



LEGATUM
INSTITUTE

British Prosperity Unit

ACTION THIS DAY: Ten things the Prime Minister can do for prosperity, right now

Fred de Fossard



About the Author

Fred de Fossard is Head of the British Prosperity Unit at the Legatum Institute. He leads the Institute's work on regulatory reform, economic dynamism, and Brexit. Before working at the Institute, he was a Special Adviser to the Conservative Government, working on Brexit opportunities, regulatory reform, civil service reform, and legislation.

About the British Prosperity Unit

The British Prosperity Unit (BPU) was established by the Legatum Institute in 2023 to lead the Institute's work on economic policy and government reform in the United Kingdom. The United Kingdom is facing the demands and opportunities presented by Brexit, restored sovereignty, and the changing currents of globalisation. The BPU will develop policies, based on rigorous economic and legal analysis, to enhance British economic competitiveness, reduce the burdens of the state, and foster economic growth.

Proposals endorsed by

"This briefing by the Legatum Institute shows exactly how government should be done. The ideas here can be delivered efficiently and they are politically and economically sound. By removing the Public Sector Equality Duty, we can improve the quality of governance and rid us of the worst socialist excesses in the public sector. By cutting costs on businesses, by abolishing superfluous reporting rules and deregulating the economy, we can increase growth and prosperity, giving Britain a competitive edge over her rivals."

Rt Hon Sir Jacob Rees-Mogg MP

"The housing shortage is at its worst in London. High prices and low supply are pushing families out of the capital and making it impossible for young people to get on the housing ladder. Using these powers, ministers could turbocharge housebuilding in London, where it is needed most of all."

Rt Hon Sir Brandon Lewis MP

"There are far too many unelected, unaccountable bodies exercising power over the heads of elected ministers. It is vital that Parliament is able to shut down any of these bodies. This is a first step on the road to restoring democratic accountability to the administrative state and Parliamentary sovereignty."

Rt Hon Liz Truss MP

"I welcome these tax proposals. The Conservatives have helped the lowest paid by taking them out of tax altogether and cutting NI too, so it is right that we now help the squeezed middle – the police sergeants, experienced schoolteachers and junior doctors – who shouldn't be paying 40 percent tax, by lifting that threshold."

"At the same time, we should increase flexibility in the labour market – by scrapping Stamp Duty and abolishing IR35 – as that's crucial for growing the economy and securing a better future for families across the country. The bonus from scrapping Stamp Duty is that family homes are freed up by downsizers, second steppers are able to move up the housing ladder rather than be forced to extend, and starter homes remain available for the next generation."

Rt Hon Ranil Jayawardena MP

"Stamp Duty is one of the most damaging taxes. It traps people in the wrong houses. It's an obstacle to younger people moving to take highly productive jobs and it hinders the more than a quarter of homeowners, particularly pensioners, who want to downsize. Cutting it would be an important supply side reform that boosts housebuilding starts and gives millions of small businesses - from removals to decorators - a much-needed stimulus. With a flatlining economy, we have to go for growth."

Robert Jenrick MP

"Stamp Duty has become everyone's least favourite tax, which has gummed up the housing market. Getting rid of it – or increasing the threshold radically – will do much to improve the market."

Andrew Lewer MP

"Conservatives need to remember what being the party of business means. It means letting entrepreneurs get on with the job of growing their companies, which is good for the whole country. Getting rid of expensive ESG rules will give the UK a competitive edge and will mean businesses will be able to do what they do best: innovating, growing the economy, creating jobs, and serving their customers."

Brendan Clarke Smith MP

"Looking back to our recovery from the 2008 crash, growth in self-employment played an enormous part, yet IR35 challenges that - it is a barrier our economic success could well do without. When higher rate tax was introduced there was no concept police sergeants, or band 8 nurses, or teachers with extra responsibilities being dragged into it. Yet fiscal drag is pulling more and more people into the 40% bracket. This is a matter of pure fairness."

Greg Smith MP

"The cost of childcare in the UK is some of the highest in the world. Heavy regulations and form-filling has created a situation where families and their choices come last, and more subsidy will not solve this. By trusting families, reducing regulations in the sector, and making it easier to become a childminder, we can start to make life easier for parents, so they can make the choices best for them."

Miriam Cates MP

"Controlling immigration is one of the most important jobs of the Government. The public need to have confidence that our borders are being controlled, that Britain welcomes people who abide by the law and make a real contribution to our society and our economy, and that illegal immigration is properly punished. These measures would be an important start, and can be delivered quickly."

Nick Fletcher MP

"Taking advantage of Brexit freedoms by removing legacy EU laws will help improve innovation and competition. Removing legislation such as parallel import laws can cut costs for consumers, help small businesses in our country, and grow our economy."

David Jones MP

Executive Summary

Britain is approaching the end of the 2019 Parliament. With limited time for large scale reform left, Ministers need to take a different approach to government. They need to legislate intelligently and tactically.

This special briefing provides the Prime Minister with a defensive strategy to defend prosperity. Every suggestion proposed can be delivered quickly, through simple parliamentary means, and does not require primary legislation.

The proposals include:

1. **Cut immigration and restore trust in the immigration system**
2. **Scrap all non-financial reporting requirements on businesses**
3. **Remove the Public Sector Equality Duty**
4. **Scrap Stamp Duty**
5. **Scrap IR35**
6. **Increase the Higher Rate tax threshold**
7. **Facilitate housebuilding in London**
8. **Cut the regulatory cost of childcare**
9. **Remove more EU laws**
10. **Make all Arms-Length Bodies subject to parliamentary control**

If delivered with precision and speed, the Government will be able to craft a strong narrative that it is capable of pulling the levers of power in the interests of its voters.

By implementing the proposals in this briefing, Ministers will be able to reduce migration and restore trust in Britain's beleaguered immigration system; undo the damage of the "DEI complex" which has taken hold of public institutions; make Britain a better place to do business by cutting regulation; and make life easier for families by cutting taxes, building houses where they are needed most, and cutting the cost of childcare.

Contents

Proposals endorsed by.....	3
Executive Summary.....	5
Contents.....	6
Introduction.....	7
The ten things the Prime Minister can do for prosperity.....	11
Migration changes:.....	12
Abolish all non-financial reporting requirements for businesses, turn back the ESG ratchet	18
Amend Schedule 19 of the Equality Act to remove all public bodies from being required to advance the Public Sector Equality Duty	22
Use Section 50 powers of the Town and Country Planning Act to award mass permissions in London	28
Scrap Stamp Duty.....	31
Abolish IR35.....	33
Increase the Higher Rate tax threshold.....	34
Cut the structural, regulatory costs of childcare	36
Repeal more EU laws.....	39
A Quango sunset clause.....	42
Conclusion.....	44
Bibliography.....	45

Introduction

Following political turmoil, the Black Swan of the pandemic, and an energy crisis fuelled by the Ukraine War, many politicians and commentators are asking how the Conservative Party might think and behave in opposition, assuming that electoral defeat is inevitable, and that meaningful governance impossible between now and a presumed General Election in late 2024.

The Government's own legislative agenda suggests this might also be the way some Ministers are thinking. The King's Speech, published at the end of last year, was a timid affair, with little proposed legislation that will excite conservative voters or increase prosperity. Yes, there were some good proposals, such as speeding up the licensing of North Sea oil and gas, and a new law to permit driverless cars, but overall the Government seems to have retreated into uninspiring territory. This is unfortunate: politics is ultimately about choice.

However, as the continued difficulty over the Rwanda Bill demonstrates, the Government will have problems enacting controversial primary legislation this late in a parliamentary term. It may also be difficult for the Conservatives to present to the public an exciting and radical list of ideas for an election manifesto convincingly. It begs the question: "Why haven't you done this sooner?"

Nevertheless, this Government remains in office, with considerable powers to hand. It has a short but important opportunity before the country goes to the polls, and Whitehall enters a period of "purdah", in which to deliver new policies with the following intentions:

- a) Unite as many as possible of the voting coalition which supported the Conservative Party in 2019, and
- b) Deliver popular and effective measures which would be difficult for any future government to overturn and replace.

This briefing highlights the range of powers available to Ministers to deliver important changes quickly. One of the great problems with British governance in recent years is the way governments fail to use they powers they already have. Instead, Ministers are advised that they must deliver new policies through Primary Legislation, instead of using the wealth of secondary powers at their disposal. While naturally less expansive, and today more open to legal challenge than Acts of Parliament, they are legislative tools which can be deployed with great speed if Parliament decides. With little time left on the clock until a General Election, these should be used to their full potential.

The paper offers suggestions in a range of areas where the Government can deliver changes rapidly, and which will be of greatest political benefit. These are: taxation, migration, DEI, housing, and Brexit. Taxation can be changed with ease in a Budget, scheduled for early March 2024, while other policies can be realised through secondary powers held by ministers from existing laws.

Politicians and policymakers should take inspiration from Winston Churchill's daily memo entitled "Action This Day". If we are to achieve prosperity, we must take action this day, large and small, to make it a reality.

The difference between primary and secondary powers

When Parliament passes an Act of Parliament, the new law often confers on Ministers the power to take other actions, create rules or regulations, or make more detailed orders in the form of Statutory Instruments (SIs). These are secondary powers allowed by an Act of Parliament, which is the primary power.

Acts of Parliament often contain a broad framework of powers which allow ministers to deliver policies in the future in a more flexible and responsive manner. These allow the government to update rules and regulations in areas of changing technological development, like medical devices or financial services, for example, and ensure the state is able to be nimble and efficient. Around 3,500 SIs are made each year, about 1,000 of which actually need to be considered by Parliament.¹

Unlike Primary Legislation, which requires multiple stages of debate, scrutiny, amendment and votes in both Houses of Parliament, SIs are unamendable, and are only voted on in the House of Commons. Parliament almost never votes down SIs. In the 65 years to 2016, for example, Parliament has only rejected 17 SIs out of nearly 170,000.²

These are not without criticism, of course. The respected House of Lords body, the Delegated Powers and Regulatory Reform Committee, has referred to the growth of the use of SIs in recent years as "government by diktat", particularly regarding the way the Government legislated during the coronavirus pandemic, when extreme measures were taken to impose restrictions on the public, often with little more than a moment's notice.³ The pandemic was an exceptional event, of course, but it highlighted the sheer breadth of the powers available to Ministers, in this instance apparently, under the Public Health Act 1986, to act in an emergency. This Act is no exception, and broad powers to deliver policy swiftly exist throughout the statute book.

The way in which SIs come into force vary according to the parent act under which they are allowed. In general, they are presented to the House and after being voted on – or not voted against, depending on procedure – can take effect in law after a period of 28 or 40 days.

This offers an opportunity for any government which wishes to take action quickly, and deliver new policies in a short time.

1 Parliament UK, "Secondary Legislation," Parliament UK, accessed February 22, 2024, <https://www.parliament.uk/about/how/laws/secondary-legislation/>.

