

Continuity or Change: considering the policy implications of a Conservative government

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Abstract

This paper reviews current Conservative Party thinking in relation to four policy areas: urban and regional policy; housing policy; labour market and welfare policy; and the third sector. It seeks to explore aspects of continuity and change, both with the current New Labour government and the Conservative government of 1979-1997. A remarkable degree of continuity is revealed, reflecting the shift in British politics away from traditional left-right divisions and towards a neo-liberal orthodoxy. Nonetheless, divisions remain, particularly around the diagnosis of policy problems, with the Conservative critique of New Labour focusing on the failings of the state and, by association, its failure to address dependency. There is also emerging evidence that the financial crisis and recession could prove to be an important point of divergence between the priorities and public spending plans of the current New Labour government and a future Conservative administration.

Keywords: Conservative Party, welfare, housing, urban and regional, Third Sector.

Introduction

David Cameron has declared that the Conservatives are now Britain's 'true champions of progressive ideals' (Cameron, 2008). In a similar way to the recasting of the Labour Party in the 1990s, the Conservatives have sought to distance their policy positions from those of previous Conservative governments and those of more recent and unsuccessful party leaders. This has required a careful balancing act, involving the repositioning of the Party in a bid to capture the political agenda of the centre ground, whilst securing the trust of the right-wing national press and the Conservative membership (Bale, 2008; Reeves, 2008; Gamble and Wright, 2008a; 2008b; Hefferman, 2008). This strategy appears to be bearing

fruit. The Conservative Party has been ahead of the Labour Party in opinion polls of voting intentions at a General Election since September 2007, despite a Labour bounce following Gordon Brown becoming Prime Minister in June 2007 and immediately after the credit crunch of Autumn 2008.

Faced with the distinct possibility of an incoming Conservative administration in the not too distant future, this paper considers the extent to which a Conservative government led by David Cameron would represent a break with the past or provide continuity with the rationales and priorities, with either the Conservative administration of 1979-1997 or the New Labour administration since 1997. This question is explored through the analysis of four policy realms. Two of these have historically been the subject of fierce political debate (labour market and welfare policy; and housing) and two than have often been neglected in discussion about continuity and change in British politics (urban and regional policy; and the third sector). Together, analysis of these realms sheds light on the degree of continuity and change that a Conservative election victory would presage.

Urban and Regional Policy

Spatial economic and social inequalities grew markedly under the Conservative governments of the 1980s and 1990s, mainly due to major employment losses in traditional industries in the north of England, south Wales, Scotland and Northern Ireland (Armstrong and Taylor, 1993). Although domestic regional expenditure grew between 1979-1981 it subsequently fell throughout the 1980s, whilst at the same time urban policy expenditure grew steadily, although not to the extent to counteract the decline in regional funding. During this period the Thatcher Government also launched a raft of policies (including Enterprise Zones and Urban Development Corporations) and received increasing amounts of regional aid through the EU Structural Funds. John Major's Conservative government (1992-1997) made two emblematic interventions: the establishment of the Single Regeneration Budget (combining twenty previously separate programmes) and the creation of the regional Government Offices (in England). The latter was in part a response to calls from the European Commission for greater coordination of EU Structural Funds.

In coming to power in 1997 the New Labour government showed an intent to address economic and social disparities at different spatial scales. This included the National Strategy for Neighbourhood Renewal, New Deal for Communities and Neighbourhood Renewal Funding for the 88 local authority areas in England with the highest concentration of deprived neighbourhoods. Alongside an agenda for urban renaissance and the creation of Urban Regeneration Companies, these formed key parts of the government's urban policy. At a regional scale, the government established the Regional Development Agencies and Regional Assemblies, representing far greater interest in the regional scale than previous Conservative governments. Following the unsuccessful referendum for an elected regional assembly in the North East, in November 2004, support for a regional agenda has waned. Attention recently has switched to sub-regional and city-region agendas.

Under David Cameron, the Conservative Party has taken a highly critical stance of New Labour's urban and regional policy. The Richard Review of support for small business (Richard, 2008) for instance suggests a streamlining of business support and removal of regionally organised Business Links and abolition of RDAs. Conservative Party policy (Conservative Party, 2009a) on RDAs suggests that they should be reformed and made

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more business focused. They would be stripped of their recently acquired planning and housing functions. More broadly, the Richard Review sees little benefit of different regional approaches to business support: it could be more efficiently delivered as a national service with local outlets where necessary.

