offender does not reconvict within two years.
- We will accelerate the deportation of foreign national prisoners.
- We will increase prison capacity by more than 5,000 places over and above Labour's plans, ending overcrowding by 2016 by redeveloping the prison estate.

Crime

Labour's top-down approach to fighting crime has failed. They have ignored the professional judgment of police officers and denied them the freedom to do their jobs - violent crime has increased as officers are forced to spend more time on paperwork than on patrol.

Cutting bureaucracy to get more police on the street

The bond between the police and the public must be rebuilt, and the first step will be cutting the paperwork which ties officers to their desks:

- We will scrap both the stop and account form and the stop and search form.
- We will reform the Regulation of Investigatory Powers Act (RIPA), which regulates police surveillance, so that authorisation is not needed in straightforward cases. At the same time, we will take steps to prevent the misuse of surveillance powers by local authorities.
- We will strengthen police powers of stop and search to enable officers to respond decisively to incidents or threats of serious crime.
- We will tackle the police health & safety culture that makes our police too risk-averse and endanger the safety of the public, amending the law to free officers to fulfill their duty to protect people.

Take action on knife crime

We need to get much tougher when sentencing young people caught carrying knives or who commit other knife crimes. The current system lets people off too lightly, so we will:

- Ensure that anyone carrying a knife without a reasonable excuse should be prosecuted.
- Make it clear that anyone convicted of carrying a knife should expect to go to prison, not just get a fine or a caution.
- Call on the Sentencing Guidelines Council to withdraw its new guidelines, due to come into force next week, which allow offenders carrying a knife to receive only a fine.

We will take our reforms further by empowering local people as well as police officers by:

- Introducing directly-elected police commissioners, so that police priorities reflect local needs not Whitehall diktats.
- Requiring all police forces to publish crime maps and hold quarterly beat meetings, so that local people know what is going on in their area and can demand that the police respond.

Support people who stand up to criminals

- Support people who stand up to those who break the law by making 'upholding the law' a factor weighing against their arrest or prosecution. People should not be discouraged from acting in good faith to prevent a crime or apprehend a criminal suspect.

Families

A strong and stable family provides children with the security and affection they need. By supporting the family, we can increase opportunity and ensure everyone has the best possible start in life. Our ambition is to make Britain the most family-friendly country in the world.

Our efforts to reduce educational inequality, end child poverty and tackle crime will be undermined if we do not support families.

So a Conservative government will give families the financial help, flexibility and support they need.

Financial help

- Money worries can put a huge strain on relationships – so we will end the couple penalty in the benefits system and recognise marriage in the tax and benefits system.

Help families stay together

- Stronger relationships are central to our vision of a stronger society, so we will promote preventative relationship education and professional support for new parents. This approach is proven to help prevent family breakdown.

Flexibility

- We will introduce a new system of flexible parental leave which gives mothers and fathers twelve months' leave to split between them.
- We will extend the right to request flexible working to all parents with children under the age of 18, and make sure the public sector becomes a world leader in providing flexible working opportunities.

Support

- We are committed to introducing a universal home health visiting service to help families through the challenges that come with a new child. The number of health visitors will be raised by 4,200 - and new mothers will be provided with a guaranteed level of support for the first five years.
- We will support a diverse childcare system, with parents' needs met by a variety of providers, including child minders and private, voluntary and independent nurseries.

Society

We want to expand the role and the influence of charities, social enterprises and voluntary bodies in our society.

Our approach is not to change the voluntary sector, but to change government: from being an object that gets in the way of civil society to being a force that gets behind it.

Encouraging giving and volunteering

- Simplify the Gift Aid system to reduce the bureaucratic burden on charities.
- Support for volunteering to go through grassroots organisations not government quangos.
- Reduce the burden of regulation on volunteers.

Supporting the voluntary sector

- Replace the Big Lottery Fund with a Voluntary Action Fund dedicated to the voluntary and community sector.
- Operate a genuine one-stop funding portal for large government grants.
- Create a network of Social Enterprise Zones to encourage local community projects to be set up.
- Allow voluntary organisations delivering public services to earn a competitive return on investment, and remove state interference by agreeing on goals and outcomes, not dictating methods of delivery.
- Create a powerful Office for Civil Society to fight for the interests of charities and community groups.



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