2 House of Lords Constitution Committee, "The Union and Devolution," publications.parliament.uk, accessed February 22, 2024, <https://publications.parliament.uk/pa/ld201516/ldselect/ldconst/116/11606.htm>.

3 House of Lords Secondary Legislation Scrutiny Committee, "Government by diktat: A call to return power to Parliament," publications.parliament.uk, <https://committees.parliament.uk/publications/7941/documents/82225/default/>

The advantages of secondary powers

Speed. Primary legislation takes many months to deliver. SIs can be delivered in a matter of weeks, as they take effect some 40 days after becoming law. This allows Parliament to respond with urgency to matters of great importance.

Lower parliamentary risk. SIs cannot be amended, and it is almost unheard of for them to be voted down. If the SI is written within the bounds of the law which permits it, there should be very little to stop it becoming law. SIs usually receive around 90 minutes' debate in the House of Commons, and are often passed into law by agreement, without requiring an actual vote. For better or worse, the SI which introduced the UK's legal target to reach Net Zero carbon emissions by 2050 was passed in this way in June 2019.⁴

The disadvantages of secondary powers

Limits. As SIs only exist within the bounds of their parent Act, they are necessarily limited in their scope. This means that they are unable to do things like repeal entire Acts of Parliament, and this means that they can be just as easily reversed as they can be introduced.

Judicial Review. It is generally understood that no legislation passed by Parliament can be subject to judicial review. This is a principle which dates back to the Bill of Rights in 1689, that proceedings in Parliament are not subject to legal challenge. However, developments in case law since the 1960s have allowed legal challenge of SIs, if they exceed the powers of their parent Act, contain errors of law, or were made by procedural irregularities.

The question of consultation

In the 21st century, the British Government has increased the use of public consultation before introducing almost any policy. Calls for evidence, Green Papers, White Papers, and other forms of public consultation, have become a common feature of British governance.

This was intended to improve quality and increase transparency and accountability in policymaking. Many consultations last for 12 weeks, with considerable time spent before and after developing the policy, analysing responses to the consultation, and producing an official response by the relevant department. Every step is subject to collective agreement – which is achieved via a process known as write-round, where all Cabinet Ministers agree via correspondence – before the policy is eventually turned into legislation and introduced to Parliament.

This is a time-consuming process, with many ideas running into the sand and never becoming policy. The generally sensible consultation principles, published by the Government in 2018,⁵ recommend a flexible and pragmatic approach to consultation. The reality and practice of government has not worked out that way. In 2022, it was revealed that dozens of government

4 "Climate Change - Hansard," Hansard, June 24, 2019, <https://hansard.parliament.uk/commons/2019-06-24/debates/28C238E5-2CA0-421C-AE98-B2588C102CB0/ClimateChange>.

5 Cabinet Office, "Consultation Principles," gov.uk, accessed February 22, 2024, https://assets.publishing.service.gov.uk/media/5aaafa4f2e5274a7fbc4fbacbc/Consultation_Principles__1_.pdf.

consultations remained unanswered, including 15 since the 2019 election.⁶ Many more which will have received a response will have never turned into policy. While much of this can be credited to the rough and tumble of actual politics interrupting the bureaucratic work of government, to many observers bemoaning the glacial pace of government the machinery of proposing, running, and responding to consultations is becoming an end in itself. This need not be so. If ministers wish to enact policy quickly, they can cut consultation times down from 12 weeks to 4, or not run them at all. Its growth is indicative of an unwelcome trend in Western governance in the 21st century: the rise of government by stakeholder.

This process can be condensed and streamlined rapidly when ministers are intent on taking rapid action. The pandemic and the run-up to Brexit showed how Parliament is capable of delivering rapid and long-lasting policy change under great pressure. The prodigious output of the Vaccine Taskforce, led by Dame Kate Bingham, demonstrated the Government's ability to act with speed and dynamism in the face of a crisis.

With a condensed consultation period of four weeks, combined with another four weeks to complete drafting and collective agreement, and the statutory implementation period for SIs, new policy can be enacted in around 12 weeks. Tax and spending policy can be delivered at similar speeds, owing to the fact that they are the sole purview of the House of Commons.

No time like the present

Today's crisis facing the Government is political rather than epidemiological, but politics is no reason to avoid taking dramatic action. The Conservative Party is on a mission to preserve as many of its voters from the 2019 General Election as possible. A mandate to Get Brexit Done, based on an election campaign fought against an intransigent political class, determined to prevent the realisation of the 2016 Referendum, has delivered little political or governmental change. Our mode of government is stuck in a Long 2017, in which the regulatory and constitutional state established by New Labour continues to be entrenched, and ministers act as if Brexit never happened.

The recommendations below are offered in this spirit. They cover a number of the most pressing issues facing the country today, ranging from migration to taxation, planning and family policy.

⁶ Beekie Smith, "Zombie government: ministers criticised as consultations go unanswered," Civil Service World, accessed February 22, 2024, <https://www.civilserviceworld.com/news/article/zombie-government-ministers-criticised-as-consultations-go-unanswered>.

The ten things the Prime Minister can do for prosperity

1. Migration changes:

- a. **Introduce an age limit on visas**
- b. **Criminal convictions nullify Indefinite Leave to Remain (ILR) applications**
- c. **Enact the visa penalty powers in the Nationality and Borders Act 2022**

While the Government has suffered a series of legal and political nightmares on the issue of cutting illegal immigration, it faces considerably fewer challenges when it comes to improving the picture on regular immigration.

Ministers have large numbers of legal powers under existing Acts of Parliament to change immigration policy to update the criteria for allowing entry into the United Kingdom. These include recent Acts like the **Nationality and Borders Act 2022**, the **Immigration and Social Security Coordination (EU Withdrawal) Act 2020**, the **Borders, Citizenship and Immigration Act 2009**, and others.

These laws mean ministers can change eligibility for indefinite leave to remain, set new conditions for visas, and amend rules for visas in the interests of British prosperity and security.

Implement an age cap on skilled worker visas

In January 2024, the Home Secretary updated the Immigration Rules following the publication of unprecedented and then record-breaking net immigration figures for the years 2022 and 2023.⁷ These measures were:

- Banning international students from bringing dependents with them unless they are on a small number of research-driven postgraduate courses;
- Banning people on care worker visas from bringing dependents;
- Increasing the salary threshold for skilled worker visas and the threshold to sponsor a spousal visa;
- A reduction in the number of jobs available on the Shortage Occupation List; and
- A review of the Graduate Visa route by the Migration Advisory Committee.

While these changes are welcome on their own terms, and are targeted at some of the weakest parts of our immigration system, the Government should go further and use the powers in the Immigration Act 1971 to tighten conditions on the granting of visas.

The Act gives the Home Secretary broad powers to update the Immigration Rules:

3A Further provision as to leave to enter.

*(1)The Secretary of State may **by order make further provision with respect to the***

⁷ "Fact sheet on net migration measures: further detail," gov.uk, accessed February 22, 2024, <https://www.gov.uk/government/news/fact-sheet-on-net-migration-measures-further-detail>.

giving, refusing or varying of leave to enter the United Kingdom.

(2)An order under subsection (1) may, in particular, provide for—

(a)leave to be given or refused before the person concerned arrives in the United Kingdom;

(b)the form or manner in which leave may be given, refused or varied;

(c)the imposition of conditions;

(d)a person's leave to enter not to lapse on his leaving the common travel area.

...

(10)An order under this section may—

(a)contain such incidental, supplemental, consequential and transitional provision as the Secretary of State considers appropriate; and

(b)make different provision for different cases.

(11)This Act and any provision made under it has effect subject to any order made under this section.

(12)An order under this section must be made by statutory instrument.

(13)But no such order is to be made unless a draft of the order has been laid before Parliament and approved by a resolution of each House.

One under-discussed problem with the expansion of the skilled worker visa since 2021 and specifically the expansion of the care worker visa is the lack of an upper age cap on these visas. The UK has never sought to implement such age limits, and they were almost unnecessary before the era of mass immigration.

The majority of work visas issued by the UK offer a path to indefinite leave to remain and, ultimately, citizenship. Temporary visas like the Seasonal Agricultural Workers Scheme are an exception, but overall there is a clear pathway to permanent residency in the UK, and access to public services like benefits and healthcare on the same terms as British citizens. This creates huge long-term costs, particularly when it comes to visas like the care worker visa which are designed for low-wage work, as people on these visas will not have had many years to make contributions through the tax system, yet will be eligible for means-tested benefits, including retirement benefits like Pension Credit, and access to social housing.

While wholesale reform to the relationship between benefits and migration, along with the reintroduction of tightly-defined guest worker visas, would be welcome, it is unrealistic to expect it to be delivered in the immediate future. Instead, ministers can take some pragmatic but effective steps to ensuring that every visa the Government offers benefits the British economy as much as possible.

In 2018, the Migration Advisory Committee reported on the fiscal impact of immigration into the UK. It found that migrants from outside the European Union were on average a net-drain on the public finances.⁸ Following changes to immigration rules in 2020, which included downgrading the requirement that skilled workers have degree-equivalent qualifications to equivalence

⁸ Migration Advisory Committee, "The Fiscal Impact of Immigration on the UK," gov.uk, accessed February 22, 2024, https://assets.publishing.service.gov.uk/media/5bfd2209e5274a0fce0e285f/The_Fiscal_Impact_of_Immigration_on_the_UK.pdf.

with A-Levels,⁹ the UK has become open to more lower-skilled migration than before. As a safeguard against exacerbating the burden on the public finances, Ministers should change the Immigration Rules to implement an age cap on all skilled worker visas, particularly the lower wage shortage occupation roles and care worker visas, ideally set somewhere around 30. High productivity and high wage visas like the "High Potential Individual Visa" should be exempt from this. This would send a strong signal that the Government is focusing on bringing in the most productive skilled workers, with the highest potential and ability to contribute to the British economy.

Automatically cancel Indefinite Leave to Remain (ILR) applications following a custodial sentence

According to the Nationality Rules – Home Office policy which establishes who can attain British citizenship and how – the Government may refuse an application for British citizenship if a candidate has been sentenced to time in custody of 12 months or more.¹⁰ This applies to both a continuous 12-month sentence, or an accumulation of smaller sentences. This is a reasonable condition to attach to citizenship.

However, there is an interesting inconsistency between this and the awarding of Indefinite Leave to Remain. The immigration rules state that to qualify for Indefinite Leave to Remain, an applicant must be able to demonstrate continuous residence in the United Kingdom, which is stated as follows:

Long residence in the United Kingdom

276A. For the purposes of paragraphs 276B to 276D.