Little has been said of how urban policy would change. National policy statements around giving greater powers and freedoms to local councils, suggest that it would be for them, with local business, to design and shape urban policy. However, there is scant detail on how this would be funded, implying that funds would have to be raised locally. Policy recommendations on the voluntary sector call for the creation of social enterprise zones (SEZs) 'where relaxed tax and benefit rules would help social entrepreneurs and the voluntary sector with policies such as drug abuse' (Conservative Party, 2008: 45). The case for SEZs is similar to that made for Enterprise Zones in the 1980s - that bureaucratic impediments need to be removed for (social) entrepreneurship to flourish.

Signals for the direction of urban and regional policy under a future Conservative Government can at present only be gleaned from a reading of statements and speeches by the Conservative Party frontbench, references contained in other policy statements (for instance on local government or the voluntary and community sector) and in reports by think tanks aligned to the Conservative Party. The reports gaining the highest profile in this regard are the set published by the Policy Exchange in 2007 and 2008 (*Cities limited*, 2007 *Success and the city* 2008, and *Cities unlimited* 2008) all edited by Oliver Marc Hartwich and written by Tim Leunig and James Swaffield. The final report in this series received considerable media interest when published in August 2008, not least because it argued that UK urban policy had largely failed, that the economic geography of the UK had shifted southwards, and attempts therefore to regenerate many (and especially peripheral) areas of the north of England were unlikely to be successful. Although David Cameron publicly distanced himself from the reports at the time (Wainwright, 2008) this does not mean they will not inform a future manifesto or policy.

The Policy Exchange reports draw heavily from the (new) location theory school of regional and urban economics. This literature combines work on neo-classical conditional convergence theory (Barro and Sala-i-Martin, 1997), institutional analyses (Glaeser *et al.*, 1992), agglomeration theories (Omerod *et al.*, 2006) as well as economic and firm location theories (Cheshire, 2006; Venables, 1996). *Cities limited* argues that urban policy since 1997 has been overly complex and confusing, and at its worst represented a return to 'black spot' policies of the 1960s (Armstrong, 1998), in which government focuses resources at the poorest neighbourhoods, whilst failing to realize nearby economic opportunities.

The main recommendations in *Cities unlimited* is that *the Government should roll up current regeneration funding streams and allocate the money to local authorities according to a simple formula based on the inverse of their income levels* (2008: 6). The report therefore does not argue for reduced regeneration spending or that redistribution from richer to poorer areas should not continue; but that the control for that expenditure should be given to local authorities. This may mean that policies to support local industry, business conditions, infrastructure, skills and the physical environment continue, but that it would not be for central government to decide. Increased control over local expenditure may also mean that more distinctive regeneration policies are pursued, for instance some areas choosing to spend a higher proportion on education whilst others seek to maximise benefits of proximity to more prosperous locations through improving infrastructure. In

contrast to New Labour, the report explicitly argues that decline of some areas is inevitable, and that intervention is only necessary in certain instances, such as consolidating existing housing stock. At the same time, the report argues for planning and infrastructure policies in the London, South East and Eastern regions which would allow for population growth and better transport connections: for example the growth of Oxford and Cambridge by over one million each to maximise their economic potential and therefore benefits for the national economy.

Suggestions that the Policy Exchange, and by association the Conservative Party, support greater territorial selection whilst New Labour has supported greater territorial justice is a false distinction (Morgan, 2006). Whichever Party wins the next election it will face considerable pressure to reduce public expenditure. Urban and regional policy budgets may be relatively easy to cut. Conservative Party proposals to increase the independence of local councils vis-à-vis central government may occur but are unlikely to be combined with the level of fiscal redistribution suggested by the Policy Exchange.

Housing Policy

Housing was a key policy priority for the incoming Conservative government of 1979. The Conservative Manifesto devoted more space to housing than to social security, education, health and welfare, or the elderly and disabled (Malpass and Murie, 1990). The primary objective was an increase in the level of home ownership. While there was nothing new about this as a priority, the means of achieving it represented a radical departure from what had gone before. The flagship 'right to buy' policy introduced by the Housing Act 1980 gave thousands of council tenants the chance to buy their home at huge discounts. It was a critical component of the drive to create a property owning democracy and provided a clear indication of the direction of travel of the new government, representing one of the first and largest of the many privatisations that would underpin the popular capitalism championed by successive Thatcher governments.

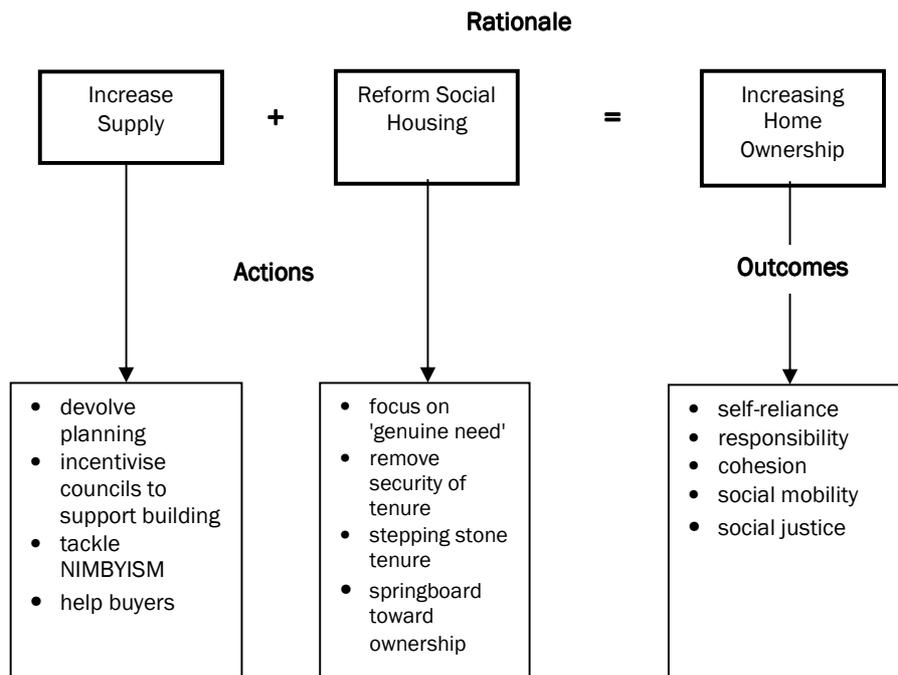
There is little to suggest that housing will play such a significant role in the election manifesto or early legislative programme of a future Conservative government. Indeed, it is currently difficult to discern anything resembling a coherent Conservative policy on housing. However, on the basis of statements by David Cameron and others, as well as the recommendations made by strategy groups and think tanks closely allied to the Conservative Party, such as the Policy Exchange and Centre for Social Justice, it is possible to speculate about some of the likely housing priorities of an incoming Conservative government.

The promotion of home ownership remains the guide star of Conservative housing policy. David Cameron, however, has sought to lend fresh purpose to this age old concern. Writing in the Independent on Sunday on the 26 March 2006, he argued that there was a '*widening gulf in our society between those who benefit from being on the property ladder and those who are kept off*', which represented '*a growing inequality at the heart of British life which politicians desperately need to address*'. In conclusion, he contended that '*for pressing reasons of social justice, and economic efficiency, Britain needs to spread the benefits of ownership more widely*'. In effect, home ownership has been repackaged as a curative balm capable of curing the ills of a broken society characterised by increasing inequality. Lying at the heart of this analysis is a belief, not merely in value of property as a capital asset, but in the power of ownership to promote financial independence and

personal responsibility and to engender greater investment in and commitment to the local community.

Even before the credit crunch of 2008, there were strong signs that the character of the owner-occupied sector in the British housing market was changing. At a time of sustained economic stability, when there was a relatively strong job market and a clear investment incentive, given the capital gains to be made in the housing market, there was a reported fall in the total number of households in owner-occupation (SEH, 2007). The years immediately before the credit crunch of 2008 also witnessed a fall in the number of owner occupiers buying with a mortgage, although this trend was masked by the rise in buy-to-let activity (Williams, 2007). These developments pointed to the possibility that owner occupation was going through important changes as a tenure long before the house price falls of 2008 and 2009. Recognising and responding to this reality, the recommendations of the Conservative Party and various allied interests championed housing policy reforms aimed at: a. increasing the supply of properties for sale; and b. reforming social housing, in a bid to focus attention on 'genuine need', while motivating those who are able to move forward into home ownership (see Figure 1).

Figure 1: A Nascent Conservative Housing Policy



Two supply side factors have been identified as key *roadblocks to ownership*. The first is 'Mr Brown's property tax hikes', which are reported to have 'helped kick a whole generation off the housing ladder' (Conservative Party, 2009b). In response, the Conservative Party has stated that it will scrap stamp duty for first time buyers on properties up to £250,000 and abolish Home Information Packs (which were introduced by the Housing Act 2004 and became a requirement for most properties on the market in