(a) "continuous residence" means residence in the United Kingdom for an unbroken period, and for these purposes a period shall not be considered to have been broken where an applicant is absent from the United Kingdom for a period of 6 months or less at any one time, provided that the applicant in question has existing limited leave to enter or remain upon their departure and return, but shall be considered to have been broken if the applicant:

(i) has been removed under Schedule 2 of the 1971 Act, section 10 of the 1999 Act, has been deported or has left the United Kingdom having been refused leave to enter or remain here; or

(ii) has left the United Kingdom and, on doing so, evidenced a clear intention not to return; or

(iii) left the United Kingdom in circumstances in which he could have had no reasonable expectation at the time of leaving that he would lawfully be able to return; or

*(iv) **has been convicted of an offence and was sentenced to a period of imprisonment or was directed to be detained in an institution other than a prison** (including, in particular, a hospital or an institution for young offenders), provided that the sentence in*

9 "Knowledge of English for the skilled worker visa," gov.uk, accessed February 22, 2024, <https://www.gov.uk/skilled-worker-visa/knowledge-of-english>.

10 Home Office, "Nationality policy: good character," gov.uk, accessed February 22, 2024, https://assets.publishing.service.gov.uk/media/64c7aac7d8b1a70011b05dd4/Nationality_policy_-_good_character.pdf.

question was not a suspended sentence; or

(v) has spent a total of more than 18 months absent from the United Kingdom during the period in question.

(b) "lawful residence" means residence which is continuous residence pursuant to:

(i) existing leave to enter or remain, except this cannot include time with entry clearance or permission under Appendix V: Visitor, Appendix Short-term Student (English language), or Appendix Temporary work – Seasonal Worker, or any relevant predecessor routes; or

(ii) an exemption from immigration control, including where an exemption ceases to apply if it is immediately followed by a grant of leave to enter or remain.

(c) "lawful residence" does not include time spent on immigration bail, temporary admission, or temporary release.¹¹

However, the guidance on Long Residency, published by the Government, which is used by officials when awarding ILR, has a number of caveats to the issue of custodial sentences and their effect on whether someone can achieve permanent residency in the UK:

5.3 Time spent in prison

Continuous residence is broken if an applicant receives a custodial sentence by a court of law and is sent to:

- prison*
- a young offender institution*
- a secure hospital*

Any time the applicant spends in one of the above establishments does not count as continuous leave for the purposes of meeting 276A and 276D of the Immigration Rules. Any leave accumulated before sentencing will be disregarded and only residence after release from custody will be counted as continuous residence.¹²

As ILR allows applicants to live in the UK permanently, and have access to the welfare state in full, it should be held to the same, higher standards of requirement for nationality. This inconsistency should be immediately ended, and the immigration rules changed to state that any criminal convictions automatically terminate an application for ILR. It is essential to begin restoring trust in the migration system.

Enact the visa penalty powers in the NABA 2022

When Priti Patel was Home Secretary, she delivered a power in the Nationality and Borders Act 2022 to restrict visas from countries which do not accept deportations from the United Kingdom. This was seen as an important tool to improve the incentives in the areas where the

¹¹ "Part 7: other categories," gov.uk, accessed February 22, 2024, <https://www.gov.uk/guidance/immigration-rules/immigration-rules-part-7-other-categories>.

¹² "Long residence," gov.uk, accessed February 22, 2024, <https://www.gov.uk/government/publications/long-residence/long-residence-accessible#breaks-in-continuous-residence>.

legal migration and asylum systems overlap.

Since 2021, the Government has developed a policy which could deliver exactly this: visa penalties.¹³

Visa penalty provision: general

(1)The immigration rules may make such visa penalty provision as the Secretary of State considers appropriate in relation to a country specified under section 71 or 72.

(2)"Visa penalty provision" is provision that does one or more of the following in relation to applications for entry clearance made by persons as nationals or citizens of a specified country—

(a)requires that entry clearance must not be granted pursuant to such an application before the end of a specified period;

(b)suspends the power to grant entry clearance pursuant to such an application;

(c)requires such an application to be treated as invalid for the purposes of the immigration rules;

(d)requires the applicant to pay £190 in connection with the making of such an application, in addition to any fee or other amount payable pursuant to any other enactment.

Recent press coverage has drawn attention to the fact that Pakistan has been refusing to accept the deportation of a Pakistani-British dual national who was convicted for his role in the Rochdale grooming gang ring.¹⁴ This has prompted commentary around the UK's apparent inability to enforce this deportation.

Using these powers will allow the British Government to restore some political sense to its immigration system, particularly when some countries are responsible for a good deal of both legal and illegal immigration.

55,000 Pakistani nationals were issued visas by the UK to the year ending June 2023. This is the third highest national total, behind India and Nigeria.¹⁵ If the British government is serious about applying political and diplomatic pressure on nations which will not accept returns of criminals or illegal immigrants from the UK, it should use the visa penalty powers to impose a serious cost in response. To use Pakistan as an example, remittances worth nearly \$3 billion were sent from the UK to Pakistan in 2021,¹⁶ and the UK signed a returns agreement with Pakistan in 2022,¹⁷

13 "Visa penalties and new powers to speed up removal of illegal migrants," gov.uk, accessed February 22, 2024, <https://www.gov.uk/government/news/visa-penalties-and-new-powers-to-speed-up-removal-of-illegal-migrants>.

14 Freddie Sayers, "Why can't Britain force Pakistan to accept a deportation?" UnHerd, accessed February 22, 2024, <https://unherd.com/thepost/why-cant-britain-force-pakistan-to-accept-a-deportation/>.

15 "Population and Migration," Office for National Statistics, accessed February 22, 2024, [https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/longterminternationalmigrationprovisional/yearendingjune2023#:~:text=In%20the%20YE%20June%202023%2C%20the%20top%20five%20non%20DEU.\)%20and%20Ukrainian%20\(35%2C0001\)%20and%20Ukrainian%20\(35%2C000\)](https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/longterminternationalmigrationprovisional/yearendingjune2023#:~:text=In%20the%20YE%20June%202023%2C%20the%20top%20five%20non%20DEU.)%20and%20Ukrainian%20(35%2C0001)%20and%20Ukrainian%20(35%2C000)).

16 "Bilateral remittances - UK," Statista, accessed February 22, 2024, <https://www.statista.com/statistics/1367272/bilateral-remittances-uk/>.

17 "Priti Patel signs landmark returns deal with Pakistan," gov.uk, accessed February 22, 2024, <https://www.gov.uk/>

which should be honoured. Restricting visa access therefore can exert significant economic pressure on uncooperative nations, if the British state so wishes. Indeed, the explanatory notes included with the provision make this point clear:

*Background: **The Government has a number of levers at its disposal to respond to certain actions of foreign governments by applying pressure which may disadvantage that state's citizens through our visa system.** This measure provides for increased levers at the punitive end of the spectrum available either in relation to a country specified under section 71 (countries which are taking certain prescribed hostile actions) or under section 72 (countries which do not cooperate on the matter of returning their nationals who have no right to be in the UK).¹⁸*

These powers have not been used since they were put into law. Some have said that the primary resistance within the British government to the use of penalties lies with the Foreign Office. It has also been reported that the Foreign Office has been resistant to the Government's attempt to send failed asylum claimants to Rwanda, if their home country will not agree a return.¹⁹ If true, it is not viable for this department to work against attempts at restoring the country's borders. Ultimately, border security should be one of any government's primary objectives.

[government/news/priti-patel-signs-landmark-returns-deal-with-pakistan](https://www.gov.uk/government/news/priti-patel-signs-landmark-returns-deal-with-pakistan).

18 "Nationality And Borders Act 2022," legislation.gov.uk, accessed February 22, 2024, <https://www.legislation.gov.uk/ukpga/2022/36/notes/division/11/index.htm>.

19 Robert Booth, "Foreign Office official criticisms Rwanda plan asylum seekers," The Guardian, August 16, 2022, <https://www.theguardian.com/uk-news/2022/aug/16/foreign-office-official-criticisms-rwanda-plan-asylum-seekers>.

2. Abolish all non-financial reporting requirements for businesses, turn back the ESG ratchet

Embedding progressive values in the private sector is becoming a core political battleground, with Labour's proposal to deliver a Race Equality Act which will entrench and expand ESG principles throughout the private sector and deepen the capture of the public sector.²⁰

The Race Equality Act, if passed, will take the culture of diversity, equity and inclusion to a new level in the UK. Labour intend to mandate new reporting requirements, covering pay by ethnicity within organisations, and mandating strategies for racial equality which go further than the Equality Act, which has been in force since 2010.

There are other ideas bubbling around the British left-wing ecosystem which are gaining traction in influential circles in the Labour Party, such as reforming the Companies Act 2006 to mandate a host of ESG requirements on all businesses. This was advocated by Shadow Chancellor Rachel Reeves, in her essay *The Everyday Economy*, in 2018, where she stated:

*During the revival of liberal market economics in the 1990s, traditional profit-seeking was no longer the sole driver of economic activity – what counted was increasing shareholder value [...] **The 2006 Companies Act encouraged this business model by putting the shareholder in the driving seat and squeezing out employees and customers. But, the doctrine of shareholder value has failed to improve business productivity.** Profits have been used to pay dividends or to buy back shares and a culture of short-termism has discouraged business investment for future growth. [...] Britain has ended up with an economy of wealth extraction rather than wealth creation. [...] The sense of moral responsibility and mutual obligation Adam Smith believed essential for a commercial society has been lost.*

Britain needs to restore its national economy and build institutions that improve wealth creation, social security, and quality goods and services. Old and new monopolies need to be broken up to ensure that markets are competitive and concentrations of unaccountable power in the state must be democratised for responsive and efficient public services, in order to spread more power and control to users. The welfare state needs redesigning to help better develop people's capabilities and enable them to build up their assets for their sustainable economic future.²¹

20 Amelia Hill, "Labour plans extend equal pay rights black, Asian, minority ethnic staff," The Guardian, February 4, 2024, <https://www.theguardian.com/society/2024/feb/04/labour-plans-extend-equal-pay-rights-black-asian-minority-ethnic-staff>.

21 Rachel Reeves, "The Everyday Economy," Rachel Reeves MP, accessed September 2020, <https://www.rachelreevesmp.co.uk/wp-content/uploads/sites/96/2020/09/374425087-Rachel-Reeves-The-Everyday-Economy-1.pdf>.

Furthermore, a campaign called The Better Business Act has been making headway in left-wing and even corporate circles in the UK since 2021. It has gone remarkably unnoticed by British conservatives.

This campaign, which claims to have over 2,500 businesses in support, advocates amending the Companies Act to “align the long-term interests of people, planet and profit”. It states that “every single company in the UK” should take “ownership of” their “social and environmental impact.”²²

This is sold as a way of “empowering” company directors, but in reality the draft legislation proposed as the Better Business Act provides an unprecedented increase in burdens and non-financial responsibilities on all company directors. These include having due regard to “the impact of the company’s operations on the community and the environment”, mandating that the “purpose” of all companies is to operate in a way which “benefits wider society and the environment ... with the goal of eliminating any harm” on society or the environment.²³

This would end our common understanding of what a business is, and turn private enterprise into an arm of the political Left. The Conservative Party is not without blame, however. Under Theresa May’s leadership, the Government set this ball rolling by mandating gender pay gap reporting among large companies in 2017, with a statutory instrument enabled by the Equality Act 2010.²⁴ Conservative Ministers still have an opportunity to make a positive difference and restore some sense to business regulation in office.