England Wales in 2007), claiming that they have made moving house even more expensive and difficult. The second *roadblock to ownership* is identified as the disparity between the demand for and supply of new houses. A series of reports by the Policy Exchange in 2005 and 2006 developed this argument (2005a; 2005b; 2006). To summarise, writing before the credit crunch and consequent house price falls, it was suggested that *'Britain's Soviet-style planning system means that we live in some of the smallest, oldest and costliest homes in the developed world'* and are suffering a severe shortage of supply, evidenced by dramatic rises in house prices. The solution, according to the Policy Exchange, is to free the planning system to provide more homes by, first, dismantling the *'centralised and inflexible planning system'* and devolving responsibility to local authorities. Second, local authorities and communities should be incentivised to support new development. Local authorities, for example, might be allowed to retain more tax receipts arising from new developments to encourage them to attract new inhabitants to their areas and a Social Cost Tariff worth £500,000 per hectare might be introduced to compensate communities for the costs of development.

These recommendations appear to chime with Conservative Party thinking on the issue. The 'where we stand' statement on housing on the Conservative Party website states that the Labour government's planning rules, *'which have resulted in a shortage of family homes and the bulldozing of homes with gardens'*, will be changed as a matter of urgency by an incoming Conservative government. More specifically, the statement asserts that *'local people need to decide where new homes should go, instead of Whitehall bureaucrats'*. To this end, it is suggested that a Conservative government would use incentives to encourage new homes to be built, although no more specific insights into what this might entail are provided.

The second key area of housing reform for an incoming Conservative government is likely to be the social rented sector. Significant clues about what this reform package might entail are contained in two key reports. The first - *Restoring Pride in Our Public Services* - was a submission to the Shadow Cabinet by the Public Services Improvement Group and was published in 2007. The report was one of a number that informed the Conservative Policy Review instigated by David Cameron upon his election to the leadership of the party. The second - *Housing Poverty - From Social Breakdown to Social Mobility* - is a report of the Housing and Dependency Working Group, a collection of professionals, academics and politicians drawn together by the right of centre think tank The Centre for Social Justice.

The two reports acknowledge that social housing is a residualised welfare sector accommodating some of the poorest and most vulnerable in society. However, this is not regarded as a problem. The problem is that the sector it is failing to provide an effective support mechanism for these people. First, so the argument proceeds, social housing, as currently constituted, is a brake on aspiration and social mobility. Drawing on the central tenets of the underclass thesis and the notion of a culture of poverty, the Public Services Improvement Group report accuses social housing policies of trapping social tenants in a *'vicious cycle of deprivation and corresponding poor educational attainment and ill health'*. Or, as the Housing and Dependency Working Group (2008) puts it, rather than *'enabling tenants to build successful lives'*, social housing provides a *'terminal destination'*. The second key criticism of the sector is that social housing is failing to help many vulnerable people in extreme housing need because it is *'silted-up'* with tenants who have gained access to the sector on the basis of their need at a particular point in time (the point of access), even though their needs might have subsequently receded or been resolved.

These tenants might well be able, with the right advice and support, to secure accommodation in the private sector (renting or low cost home ownership), but security of tenure grants them an ongoing right to remain in the sector. As well as encouraging dependency on the state, the sector is left unable to meet the *genuine need* of many new applicants.

The sector is therefore portrayed as being in urgent need of radical reform, with the aim being to create a social housing sector that serves as a springboard for social mobility, turning around people's lives and propelling them along a pathway toward home ownership. To this end, the Public Services Improvement Group proposes reshaping the '*dead-end ghettos*' that social housing estates are believed to represent by increasing social mix, thereby tackling the disruptive cultures (for example, of worklessness) presumed to emerge when the socially and economically marginalised are concentrated together.

Fundamental reforms are also proposed to ensure more efficient use of the existing stock (rather than building large numbers of new units) and to tackle dependency, engender an aspiration to own and promote social mobility. Critical is the suggestion that living in social housing '*should be viewed as a transition during which support is temporarily required before moving up the 'ladder' to some form of shared or outright ownership or sheltered housing*' (Public Services Improvement Group, 2007). The Housing and Dependency Working Group therefore proposes changing the law so that local authorities and housing associations can let properties on whatever terms they judge most appropriate. According to the Public Services Improvement Group, ending security of tenure and moving to one type of tenancy across the private and social sectors '*a level playing field is encouraged, giving the tenant an experience of the consequences of their behavioural and financial actions*'. There is no comment regarding the costs of such a move, which led John Hills to rule out recommending an end to security of tenure in his review of the future for social housing (Hills, 2007). Other suggestions for incentivising tenants to move include the possibility of introducing fixed rate Housing Benefit. Home ownership, meanwhile, will be promoted, for example, by increasing right to buy discounts, shared ownership and equity shares.

These proposals are consistent with the long-standing priorities of Conservative Party housing policy; increasing home ownership and concentrating public spending on capital provision on those in extreme need. They lack, however, the radical edge or wider social and political significance of the policy reforms with which the Conservative Party entered government in 1979. Indeed, in many ways they are consistent with the key themes of the current Labour government's housing policy programme. Both parties support the extension of home ownership, for example, through the development of low cost home ownership schemes; both point to the need to unblock the planning system to increase the supply of new build properties, although through different means; both support the growth of the private rented sector, alongside efforts to regulate private landlords, for example through accreditation; and both seek to promote cultural change among social tenants, for example, through social mix. This said, there are also some differences in objectives, as well approach.

As in 1979, the Conservative Party appears reluctant to commit to specific building targets, while the Labour government has set a target of three million new homes by 2020. More specifically, the Labour government has committed to a target of 45,000 new social homes per year by 2010/11 (although the economic downturn will no doubt hamper

delivery), while the Conservative Party has indicated no plans to expand the sector, arguing instead that the existing stock should be used more effectively. Furthermore, in recent months the Labour government has shied away from major reform of the social rented sector (at least for the time being). In particular, Margaret Beckett has retreated from some of the more radical proposals of her predecessor as Housing Minister, Caroline Flint, including the suggestion that social tenants should be required to sign commitment contracts requiring them to actively look for work. She has also confirmed that the government (currently) has no intention of ending security of tenure for social tenants. This apparent retreat might turn out to be a respite position, adopted during the economic downturn in a bid to soften the blow of the changes wrought by the recession. For the time being, however, they represent clear blue water between the housing policies of the current Labour government and the likely housing programme of an incoming Conservative administration.

Labour Market and Welfare Policy

Welfare reform lies at the heart of the New Labour project, with the recent '*Raising Expectations*' white paper (DWP, 2008a) constituting the latest of a series of reforms aimed at reducing worklessness (DWP, 2002; 2004; 2006). These reforms comprise two key components. The first is a series of reforms to 'make work pay' including the introduction of the National Minimum Wage and the Working Family Tax Credit (now Working Tax Credit) in 1999. The second component is the roll-out of welfare-to-work programmes which began with the introduction of the New Deal suite of schemes during New Labour's first term (see DWP, 2004 for a full description). The New Deal was followed by the introduction of the Pathways to Work programme in 2003 targeting new claimants of Incapacity Benefit (now being replaced by the Employment and Support Allowance). Pathways to Work is less prescriptive than New Deal in that it requires participants to attend Work Focused Interviews but does not mandate participants to apply for, or accept specific jobs. Nonetheless, Pathways marks a fundamental change in the structure of the benefit system by extending conditional forms of welfare-to-work from jobseekers to the economically inactive.

The recent '*Raising Expectations*' white paper (DWP, 2008) outlines sweeping proposals for further welfare reform (Table 1).

Table 1: Key proposals in the welfare reform white paper

Category	Changes to benefit rules
JSA claimants	A tougher sanctions regime; and a new pilot programme of full-time, community-based work experience - 'work for your benefit' - for those who have not found work within 12 months.
Lone parents claiming Income Support	Income support will be abolished, with all lone parents transferred to JSA; those whose youngest child is aged between one and seven will be obliged to take steps to return to work such as upgrading skills; once the youngest child reaches seven, lone parents will be subject to all JSA mandatory job search requirements.
IB claimants	All new and existing IB clients will be transferred onto a new benefit called the Employment and Support Allowance (ESA) by 2013, with all but the most sick or disabled mandated to participate in Pathways to Work.

This suite of reforms will mean that only the most severely sick and disabled ESA claimants, lone parents with babies under one and full-time carers will be exempt from some form of work-related activity.

These policies to tackle worklessness are underpinned by two claims. The first is the premise that worklessness is a supply-side phenomenon best tackled through a focus on improving employability (Theodore, 2007). Explicit within this conception of worklessness is the notion that *'the causes of unemployment are ... conceived in individualistic and behavioural terms'* (Peck and Theodore, 2000: 729). This cultural explanation of worklessness is certainly evident in pronouncements in the latest white paper that there needs *'to be clear consequences for those who play the system or who do not take work if it is available'* (DWP, 2008: 22). The second claim centres on a moral discourse of 'rights and responsibilities' that has pervaded official statements welfare reform from the mid-1990s (DSS, 1998: 1; DWP, 2007: 2; see also Levitas, 2005: 121). The government has readily embraced the notion that *'post-war democracy was too eager to extend the scope of individual rights without any corresponding concern with the responsibilities attached to rights'* (Driver and Martell, 1998: 130). Accordingly, there is some degree of obligatory work-related activity embedded within nearly all the welfare to work programmes (see DWP, 2008b).