Ministers should make use of the significant powers available in the Companies Act, the Limited Liability Partnerships Act 2000, and the Pension Schemes Act 1993, to remove all non-financial reporting requirements which are imposed on businesses currently, and have created the legal framework for the ESG machine in the British economy.

Section 468 of the Companies Act:

468 General power to make further provision about accounts and reports

(1)The Secretary of State may make provision by regulations about—

(a)the accounts and reports that companies are required to prepare;

(b)the categories of companies required to prepare accounts and reports of any description;

(c)the form and content of the accounts and reports that companies are required to prepare;

(d)the obligations of companies and others as regards—

(i)the approval of accounts and reports,

(ii)the sending of accounts and reports to members and others,

(iii)the laying of accounts and reports before the company in general

22 “About the Better Business Act,” Better Business Act, accessed February 22, 2024, <https://betterbusinessact.org/about/>.

23 “The Better Business Act 2021,” Better Business Act, accessed February 22, 2024, <https://betterbusinessact.org/wp-content/uploads/2021/04/The-Better-Business-Act-2021.pdf>.

24 “The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017”, legislation.gov.uk, accessed February 22, 2024 <https://www.legislation.gov.uk/uksi/2017/172/contents/made>

meeting,
(iv) the delivery of copies of accounts and reports to the registrar, and
(v) the publication of accounts and reports.

(2) The regulations may amend this Part by adding, altering or repealing provisions.

(3) But they must not amend (other than consequentially)—

(a) section 393 (accounts to give true and fair view), or
(b) the provisions of Chapter 11 (revision of defective accounts and reports).²⁵

This power makes clear that any reporting which is not explicitly focused on the accuracy of a company's accounts can be changed. It betrays the reality of what is actually important and should be required of businesses, and what is a political hobby horse.

Section 15 of the Limited Liabilities and Partnerships Act:

15 Application of company law etc.

Regulations may make provision about limited liability partnerships and overseas limited liability partnerships (not being provision about insolvency or winding up) by—

(a) applying or incorporating, with such modifications as appear appropriate, any law relating to companies or other corporations which would not otherwise have effect in relation to them,
(b) providing for any law relating to companies or other corporations which would otherwise have effect in relation to them not to apply to them or to apply to them with such modifications as appear appropriate, or
(c) applying or incorporating, with such modifications as appear appropriate, any law relating to partnerships.

Section 113 of the Pensions Schemes Act 1993:

113 Disclosure of information about schemes to members etc.

(1) The Secretary of State may by regulations specify requirements to be complied with in the case of an occupational pension scheme or a personal pension scheme with respect to keeping the persons mentioned in subsection (2) informed—

(a) of its constitution;
(b) of its administration and finances;
(c) of the rights and obligations that arise or may arise under it;
[F1(c) of the pensions and other benefits an entitlement to which would be likely to accrue to the member, or be capable of being secured by him, in respect of the rights that may arise under it; and]
(d) of any other matters that appear to the Secretary of State to be relevant to occupational pension schemes or personal pension schemes in general or to schemes of a description to which the scheme in question belongs.

Section 78 of the Equality Act contains the power to mandate gender pay gap reporting:

78 Gender pay gap information

²⁵ "Companies Act 2006," legislation.gov.uk, accessed February 22, 2024, <https://www.legislation.gov.uk/ukpga/2006/46/section/468>.

(1) Regulations may require employers to publish information relating to the pay of employees for the purpose of showing whether, by reference to factors of such description as is prescribed, there are differences in the pay of male and female employees.

(2) This section does not apply to—

- (a) an employer who has fewer than 250 employees;
- (b) a person specified in Schedule 19;
- (c) a government department or part of the armed forces not specified in that Schedule.

(3) The regulations may prescribe—

- (a) descriptions of employer;
- (b) descriptions of employee;
- (c) how to calculate the number of employees that an employer has;
- (d) descriptions of information;
- (e) the time at which information is to be published;
- (f) the form and manner in which it is to be published.

These laws provide ample scope for ministers to abolish all non-financial reporting requirements with ease. Government ministers have already started moving in this direction. In October 2023, the Department for Business and Trade withdrew plans to implement new reporting requirements for listed companies.²⁶ Announcing this reversal, the Business Minister, Kevin Hollinrake, said:

This will deliver a more targeted, simpler and effective framework for both business and investors, reinforcing that the UK is one of the best places in the world for firms to list and to do business.

This also follows the Business Secretary, Kemi Badenoch, removing various pieces of legacy employment law from the European Union via secondary instrument last year, including reporting requirements associated with the Working Time Directive.²⁷ This mainly amounted to the overturning of a 2019 European Court of Justice ruling,²⁸ instead of the large scale revocation of reporting requirements which would be of much larger benefit to British businesses.

By utilising the powers available in the four Acts of Parliament above, Ministers will be able cut costs to businesses – such as the millions of pounds of company time required to complete the Government's gender pay gap reporting duties, for example²⁹ - and open up an important political issue with the opposition. 2023 and early 2024 have seen a move away from ESG policies, and money being pulled out of poorly-performing ESG-based funds. If the Labour Party wishes to increase costs and burdens on British businesses, it is incumbent on Conservatives to legislate to make doing so as costly as possible.

26 "Burdensome legislation withdrawn in latest move to cut red tape for businesses," gov.uk, accessed February 22, 2024, <https://www.gov.uk/government/news/burdensome-legislation-withdrawn-in-latest-move-to-cut-red-tape-for-businesses>.

27 "Smarter regulation unveiled to cut red tape and grow the economy," gov.uk, accessed February 22, 2024, <https://www.gov.uk/government/news/smarter-regulation-unveiled-to-cut-red-tape-and-grow-the-economy>.

28 Department for Business, Energy & Industrial Strategy, "The Employment Rights Regulations 2023," gov.uk, accessed February 22, 2024, https://assets.publishing.service.gov.uk/media/654b64d0b9068c000d0e7546/retained_eu_law_explanatory_memorandum_the_employment_rights_regulations_2023.pdf.

29 The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, legislation.gov.uk, accessed February 22, 2024, https://www.legislation.gov.uk/ukia/2017/54/pdfs/ukia_20170054_en.pdf

3. Amend schedule 19 of the Equality Act to remove all public bodies from being required to advance the Public Sector Equality Duty

Similar to the above are possible reforms to the Equality Act. As the gender pay gap reporting requirements have shown, the Conservative Party has been happy to strengthen the Equality Act since it was introduced.

However, the Equality Act has turned into a monster that the ministers seem unable to control. It has become a new pillar of our constitution and has reshaped government bureaucracies significantly since its introduction. David Cameron criticised the proliferation of Equality Impact Assessments, mandated by the Act, when he was Prime Minister. Despite pledging to abolish them, they have continued to proliferate.

Regardless, the growth of a cottage industry around Equality Impact Assessments ignores the fundamental problems of the Equality Act. The UK has a long history of anti-discrimination law. Where the Equality Act differs is that it implemented “protected characteristics” in law, which overturns the British legal tradition that all citizens are equal as individuals under the law. Instead, it breaks us up into distinct legal groups, with specific traits – some immutable, like race and sex, others a matter of conscience like religion – given legal protection.

This principle has been embedded throughout the public sector especially, and wider British society in the last 14 years, thanks to Part 11 of the Equality Act. This part of the Act concerns the “Advancement of Equality”, and it contains Section 149 of the Act, which implements the Public Sector Equality Duty, as well as Sections 158 and 159, which allow for “positive action” in the interests of equality, which can be construed as forms of discrimination. This is the central reason why local authorities have equality and diversity strategies,³⁰ and why they employ hundreds of staff devoted to advancing equality and diversity, at a cost of tens of millions of pounds a year.³¹

It is also the reason the Royal Air Force has found itself embroiled in a recruitment scandal, where officers implemented an “effective pause” of white male recruits for fighter pilots, in favour of applications from women and ethnic minorities, prompting the resignation of Group

30 “Equality Act and discrimination: guidance for councils,” Local Government Association, accessed February 22, 2024, <https://www.local.gov.uk/our-support/workforce-and-hr-support/equality-diversity-and-inclusion-workforce/equality-act-and>.

31 “Funding the BBC,” Conservative Way Forward, accessed February 22, 2024, https://www.conservativewayforward.com/files/ugd/acef4a_5b5ec1d9017f40b987a68110f70d276c.pdf.

Captain for Recruiting and Selection in protest. The RAF, along with both the other armed forces, has been accused of pursuing "impossible" diversity targets,³² and implementing discriminatory recruitment practices in the name of "positive action".³³

Conservative MPs, including the Prime Minister, Rishi Sunak, criticised the RAF's behaviour, calling it "disgraceful" and "dangerous", when he was campaigning to become leader of the Conservative Party in 2022.³⁴ However, he has not addressed the statutory underpinning behind these decisions, and precious few³⁵ Conservative politicians have even discussed them.

The same issue has reared its head with the discovery of a British Army "Race Action Plan" which has stated that reducing security clearance requirements in the Intelligence Corps may be a way of boosting diversity of officer recruitment.³⁶ The Defence Secretary has pledged to uncover all such schemes in the armed forces, and stop funding them.

This is a legislative undertaking, however, not just a cultural or a fiscal one.

Section 149 of the Act reads as follows:

149 Public sector equality duty

(1) A public authority must, in the exercise of its functions, have due regard to the need to—

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

(2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;*
- (c) encourage persons who share a relevant protected characteristic to*

32 Tom Gillespie, "RAF pauses job offers for white men to meet 'impossible' diversity targets," Sky News, accessed February 22, 2024, <https://news.sky.com/story/raf-pauses-job-offers-for-white-men-to-meet-impossible-diversity-targets-12674409>.

33 "Chief of the Air Staff statement on RAF recruiting inquiry," Royal Air Force, accessed February 22, 2024, <https://www.raf.mod.uk/news/articles/chief-of-the-air-staff-statement-on-raf-recruiting-inquiry/>.

34 Tom Gillespie, "RAF pauses job offers for white men to meet 'impossible' diversity targets," Sky News, accessed February 22, 2024, <https://news.sky.com/story/raf-pauses-job-offers-for-white-men-to-meet-impossible-diversity-targets-12674409>.

35 "Equality Act 'weaponised by the left,'" The Telegraph, December 19, 2023, <https://www.telegraph.co.uk/politics/2023/12/19/equality-act-weaponised-by-the-left-readers-jacob-rees-mogg/>.

36 Sarah Knapton, "Army to challenge overseas recruits security checks," The Telegraph, February 10, 2024, <https://www.telegraph.co.uk/news/2024/02/10/army-challenge-overseas-recruits-security-checks/>.

participate in public life or in any other activity in which participation by such persons is disproportionately low.