Piecing together the Conservative Party position on welfare reform is not straightforward. The last official policy document - *'Work for Welfare'* (Conservative Party, 2008) - was published in January 2008. Since then, the publication of New Labour's welfare reform green paper (2008c) and white paper (2008a), as well as the onset of a severe recession, have reshaped the political agenda. Identifying Conservative Party policy in the period since January 2008 becomes, therefore, an exercise in tracking speeches and press releases delivered by the Conservative frontbench. This reveals a significant degree of consensus between the two parties. A striking example is the passage of the welfare reform bill introduced for its second reading in the House of Commons on 27 January 27 2009. This received strong Conservative support, with the newly-appointed shadow Minister for Work and Pensions, Theresa May, writing that:

'the Conservative party is going to support the government's [welfare reform bill](#) ... Admittedly, many of the proposals in the bill are ideas that we announced a year ago, but I am delighted the government has adopted them and we'll use our votes to help them get the reforms past their own back benches.' (May, 2009)

Leaving aside the somewhat mischievous politicking in this statement, May's statement reveals a striking and politically rare moment of cross-party consensus.

Closer analysis of Conservative Party proposals suggest that this apparent unity is premised on three claims that dovetail with those identified with New Labour above. Firstly, the Conservatives also subscribe to the view that all claimants identified as capable of work *'will be expected to work or prepare for work'* (Conservative Party, 2008: 8). Secondly, the Conservatives reiterate the notion that entitlement to benefits is not automatic but confers responsibilities to look for work, with the former shadow Work and Pensions Minister, Chris Grayling, speaking of a need to: *'balanc[e] entitlement with responsibility. Putting an end to the something for nothing culture that has served this country so badly'* (Grayling, 2009). Thirdly, there is a clear agreement that worklessness is, in part, a supply-side problem with individual, cultural roots as evident in claims in the

Conservative Party green paper of a '*significant minority who are playing the system*' (Conservative Party, 2008).

It would be wrong to imply, however, that there are no differences between the position of the two parties on welfare reform. Three substantive differences emerge. Firstly, the Conservative party emphasis on the role of tackling worklessness to '*reverse the disastrous rise in family breakdown*' (2008: 9) is a discordant note in an otherwise consensual position that reducing poverty and increasing social mobility are key objectives of welfare reforms (compare DWP, 2008a and Conservative Party, 2008). New Labour do not promote the Conservative principle that welfare should be used as tool to for '*rewarding marriage*' (Conservative Party, 2008: 7). Secondly, the Conservatives make an explicit link between immigration policy and worklessness among UK residents, claiming that '*up to 80 per cent of new jobs since 1997 have gone to migrants*'. Accordingly, the Conservatives have committed themselves to '*control[ing] the number of migrants*' (Conservative Party, 2008: 45). This intention to use immigration policy to restrict labour supply does not feature explicitly in New Labour's proposals. Thirdly, the Conservatives intend to impose far tougher sanctions for refusing to accept '*a reasonable job*' (Conservative Party, 2008: 24) with a third refusal prompting an automatic three year ban on entitlement to out-of-work benefits. New Labour's proposals are less draconian, with repeated refusals leading to withdrawal of benefits for four weeks or mandatory participation in workfare activities (DWP, 2008b).

These substantive differences are insufficient, however, to fundamentally alter the conclusion that a Conservative Party election victory would presage continuity rather than change. There is not a single major component of the structure of the benefit system or welfare-to-work programmes that the Conservatives would seek to abolish or radically redraw. Moreover, the moral and philosophical underpinnings of the positions adopted by both parties display marked similarities. Seen in historical perspective, this is a political project with considerable momentum. Previous Conservative governments instigated the shift towards a 'workfarist' welfare state founded on supply-side welfare-to-work programming, but New Labour have consolidated these reforms with palpable zeal (see Peck, 2001; Jessop, 2002). There is little to suggest that this process of welfare reform would be derailed by a change of government.

The Third Sector

Arguably the main talking point during 2007 and 2008 for those scanning horizons for the third sector¹ was the prospect of a change of government in a general election, to be held at the latest by 3 June 2010. This was until apprehension about the economic downturn seemed to eclipse almost all conversation about the future of the sector. Increasingly the two issues are likely to be related, as the different political responses to the downturn's impact on the sector are critically appraised. This section looks at the first issue: to consider what a Conservative government might mean for the third sector. If there was a change of government, and the third sector was looking the other way at the time, would it notice the difference?