(4)The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5)Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

(a)tackle prejudice, and

(b)promote understanding.

(6)Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

(7)The relevant protected characteristics are—

age;

disability;

gender reassignment;

pregnancy and maternity;

race;

religion or belief;

sex;

sexual orientation.

(8)A reference to conduct that is prohibited by or under this Act includes a reference to—

(a)a breach of an equality clause or rule;

(b)a breach of a non-discrimination rule.

(9)Schedule 18 (exceptions) has effect.

Sections 158 and 159 cover so-called "positive action":

158 Positive action: general

(1)This section applies if a person (P) reasonably thinks that—

(a)persons who share a protected characteristic suffer a disadvantage connected to the characteristic,

(b)persons who share a protected characteristic have needs that are different from the needs of persons who do not share it, or

(c)participation in an activity by persons who share a protected characteristic is disproportionately low.

(2)This Act does not prohibit P from taking any action which is a proportionate means of achieving the aim of—

(a)enabling or encouraging persons who share the protected characteristic to overcome or minimise that disadvantage,

(b)meeting those needs, or

(c)enabling or encouraging persons who share the protected characteristic to participate in that activity.

(3)Regulations may specify action, or descriptions of action, to which subsection (2) does not apply.

(4) This section does not apply to—

- (a) action within section 159(3), or*
- (b) anything that is permitted by virtue of section 104.*

(5) If section 104(7) is repealed by virtue of section 105, this section will not apply to anything that would have been so permitted but for the repeal.

(6) This section does not enable P to do anything that is prohibited by or under an enactment other than this Act.

Modifications etc. (not altering text)

159 Positive action: recruitment and promotion

(1) This section applies if a person (P) reasonably thinks that—

- (a) persons who share a protected characteristic suffer a disadvantage connected to the characteristic, or*
- (b) participation in an activity by persons who share a protected characteristic is disproportionately low.*

(2) Part 5 (work) does not prohibit P from taking action within subsection (3) with the aim of enabling or encouraging persons who share the protected characteristic to—

- (a) overcome or minimise that disadvantage, or*
- (b) participate in that activity.*

(3) That action is treating a person (A) more favourably in connection with recruitment or promotion than another person (B) because A has the protected characteristic but B does not.

(4) But subsection (2) applies only if—

- (a) A is as qualified as B to be recruited or promoted,*
- (b) P does not have a policy of treating persons who share the protected characteristic more favourably in connection with recruitment or promotion than persons who do not share it, and*
- (c) taking the action in question is a proportionate means of achieving the aim referred to in subsection (2).*

(5) "Recruitment" means a process for deciding whether to—

- (a) offer employment to a person,*
- (b) make contract work available to a contract worker,*
- (c) offer a person a position as a partner in a firm or proposed firm,*
- (d) offer a person a position as a member of an LLP or proposed LLP,*
- (e) offer a person a pupillage or tenancy in barristers' chambers,*
- (f) take a person as an advocate's devil or offer a person membership of an advocate's stable,*
- (g) offer a person an appointment to a personal office,*
- (h) offer a person an appointment to a public office, recommend a person for such an appointment or approve a person's appointment to a public office, or*
- (i) offer a person a service for finding employment.*

(6) This section does not enable P to do anything that is prohibited by or under an enactment other than this Act.

Removing these sections, or repealing the Act itself, would require primary legislation. As said above, this is highly unlikely to be achieved before an expected General Election. However, the Act itself provides some quick solutions which could be delivered efficiently, restoring

meritocracy and improving the efficiency of government, by significantly cutting the risk of judicial review on equality matters.

Section 151 of the Act provides a “power to specify public authorities” which must follow the Public Sector Equality Duty. This list, found in Schedule 19 of the Act, covers every public body defined in law.³⁷

151 Power to specify public authorities

(1)A Minister of the Crown may by order amend Part 1, 2 or 3 of Schedule 19.

This power is reasonably broad. The only requirement attached to it in law stipulates that the Minister must “consult” the Equality and Human Rights Commission. The form of this consultation is not specified.

Ministers have an opportunity to remove some of the most pernicious aspects of the Equality Act with relative ease by using this power. While it would not stop all examples of government capture by the “equality complex” – such as positive action in hiring decisions – it will tip the scales back towards meritocracy by removing the obligation to advance equality based on protected characteristics at all times. It would help improve governance by reducing the scope for judicial review on routine decisions which were otherwise considered legal and within ministers’ powers. For example, in 2022, the Government lost a judicial review, brought by the Runnymede Trust, over its appointment of Baroness Dido Harding to run the Test and Trace service in the Pandemic on equality grounds.³⁸ Many believe this an eccentric judgement, but under the Public Sector Equality Duty, Ministers must pay “due regard” to equality considerations even when making an emergency appointment to a novel role. This consequently incentivises the creation of paper trails, retrospective compliance, and costly equality impact assessments, which do not serve the public interest.

It would also give room for the Government to enact stronger institutional reform, and reduce the size of government bureaucracy in Whitehall, Arms-Length Bodies, and local authorities. As organisations like Conservative Way Forward,³⁹ and the New Conservatives⁴⁰ have pointed out, the state spends billions on wasteful and damaging DEI initiatives. The number of officials working on DEI in the UK increased by 71 percent between 2015 and 2020 - a period of outright Conservative Party government - meaning the UK has the highest number of these officials, per capita, in the world.⁴¹

However, without addressing the legal underpinning for these initiatives, such as the Public

37 “Schedule 19,” assets.publishing.service.gov.uk, accessed February 22, 2024, <https://assets.publishing.service.gov.uk/media/5a74e55440f0b65c0e8455d7/Schedule-19.pdf>.

38 “Matt Hancock broke law over Dido Harding appointment, High Court rules,” The Guardian, accessed February 22, 2024, <https://www.theguardian.com/politics/2022/feb/15/matt-hancock-broke-law-over-dido-harding-appointment-high-court-rules>.

39 “Funding the BBC,” Conservative Way Forward, accessed February 22, 2024, https://www.conservativewayforward.com/files/ugd/acef4a_5b5ec1d9017f40b987a68110f70d276c.pdf.

40 “Tax Report 2023,” The New Conservatives, accessed October 2023, <https://www.thenewconservatives.co.uk/wp-content/uploads/2023/10/tax-report-2023-v3-spreads.pdf>.

41 Christopher Howarth, “Britain’s deep state: bulldozing the Blob,” European Conservative, accessed February 22, 2024, <https://europeanconservative.com/articles/essay/britains-deep-state-bulldozing-the-blob/>.

Sector Equality Duty, Ministers will end up retreating into announcing “reviews”,⁴² and quibbling over the quantity of spending, rather than the legal rules which mandate it in the first place. The Defence Secretary should be commended for his critical response to revelations about radical diversity and race equality policies in the British Army. Without legislative change, however, his reviews will be for naught. Removing public bodies from the auspices of the Public Sector Equality Duty is the first step to remedy this.

42 Jack Doyle, “Jeremy Hunt to step up war on ‘woke’ civil service jobs,” Daily Mail, accessed February 22, 2024, <https://www.dailymail.co.uk/news/article-12740995/Jeremy-Hunt-step-war-woke-civil-service-jobs-Autumn-Statement.html>.

4. Use s50 powers of the Town and Country Planning Act to award mass permissions in London

This will allow ministers to target housebuilding in areas of greatest demand. Reforming the planning system has been one of the most painful headaches facing British politicians for decades. Despite the introduction of multiple planning bills in the 21st century, the number of new houses built per year has remained stubbornly below 250,000 per year, and is still short of pre-pandemic totals. According to official figures, around 206,000 houses were completed in 2022. This is lower than every year from 1952 to 1980, when the United Kingdom had a smaller population, and far lower levels of immigration.⁴³

Research by the Growth Commission and other organisations has highlighted the economic benefits of planning reform. The Commission stated in its Growth Budget in November 2023 that, according to its models, planning reform alone could increase British economic growth by over 6 percent in the next twenty years.⁴⁴

Planning reform doesn't just mean more houses. It means it is easier to build factories, laboratories, and expand businesses. It makes innovation cheaper and cuts the cost and uncertainty of doing business in the UK, all factors in whether the world's largest investors choose to come to Britain, according to the Centre for Policy Studies' 2022 paper, *Why Choose Britain*.⁴⁵ It will also aid domestic skills shortages, and make it easier for British people to move within the United Kingdom to find new jobs, as high house prices and lower housing supply decrease labour mobility.⁴⁶

But despite evidence of the economic and social benefits for greater housebuilding and home ownership, reforms to deliver them have consistently failed to happen. This is partly down to the unpopularity of housing development at a local level, which in turn puts strong political pressure on MPs to vote against measures which would increase housing supply. This also has huge effects on our ability to build infrastructure (see the travails of HS2 and its extraordinarily expensive tunnels being dug to placate MPs and campaigners in the Chilterns).⁴⁷

43 "UK house building: Permanent dwellings started and completed," Office for National Statistics, accessed February 22, 2024, <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ukhousebuildingpermanentdwellingsstartedandcompleted>.

44 "Final Growth Budget 2023," Treasury, accessed February 22, 2024, [https://assets-global.website-files.com/646a30e30500c46bb82472c0/65534d5cc6f65dfbcca6752_FINAL%20Growth%20Budget%202023%20DIGITAL%20SPREAD%20\(1\).pdf](https://assets-global.website-files.com/646a30e30500c46bb82472c0/65534d5cc6f65dfbcca6752_FINAL%20Growth%20Budget%202023%20DIGITAL%20SPREAD%20(1).pdf).

45 Centre for Policy Studies, "Why Choose Britain?" Centre for Policy Studies, accessed February 22, 2024, <https://cps.org.uk/wp-content/uploads/2022/05/Why-Choose-Britain-CPS.pdf>.

46 Piotr Białowąs, "The limitations of legal mechanisms for preventing harmful competition for workers in the European Union," *Journal of European Integration*, accessed February 22, 2024, <https://www.tandfonline.com/doi/epdf/10.1080/1331677X.2022.2106284?needAccess=true>.

47 Josephine Moulds, "HS2 latest: did nimbyism derail Manchester leg of high-speed rail line?" *Bloomberg*, October 3, 2023, <https://www.bloomberg.com/news/articles/2023-10-03/hs2-latest-did-nimbyism-derail-manchester-leg-of-high-speed-rail-line>.

The Conservative Party has tied itself in knots on the issue recently. Robert Jenrick's radical planning reforms were killed off by the threat of huge rebellions from Tory MPs, who feared a wave of unsympathetic development in the shires, dictated by a government algorithm.⁴⁸ By preventing increased housebuilding in the interests of those who currently vote Conservative, the party has potentially prevented a future generation of voters becoming Conservatives by making it harder for them to become homeowners. As Henry Hill, Deputy Editor of Conservative Home, has noted, this could have potentially disastrous effects for the Conservative Party, as high house prices in London push waves of people less inclined to vote Conservative into suburban seats and commuter towns outside the capital.⁴⁹

As solutions exist in secondary legislation which offer the Government the chance to increase housing supply in areas where it is needed most, particularly in London, and in seats which are not held by the Conservatives.

Section 59 of the Town and Country Planning Act 1990 provides a huge power for Ministers to grant planning permission through Development Orders.

59 Development orders: general.

(1) The Secretary of State shall by order (in this Act referred to as a "development order") provide for the granting of planning permission.

(2) A development order may either—

(a) itself grant planning permission for development specified in the order or for development of any class specified; or

(b) in respect of development for which planning permission is not granted by the order itself, provide for the granting of planning permission by the local planning authority (or, in the cases provided in the following provisions, by the Secretary of State [F1 or the Welsh Ministers]) on application to the authority [F2 (or, in the cases provided in the following provisions, on application to the Secretary of State [F3 or the Welsh Ministers])] in accordance with the provisions of the order.

(3) A development order may be made either—

(a) as a general order applicable, except so far as the order otherwise provides, to all land, or

(b) as a special order applicable only to such land or descriptions of land as may be specified in the order.

According to the Architects Journal, the local authorities with the lowest rates of granting planning permission are overwhelmingly in London, including inner London boroughs with extremely high demand for housing, like Lambeth and Greenwich.⁵⁰ In boroughs like these, and throughout much of London, the Conservative Party has little to fear from the political

48 "Downing Street facing rebellion over planning reforms for house building," iNews, accessed February 22, 2024, https://inews.co.uk/news/politics/downing-street-facing-rebellion-planning-reforms-house-building-653500?ico=in-line_link.

49 Matthew Goodwin, "The Tories face extinction in London," UnHerd, accessed February 22, 2024, <https://unherd.com/the-post/the-tories-face-extinction-in-london/>.

50 Richard Waite, "Research reveals hardest and easiest places to get planning permission," Architects' Journal, accessed February 22, 2024, <https://www.architectsjournal.co.uk/homepage/research-reveals-hardest-and-easiest-places-to-get-planning-permission>.

resistance to housebuilding. Indeed, in summer 2023, the Prime Minister made a point of attacking the Labour Mayor of London, Sadiq Khan, for a slowdown of housebuilding in the capital.⁵¹ If Ministers are deciding to make political interventions such as this, they should go one step further and make aggressive use of Development Orders between now and the end of the year, to get as many new housing starts in London as possible in place. Furthermore, in light of the increase to planning application fees, which is taking effect this year,⁵² the use of Development Orders would be an equitable move which would reduce uncertainty in the already expensive and unpredictable planning process.

Henry Hill has argued for this idea forcefully regarding the Government's plan to build a new quarter of Cambridge, including 25,000 homes.⁵³ His arguments apply equally to London. While the enthusiastic use of Development Orders will not lead to the completion of a new wave of homes, and help the beleaguered millennial generation get on the property ladder this year, it will set in motion an increase in housing supply where it is needed most. Combined with restrictions to immigration, this will help reduce the cost of renting and buying houses in London.

51 Jon Craig, "Rishi Sunak to intervene in Sadiq Khan's London housebuilding plan," Sky News, accessed February 22, 2024, <https://news.sky.com/story/rishi-sunak-to-intervene-in-sadiq-khans-london-housebuilding-plan-12674108>.

52 "Planning application fees set to increase," CLA (Country Land and Business Association), accessed February 22, 2024, <https://www.cla.org.uk/news/planning-application-fees-set-to-increase/>.

53 Henry Hill, "Ignore the Hupperts: Cambridge 2040 is an economic and political necessity," CapX, accessed February 22, 2024, <https://capx.co/ignore-the-hupperts-cambridge-2040-is-an-economic-and-political-necessity/>.

5. Scrap Stamp Duty

Stamp Duty Land Tax has become a monster. At the turn of the 20th century, it was a relatively modest revenue-raiser, bringing in around £3 billion per year.⁵⁴ Since then, receipts have increased nearly five-fold, and they have jumped as a proportion of total GDP, following changes since the 2010s which significantly increased the rate of Stamp Duty on more expensive properties. This has had a cascade effect through the entire property market. Stamp Duty is perhaps the most damaging tax in Britain today, according to Paul Johnson of the Institute for Fiscal Studies.⁵⁵

Despite being levied largely on more expensive properties, this tax has far-reaching economic effects and is not simply a way of extracting revenues out of the richest buyers in London. The large amount paid on sales of expensive properties, plus additional rates levied on landlords, have had a range of negative effects on the housing market, harming many people who are not well-heeled homeowners.

As many have observed, Stamp Duty has effectively jammed up the housing market by disincentivising people from moving house. As the Financial Times' property writer, Nathan Brooker, observes, Stamp Duty discourages growing families from moving to a larger house, and disincentivises older homeowners from down-sizing, leaving them in possession of impractical, large, half-empty homes.⁵⁶ Furthermore, increases to Stamp Duty on private rented properties in 2015 – introduced as an attempt to reduce the buy-to-let sector – contributed to an increase in the cost of renting, especially in areas of greatest demand, like London and the South East of England.⁵⁷

Thus a combination of badly designed property taxes, falling supply of new houses, and record immigration has contributed to an appalling state of affairs for British people attempting to buy their first homes. The IFS estimate that scrapping stamp duty for residential properties entirely would cost around £9 billion. The latest report from the Office for Budget Responsibility estimates that the Chancellor has approximately £13 billion fiscal headroom in the public finances, which could be devoted to cutting taxes.

Research by the Centre for Policy Studies has found that cutting Stamp Duty would be one of the best possible supply-side reforms the Government could introduce, with relatively rapid effects. By encouraging more transactions, it is likely to increase housing supply overall,

54 "Stamp Duty Land Tax (SDLT) receipts in the United Kingdom (UK) from fiscal year 2000/01 to 2020/21 (in billion GBP)," Statista, accessed February 22, 2024, <https://www.statista.com/statistics/284328/stamp-duty-land-tax-united-kingdom-hmrc-tax-receipts/>.

55 Paul Johnson, "It's time stamp tax penalises landlords and renters," Institute for Fiscal Studies, accessed February 22, 2024, <https://ifs.org.uk/articles/its-time-stamp-tax-penalises-landlords-and-renters>.

56 Nathan Brooker, "The real problem with stamp duty," Financial Times, February 2019 <https://www.ft.com/content/d4bccab2-2de7-11e9-8744-e7016697f225>

57 Delphine Strauss, "Cutting stamp duty increase drives rents," What Mortgage, accessed February 22, 2024, <https://www.whatmortgage.co.uk/news/buy-to-let/stamp-duty-increase-drives-rents/>.

increase economic activity and economic welfare by helping people move to homes in the right location, and this in turn will increase tax receipts and revenue from less damaging methods than Stamp Duty, like those associated with housebuilding.⁵⁸

As fiscal policy is the sole authority of the House of Commons, the Chancellor has the ability to abolish – or severely cut – Stamp Duty in the forthcoming Budget with ease. Ministers should not shy away from the potential political risk from doing so. The Labour Party has said it is opposed to cutting Stamp Duty.⁵⁹ However, by freeing up the housing market and encouraging greater supply, cutting Stamp Duty will benefit many younger families and aspiring homeowners.

58 Centre for Policy Studies, "Stamp Duty Land Tax," Centre for Policy Studies, accessed July 12, 2023, <https://cps.org.uk/wp-content/uploads/2021/07/191026121449-CPSSDLT.pdf>.

59 Michael O'Dwyer, "Stamp duty cut not a way to spend public money wisely," FT Adviser, accessed May 18, 2023, <https://www.ftadviser.com/mortgages/2023/05/18/stamp-duty-cut-not-a-way-to-spend-public-money-wisely/>.

6. Abolish IR35

IR35, the off-payroll working rule which treats contractors the same as employees for Income Tax and National Insurance purposes, has become one of the most difficult taxes for the Conservative Party. It was gradually introduced from 2017, initially for contractors working for public sector clients, and then for all sectors, but with an exemption for small companies in 2021. However, the Conservative Party pledged to review and potentially scrap it before the 2019 general election, and even announced its abolition in the October 2022 Budget, which was promptly reversed after the removal of Liz Truss and Kwasi Kwarteng. Introduced to stop tax avoidance, it has been criticised by many Conservatives for making the labour market less flexible and competitive, increasing the complexity of the tax system, and penalising the self-employed who have traditionally been a central part of the Conservative Party's supporters.⁶⁰

Abolishing IR35 has been advocated by MPs from across the Conservative Party, from the libertarian former Chancellor, Kwasi Kwarteng, to Sir Robert Buckland of the centrist One Nation group, and recently Jonathan Gullis, a leading figure in the New Conservative caucus.⁶¹ Supporters believe that cutting this would initially cost the Treasury around £2 billion – which is comfortably within the fiscal headroom, even combined with the above cut to Stamp Duty – and can be paid for through a number of ambitious savings, achieved by government reorganisation, enabled by things like the disapplication of the Public Sector Equality Duty.

60 "Robert Buckland: IR35 hits Conservative voters the hardest, doing away with it would be an act of political expediency," Conservative Home, accessed July 12, 2023, <https://conservativehome.com/2023/07/12/robert-buckland-ir35-hits-conservative-voters-the-hardest-doing-away-with-it-would-be-an-act-of-political-expediency/>.

61 "Tax Report 2023," The New Conservatives, accessed October 2023, <https://www.thenewconservatives.co.uk/wp-content/uploads/2023/10/tax-report-2023-v3-spreads.pdf>.