Successive new Labour governments have sought to establish a closer relationship between the sector and the state, encapsulated by, for example, the establishment of a 'Compact' on relationships between the sector and government, involvement for parts of the sector in aspects of local and national policy making, and the development of a

(contested) agenda around enhancing the sector's role in shaping and delivering public services.

The Office of the Third Sector (established in May 2006), and the Third Sector Review (published in July 2007), form the basis for the current policy framework. The aim of the Office of the Third Sector is 'to develop and support an environment which enables the third sector to thrive, growing in its contribution to Britain's society, economy and environment'.² In practice this involves delivering on key commitments around campaigning, community activity, transforming public services, and the development of social enterprise. This is to be achieved by partnership working (across government and with the sector); resources (including small grants and capacity building funds); regulatory reform; and developing a better evidence base (HM Treasury/Cabinet Office, 2007). These are as good a guide as any to the main stated themes which characterise the government's approach to the sector, but should also be set alongside emerging Labour thinking such as the 'Mutual Action, Common Purpose' report (Blunkett, 2008).

Much of the ongoing debate around this framework focuses on the capacity of the sector (and particularly smaller groups) to be engaged, the extent to which it might compromise the sector's independence, the priority given to service delivery over voice, and the degree to which such engagement tangles the sector in regulation and bureaucracy. The argument has centred on the extent to which parts of the sector may have been co-opted as part of a *shadow state*. A number of these questions have been taken up by the Conservatives in their efforts to establish a distinctive policy position.

The Conservatives have been quite busy developing their own position on the third sector, accompanied by an ongoing *charm offensive* involving senior shadow spokespeople making speeches to key third sector audiences and organisations. This might be regarded as part of the strategy of Conservative 'brand detoxification' (Bale, 2008). In turn, many third sector organisations have sought to engage with the Conservatives, signalling either a sense that the political wind has been changing, or at least the recognition of an opportunity for influence.

Policy development has been led by Iain Duncan Smith's Social Justice Policy Group (now the Centre for Social Justice), as part of a stream of work arguing that worklessness, family breakdown, addiction, educational failure and indebtedness act as key drivers of poverty. The two reports from this group, *Breakdown Britain* (December, 2006) and *Breakthrough Britain* (June, 2007), both contained separate reports on the role of the third sector, advancing the case that the sector has been controlled like a 'mini public sector' and had been underused and undervalued in the fight against poverty (Social Justice Policy Group, 2006). These reports led to the publication in June 2008 of the Conservatives green paper on civil society, *A Stronger Society: Voluntary Action in the 21st Century* (Conservative Party, 2008), which contains 20 policy pledges designed to encourage voluntarism, altruism, and the independence and diversity of civil society in the task of tackling social breakdown, including:

- maintaining and strengthening grant funding
- creating social norms on giving and volunteering
- reducing burdens, interference, bureaucracy and wastefully complex initiatives

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- replacing the 'Office of the Third Sector' with an 'Office for Civil Society' (rejecting the very term 'third sector'), and a dedicated 'Voluntary Action Lottery Fund' to replace the Big Lottery Fund
- going beyond full cost recovery to the idea of returns on public service work with longer term outcome-based contracts.

There is evidence that the Conservatives have listened to many of the everyday concerns of the sector around grant funding, independence and bureaucracy. There is high praise for small, grassroots and volunteer-only community and faith groups, and concern that these organisations have lost out in a New Labour era purportedly dominated by larger national service-providing charities. The Conservatives have framed these concerns in a discourse of responding to a 'broken society' and countering what is seen as New Labour's *top-down* and centralised approach to the sector. This is informed by the belief that *'Voluntary sector groups are more successful and cost effective in turning lives and communities around than state agencies'*³. Thus an underlying idea of 'state failure' permeates the argument, echoing longstanding Conservative political traditions, and resonating with academic debates seeking to explain the existence and role of the sector (Kendall, 2003).

Would a change of government mark a watershed in policy direction? In broad terms, the Conservative proposals do not signal a major shift. For example, there remains a continuing concern to talk up the profile and contribution of the sector, with an ongoing role in delivering public service contracts. In addition there is a concern to support the sector in other ways, through, for example, small grants programmes and encouraging a culture of giving and volunteering. There are some differences in the detail, and in the language, but this appears broadly to involve improving the same suite of policies, with some institutional change and re-labelling. There has been some unease from Conservatives about the sector's role in campaigning and advocacy, reflecting concern over the potential 'politicisation' of the sector, which seems to be less evident in Labour pronouncements. Overall the approach seems to be an example of an opposition speaking to and attempting to respond to the issues and frustrations of a particular constituency, but setting this in a broader narrative or discourse of 'broken society'. This may have some resonance for many people who work or volunteer in the sector, because they are often working at the 'sharp end' with some of the most disadvantaged and marginalised groups.