7. Increase the Higher Rate tax threshold

The combination of frozen tax thresholds and high inflation has led to the biggest tax rise in over 50 years.⁶² It has also been done almost entirely by stealth, after the Prime Minister implemented a freeze in income tax thresholds in 2021 when he was Chancellor. This was extended last year until 2028. According to the OBR, this will drag 1.3 million people into the Higher Rate tax threshold this financial year, and two million next year and each year until 2028.⁶³

A Conservative MP, Greg Smith, said in 2023:

*Higher rate income tax was never meant to capture people like Police Sergeants, Band 8 nurses, teachers with additional responsibilities and others on good but still modest incomes.*⁶⁴

This has increased the tax burden significantly. Today, there are around 5.6 million higher rate taxpayers, compared to 1.7 million in 1990.⁶⁵ This represents not just an overall expansion, but a proportionate expansion of higher rate payers compared to the total tax base. This is even larger when the number of additional rate payers is included, too, who would have previously been higher rate payers. Visual data from the Office for National Statistics on household income highlights how this is spreading throughout the country geographically.⁶⁶ Greg Smith, representing a Buckinghamshire constituency, will be one of many Home Counties Conservative MPs who will have seen a large number of constituents directly affected by the threshold freeze. If this continues, the IFS estimates that a fifth of all taxpayers will pay the Higher Rate by 2027, and their household income would be one-third lower than it would otherwise have been if tax thresholds had risen with inflation.⁶⁷

Significantly increasing the Higher Rate threshold will be by far the most expensive suggestion here. The freeze to tax thresholds, both the Personal Allowance and the Higher Rate, is expected

62 Michael Race, "Taxpayers to pay £40bn more due to threshold freeze, think tank says", BBC News, 6 October 2023, <https://www.bbc.co.uk/news/business-67031930>

63 "The Impact of Frozen or Reduced Personal Tax Thresholds," Office for Budget Responsibility, accessed February 22, 2024, <https://obr.uk/box/the-impact-of-frozen-or-reduced-personal-tax-thresholds/#:~:text=The%20freeze%20was%20extended%20to,across%20our%20entire%20forecast%20period>

64 "Greg calls for rise in higher rate income tax threshold," Greg Smith MP, accessed February 22, 2024, <https://www.gregsmith.co.uk/news/greg-calls-rise-higher-rate-income-tax-threshold-pmqg>

65 "Number of individual income taxpayers by marginal rate, gender and age," gov.uk, accessed February 22, 2024, <https://www.gov.uk/government/statistics/number-of-individual-income-taxpayers-by-marginal-rate-gender-and-age>

66 "Small area model-based income estimates: Financial year ending 2020," Office for National Statistics, accessed February 22, 2024, <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/smallareamodelbasedincomeestimates/financialyearending2020>

67 "A deepening freeze: more adults than ever are paying higher rate tax," Institute for Fiscal Studies, accessed May 2023, <https://ifs.org.uk/sites/default/files/2023-05/A-deepening-freeze-more-adults-than-ever-are-paying-higher-rate-tax.pdf>

to bring the Treasury over £30 billion per year by 2028,⁶⁸ with some organisations estimating this could be as high as £40 billion.⁶⁹

However, it is a political and moral imperative that Ministers find ways to cut this tax burden. On top of the Higher Rate threshold freeze is the High Income Child Benefit Charge, which the New Conservatives group have described as creating “an unusual and undesirable hump in marginal tax rates for hardworking families”.⁷⁰ This, combined with spiralling housing costs, has contributed to a punishing combination of state-imposed costs on the middle class, who the Conservatives should have been able to count on as their core vote. This would be of significant benefit to those earning at the upper end of the Basic Rate threshold, who may be at risk of being pulled into the Higher Rate, as well as those already paying it.

Following reports in January 2024 that government borrowing was lower than expected in the previous year, hopes of taxes to personal income have increased.⁷¹ While it seems most likely that the Government will look to making a 1p cut to the Basic Rate of income tax – which will benefit all taxpayers – Ministers would be wise to consider a more targeted tax cut designed to hack away at fiscal drag, and offer targeted support to the working middle class.

68 Oliver Pringle, “Higher rate taxpayers save under £100k threshold,” The Telegraph, accessed February 22, 2024, <https://telegraph.co.uk/money/tax/income/higher-rate-taxpayers-save-under-100k-threshold/>.

69 Michael Race, “Taxpayers to pay £40bn more due to threshold freeze, think tank says”, BBC News, 6 October 2023, <https://www.bbc.co.uk/news/business-67031930>.

70 “Tax Report 2023,” The New Conservatives, accessed October 2023, <https://www.thenewconservatives.co.uk/wp-content/uploads/2023/10/tax-report-2023-v3-spreads.pdf>.

71 Tim Bowler, “Higher-rate taxpayers to save under £100k threshold,” BBC News, accessed February 22, 2024, <https://www.bbc.co.uk/news/business-68061210>.

8. Cut the structural, regulatory costs of childcare

An uncomfortable truth behind the cost of childcare in the UK is the cost of regulation. While she was a junior minister in the Department for Education, Liz Truss was ultimately fired for trying to change this by relaxing the number of children an individual childminder is allowed to look after at any one time. While this was intended to align English rules with those in countries like France, it was deemed too dangerous after a backlash from lobby groups.

A decade later, she was vindicated by the Government's decision to slightly liberalise these ratios from four children per carer to five.⁷² Yet the fundamental problems of the childcare sector remain. These problems are regulatory, and will not be solved by money alone. The state providing more subsidy to tax-free childcare – which is often not provided at convenient times, nor is it available to all parents – will not solve the troubles facing the sector, which is hampered by a suffocating regulatory framework and the downstream effects of poor planning and housing policy in our major cities.

Research by the Centre for Policy Studies has exposed the stark decline in the number of childminders. In the 1990s, the majority of childcare was provided by childminders. This was a lightly regulated affair, and provided good value for money for parents, as childminders do not have the same overhead costs as nurseries. Between 1996 and 2019, the number of childminders in England fell from 103,000 to 34,800.⁷³ During this time, the Labour Government introduced the Childcare Act 2006, which implemented a series of stringent new regulations on the sector.

One of the most onerous, and unique internationally, was the Early Years Foundation Stage requirements, which were introduced by Statutory Instrument in the form of the Childcare (General Register) Regulations 2008.⁷⁴ Following the EYFS requirements is mandatory for everyone providing pre-school childcare, from childminders to nurseries. As well as placing a considerable administrative burden on childminders, they have to be inspected by Ofsted, who demand detailed records and evidence of children's progress in the early years curriculum. This is in stark contrast to nannies and au pairs, who are not regulated, and work in family homes, rather than their own premises (usually the childminder's home).

As noted by the CPS, it has been criticised for mandating a curriculum before compulsory education begins, which is also a potential breach of parents' rights to raise their children as

72 "How staff-to-child ratios work," Early Years Blog, accessed April 20, 2023, <https://earlyyears.blog.gov.uk/2023/04/20/how-staff-to-child-ratios-work/>.

73 "Solving the Childcare Challenge," Centre for Policy Studies, accessed May 2022, <https://cps.org.uk/wp-content/uploads/2022/05/Solving-the-Childcare-Challenge-CPS.pdf>.

74 The Childcare (General Childcare Register) Regulations 2008, legislation.gov.uk, accessed February 2024, <https://www.legislation.gov.uk/uksi/2008/975/made>

they see fit. The contrasting regulatory burden between childminders and nannies and au pairs highlights how richer families have been able to escape the costs of regulation, but lower- and middle-earners cannot.

While the Government has tried to grapple with the cost of childcare by announcing an expansion of free childcare last year, ministers should go further and look at regulatory reforms they can implement, which will reduce the structural costs in the system, and reduce the need for a continued cycle of subsidy.⁷⁵

Miriam Cates, Conservative MP for Penistone and Stocksbridge, has been one of the clearest voices for reform of childcare in the last few years. Her plan, published by the Centre for Social Justice in late 2022, recommends a total overhaul of the way childcare and child benefits are provided. It recommends turning both policies into an allowance paid straight to families.⁷⁶ This would restore parental choice over childcare, and reduce the power of the state over families, according to Cates.⁷⁷

While this is desirable in many ways, the legislative hurdles to making this a reality are immense, and it would not be possible between now and a General Election. Instead, the Childcare Act provides a range of powers which could be used to pare back the heavy regulations, and cut costs for families.

Section 33 of the Childcare Act provides a power to mandate childminders' compliance with the entirety of early years regulation.

33 Requirement to register: early years childminders

(1) A person may not provide early years childminding in England unless he is registered [F1] as an early years childminder—

(a) in the early years register, or

(b) with an early years childminder agency.]

(2) The Secretary of State may by order provide that, in circumstances specified in the order, subsection (1) does not apply in relation to early years childminding.

(3) The circumstances specified in an order under subsection (2) may relate to one or more of the following matters (among others)—

(a) the person providing the early years childminding;

(b) the child or children for whom it is provided;

(c) the nature of the early years childminding;

(d) the premises on which it is provided;

(e) the times during which it is provided;

(f) the arrangements under which it is provided.

75 Vanessa Clarke, "Free childcare: Is Jeremy Hunt's Budget promise feasible?", BBC News, 18 March 2023, <https://www.bbc.co.uk/news/education-64985069>

76 "Parents Know Best: The case for empowering families in the early years," Centre for Social Justice, accessed October 2022, https://www.centreforsocialjustice.org.uk/wp-content/uploads/2022/10/Parents_Know_Best-CSJ.pdf.

77 "Ending Britain's Childcare Arms Race," The Critic, accessed February 22, 2024, <https://thecritic.co.uk/ending-britains-childcare-arms-race/>.

As the Explanatory Notes say:

Subsection (2) allows the Secretary of State to exempt certain persons from the requirement to be registered. This power may be used to exempt, for example, nannies and babysitters.

This gives Ministers the ability to significantly cut the regulatory burden on childminders, increase supply, and cut costs for parents, in contrast to the Labour Party's suggestion that childminders be qualified to degree level,⁷⁸ increasing the barriers to entry. If we are able to return the number of childminders closer to what we saw in the 1990s, this would represent a huge increase in competition in the childcare sector, reducing reliance on expensive nurseries, which will be of particular benefit to families where housing is most expensive, like London and much of the South East.

Enacting this would send a strong political signal that the Government is serious about cutting the structural, regulatory costs of childcare. It will also provide those families who do not want to send their children to a childcare provider which teaches a state-mandated curriculum, but are unable to rely on extended family to provide informal childcare, the opportunity to do so.

Considering the Labour Party's pledge to massively expand the state-run provision of childcare⁷⁹ – which would inevitably come with the deepening of an early-years curriculum that many families would oppose – this would serve as a sign that the Conservatives trust families to make their own decisions for how their children are raised, just as before 2006.

78 "Labour would focus on early years to close education gap in England," The Guardian, accessed July 3, 2023, <https://www.theguardian.com/education/2023/jul/03/labour-would-focus-on-early-years-to-close-education-gap-in-england>.

79 Oliver Wright, "Labour plans thousands of new nursery places in primary schools," The Times, accessed February 22, 2024, <https://www.thetimes.co.uk/article/labour-plans-thousands-of-new-nursery-places-in-primary-schools-hzc70pj7l>.

9. Repeal more EU laws

The most exciting part of the Retained EU Law (Revocation and Reform) Act is its ability to repeal EU law with ease. It contains far-reaching powers, which can be used with a broad range of justifications.

This year, the Government published a progress report on Retained EU Law (REUL), and how far departments have come with repeals. So far, repeals have focused on small pieces of business legislation, financial services, procurement, and regulations affecting the wine industry.⁸⁰ These reforms are welcome, but they are largely incremental, instead of policies to deliver a radical departure from the sclerotic and closed economic model in operation in the EU.

There are three powers in the REUL Act which can be used to repeal EU law on a large scale:

14 Powers to revoke or replace

(1)A relevant national authority may by regulations revoke any secondary retained EU law without replacing it.

(2)A relevant national authority may by regulations revoke any secondary retained EU law and replace it with such provision as the relevant national authority considers to be appropriate and to achieve the same or similar objectives.

(3)A relevant national authority may by regulations revoke any secondary retained EU law and make such alternative provision as the relevant national authority considers appropriate.