Arguably political parties have been crowding around a broadly similar policy platform since the mid-1990s, motivated by the pursuit of the median vote and the electoral politics of 'middle England' (Hay, 1999). In these circumstances the main parties may attempt to highlight differences in policy, and focus on governing competence, to disguise a lack of clear ideological and policy water. Direct third sector policy appears to be an example of policy convergence, although there is some scope for ideological debate around the existence, extent and nature of 'state failure'.

However, the political impact of the economic downturn casts a different shadow, and suggests a return of genuine political competition. Conservative resistance to the Labour government's spending plans opens up the prospect of a return to an era of relative public expenditure restraint should there be a change of government. Assuming for the moment that future public spending trajectories will be sensitive to the outcome of the election, a more telling impact may arise on those parts of the sector which have grown through public sector finance. Thus although the direct impact of a change of government on the sector

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may be marginal, the indirect impact might be more significant. A more nuanced examination of the impact in *different policy domains* and amongst *different parts of the sector* would be required in this case.

Of course a great deal of care is required in taking words said for the purposes of opposition as a reliable guide to the actions of a prospective Conservative government. But if the public pronouncements of the two main parties are anything to go by, there is likely to be more continuity than change, at least initially. Towards and beyond the election itself further examination will be required of the role of the sector in shaping the overall direction and detail of policy, and the factors and forces (within and beyond the state) which act to create inertia or openness to change.

After benign economic conditions: continuity and change but not as we might expect?

This paper has provided a review of the Conservative Party position in four policy areas. These have been pieced together from policy documents, speeches and statements, and reports by think tanks aligned to the Conservative Party. At this point in the political cycle, with an election likely in 2010, these positions will be subject to revision and reinterpretation. However, available evidence suggests that a Conservative election victory would be unlikely to herald a dramatic shift in the direction of policy, with continuity rather than change being more likely to define the transition from New Labour to Conservative. This said, elements of change may emerge more strongly as and when the Conservative Party assumes power and the guarded rhetoric of Opposition, aimed at ensuring credibility and unity and securing the Party's core support and the backing of the popular press, falls away. As Kerr (2007: 61) notes, the 'rhetoric' of the Opposition often conceals the 'means'.

Of the four policy areas reviewed, greatest change can be expected in urban and regional policy, with significant reforms of RDAs being likely, although perhaps stopping short of their abolition. There are also indications that a future Conservative Party would give local authorities greater discretion over public expenditure and advocate elected mayors for the largest cities, although the latter would represent an extension of New Labour policy. In contrast, policy positions on the third sector, labour market and welfare policies signify the possibility for considerable continuity. Similarly, there are strong themes of continuity in housing policy, particularly regarding the valorisation of home ownership. However, suggested reforms to the form and function of the social rented sector would represent a clean break with current policy, which has retreated from more radical reform in the face of the recession.

More critical differences appear to lie around the diagnosis of past policy failures. Cutting across Conservative Party discourse in the four policy areas is a sharp critique of New Labour's policy positions for being rooted in an overly bureaucratic central (and regional) state and for breeding cultures of dependency. However the policy prescriptions to address these failings stop short of openly advocating the strong free market positions of the Conservative government of the 1980s, which are regarded as fundamental to Conservative Party failures in the 2001 and 2005 General Election campaigns.

Finally, it is important to recognise that the current economic turbulence may rapidly reshape the political agenda in ways that cannot be readily foreseen. In the run up to the

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next election, the dividing lines between the two parties may well become clearer, as distinct positions open around the most appropriate fiscal response to the financial crisis. If, as current events suggest, austerity becomes an increasingly popular Conservative theme, pitched against the charge of profligacy directed at New Labour's expansionary spending plans, the forecast of continuity made in this paper may become increasingly untenable.

Notes

¹ The term 'Third Sector' is used throughout this section, embracing voluntary organisations, community groups and putative social enterprises. This is in full acknowledgement that its use, meaning and even the notion of a single 'sector', are subject to considerable debate. As will be seen this debate now extends to the preferred terminology used by the two main parties.

² Taken from the Office of the Third Sector website, http://www.cabinetoffice.gov.uk/third_sector/about_us.aspx, accessed 28.11.08.

³ Quotation taken from the Centre for Social Justice website, <http://www.centreforsocialjustice.org.uk/>, accessed 28.11.08.

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