15 Power to update

(1)A relevant national authority may by regulations make such modifications of any secondary retained EU law, or of any provision made by virtue of section 11, 12 or 14, as the relevant national authority considers appropriate to take account of—

(a)changes in technology, or

(b)developments in scientific understanding.

16 Power to remove or reduce burdens

(1)Part 1 of the Legislative and Regulatory Reform Act 2006 (order-making powers) is amended as follows.

(2)In section 1(6) (power to remove or reduce burdens: definition of “legislation”) after paragraph (aa) (and before the “or” at the end of the paragraph) insert—

“(ab)any retained direct EU legislation.”

(3)In section 12 (procedure: introductory) after subsection (2) insert—

“(3)Paragraph 4 of Schedule 8 to the European Union (Withdrawal) Act 2018

⁸⁰ “Retained EU Law: Parliamentary Report June 2023 to December 2023 - Executive Summary,” gov.uk, accessed February 22, 2024, <https://www.gov.uk/government/publications/retained-eu-law-reul-parliamentary-report/retained-eu-law-reul-parliamentary-report-june-2023-to-december-2023-executive-summary-html-version>.

(procedure for certain modifications of retained direct EU legislation or anything which is retained EU law by virtue of section 4 of that Act) does not apply in relation to orders under this Part."

With these powers on the books, Ministers can diverge from unwanted EU regulations with ease, and do so in a way which is targeted towards economic growth and innovation. Importantly, they can do so quickly.

Suggested regulations to overturn or reform are below:

- **Nutrient neutrality.** These rules flow from the EU's habitats regulations,⁸¹ which demand that any new developments must not result in an increase in nitrogen levels in water supplies above a certain level. This has led to the withdrawal of planning permission from over 100,000 homes throughout the country, according to the Government.⁸² Despite the introduction of a range of mitigation schemes targeted at the primary source of water pollution – agriculture – the Government's attempts to overturn these rules by an amendment to the Levelling Up and Regeneration Bill failed when they were overturned in the House of Lords. In 2023, the Government established a new plan to tackle sewage, and to increase private investment in the improvement of waterways.⁸³ This reduces much of the political and environmental risk of house building. Therefore, Ministers should use the powers in the REUL Act to either revoke or reform this proposal, and reform the Habitats regime to make it cheaper, quicker, and simpler to build much-needed houses.
- **Parallel imports.** Parallel imports is the legal import of consumer goods into a country without the consent of the rightsholder in that country. It is most common in pharmaceuticals, and has been found to increase competition and supply of drugs, cutting costs and significantly increasing consumer welfare.⁸⁴ Despite leaving the EU, the UK decided to remain part of the bloc's intellectual property regime. According to the Financial Times, these rule prevent UK-made products such as books, toys, clothes and pharmaceuticals that have been sold abroad at a lower price in line with local market conditions from being resold at that discount in Britain.⁸⁵ Following a backlash from producer interests, Ministers shelved all reforms to the Parallel Imports regime in 2021.⁸⁶ This is a missed opportunity. Conservatives should never prioritise the interests of producers and rightsholders over consumers. Following a long period of high inflation, Ministers should use the REUL Act powers with haste to cut the costs

81 The Conservation of Habitats and Species Regulations 2017, legislation.gov.uk, accessed February 2024 <https://www.legislation.gov.uk/ukxi/2017/1012/contents>.

82 "Gove to remove nutrient neutrality rules in bid to speed construction of new homes," Local Government Lawyer, accessed February 22, 2024, <https://www.localgovernmentlawyer.co.uk/housing-law/397-housing-news/54894-gove-to-remove-nutrient-neutrality-rules-in-bid-to-speed-construction-of-new-homes>.

83 "All storm overflows now covered by plan to clean up waterways," gov.uk, accessed February 22, 2024, <https://www.gov.uk/government/news/all-storm-overflows-now-covered-by-plan-to-clean-up-waterways>.

84 Abbas MZ. Parallel importation as a policy option to reduce price of patented health technologies. *Journal of Generic Medicines*. 2021;17(4):214-219. doi:10.1177/1741134321999418

85 Dan Thomas, Peter Foster and George Parker, "Creative industries warn IP rights under threat by hunt for 'Brexit dividends'," *Financial Times*, 4 August 2023 <https://www.ft.com/content/01136721-8dc7-41dc-b6e1-e6abf1d898ed>.

86 "UK's Future Exhaustion of Intellectual Property Rights Regime," gov.uk, accessed February 22, 2024, <https://www.gov.uk/government/consultations/uks-future-exhaustion-of-intellectual-property-rights-regime>.

of consumer goods and medicines, by overturning the legacy EU parallel import rules.

- **Data Protection.** The EU's General Data Protection Rules (GDPR) are some of the most aggressive and heavy-handed regulations in the world. They typify the so-called Brussels effect, whereby the EU hopes that by introducing regulations for all businesses trading in its bloc, they will apply worldwide because of the size and wealth of the European market. Unfortunately, it means that we all suffer. Research in 2022 found that GDPR cut companies' profits by over 8 percent, and sales by over 2 percent.⁸⁷ Not only that, but the burden of these regulations has not been felt equally, as large companies have been most able to absorb the compliance costs. According to Tech Monitor: "large IT firms suffered a 4.6 percent drop in profits since GDPR's introduction, compared to a 12 percent drop for small IT firms."⁸⁸ The vast majority of British businesses do not handle sensitive, personal information about their customers like a bank or GP surgery would, who have longstanding, high-quality regimes for data protection. These businesses should be much freer to manage their data protection as they see fit, and be free of the overbearing one-size-fits-all compliance costs of GDPR. Therefore, ministers should use powers in s16 of the REUL Act to remove GDPR requirements from small- and medium-sized businesses.

87 Elise Dickinson, "GDPR cost businesses 8% of their profits, according to a new estimate," Tech Monitor, accessed February 22, 2024, <https://techmonitor.ai/policy/privacy-and-data-protection/gdpr-cost-businesses-8-of-their-profits-according-to-a-new-estimate>.

88 *ibid*

10. Quango sunset clause

One of the Conservative Party's most consistent rhetorical themes in office has been criticising the growth of the administrative state. This is symbolised in the expansion in number, scope, and cost of arms-length bodies, which are government functions outside ministerial – and therefore democratic – control.

Promises to reduce the scope of the state and increase its transparency and accountability have not materialised. Instead, the Government has legislated to establish new quangos, like the Office for Environmental Protection, and to give existing ones even more power, such as the Competition and Markets Authority, and the Financial Conduct Authority.

Despite their alleged independence from government and politics, public bodies take actions which have huge political effects. The Bank of England's control over monetary policy has vast economic, social, and political consequences. However, it does not face the same accountability as ministers, if they do not meet their objectives, like keeping inflation to 2 percent.

The failure of the Post Office in the Horizon scandal is an egregious example of how the state can cause huge damage to people's lives without any real accountability. This was exacerbated by ministers who had no intention of intervening because of its supposed independence from government control, despite being a public body.

The largest quango is, of course, NHS England, which enjoys a budget of £168 billion, but is outside formal Government control.⁸⁹ In 2022, the Government amended this slightly, by introducing the ability for the Secretary of State to issue powers of direction over NHS England in certain circumstances.⁹⁰ These powers are constrained, however, and do not restore serious democratic control over the health service, which is one of the most expensive pieces of government expenditure and a central political issue to voters.

Creating new Arms-Length Bodies seems to be an inevitable fact of the British state. Without a total reform in governance, and overturning decades of received wisdom about the relationship between Parliament, the electorate, and the state, we will likely continue to establish Arms-Length Bodies for the time being.

If that is to be the case, ministers should create a democratic lock on their existence, and implement a sunset clause, to be voted on by Parliament, on every new Arms-Length Body. Arms-Length Bodies which fail should be able to be shut down with ease, rather than through a complicated process, which often involves primary legislation. Government bodies should not expect to exist forever, especially without political or democratic accountability.

89 "NHS 2023/24 Business Plan," NHS England, accessed February 22, 2024, <https://www.england.nhs.uk/long-read/our-2023-24-business-plan/#:-:text=The%20NHS%20resource%20budget%20for,use%20of%20this%20public%20money>.

90 "Health and Care Act 2022," NHS Providers, accessed February 22, 2024, <https://nhsproviders.org/topics/governance/health-and-care-act-2022>.

This should begin with the forthcoming Football Regulator. This will give the state power over whether professional football clubs live or die. Such a matter can be sensitive locally, and will have national effects, considering that the English Premier League is believed to contribute over £7 billion to British GDP.⁹¹ Parliamentarians would be foolish to sign off such sweeping powers to a body outside their own control. A sunset clause would provide the democratic lock they do not yet know they are looking for.

91 Ellie Hunter, "The beautiful game: football's economic impact," British Council, accessed February 22, 2024, <https://www.britishcouncil.org/research-insight/beautiful-game#:~:text=The%20figures%20in%20a%20new,almost%20100%2C000%20full%2Dtime%20jobs>.

Conclusion

The policies recommended here would serve five purposes. They would help cut immigration and restore trust in the immigration system; they would row back many of the progressive Left trends which have taken over so many British institutions; they would cut the tax burden on the middle class and self-employed; they would grow the economy and improve living standards through supply side reform and better regulation; and, they would help to re-democratise the administrative state.

These are matters which should be of fundamental importance to conservatives. Thankfully, as the briefing above shows, they can be implemented with speed and efficiency thanks to existing legislative powers, if we take action this day.

Bibliography

1. Abbas MZ. Parallel importation as a policy option to reduce price of patented health technologies. *Journal of Generic Medicines*. 2021;17(4):214-219. doi:10.1177/1741134321999418
2. Amelia Hill, "Labour plans extend equal pay rights black, Asian, minority ethnic staff," *The Guardian*, February 4, 2024.
3. "Britain's deep state: bulldozing the Blob," *European Conservative*, accessed February 22, 2024, <https://europeanconservative.com/articles/essay/britains-deep-state-bulldozing-the-blob/>.
4. "Burdensome legislation withdrawn in latest move to cut red tape for businesses," gov.uk, accessed February 22, 2024.
5. "Cabinet Office, "Consultation Principles," gov.uk, accessed February 22, 2024.
6. Centre for Policy Studies, "Stamp Duty Land Tax," Centre for Policy Studies, accessed July 12, 2023.
7. Centre for Policy Studies, "Why Choose Britain?" Centre for Policy Studies, accessed February 22, 2024.
8. Chief of the Air Staff statement on RAF recruiting inquiry," Royal Air Force, accessed February 22, 2024, <https://www.raf.mod.uk/news/articles/chief-of-the-air-staff-statement-on-raf-recruiting-inquiry/>.
9. Christopher Howarth, "Britain's deep state: bulldozing the Blob," *European Conservative*, accessed February 22, 2024, <https://europeanconservative.com/articles/essay/britains-deep-state-bulldozing-the-blob/>.
10. Companies Act 2006, legislation.gov.uk, accessed February 22, 2024.
11. Dan Thomas, Peter Foster and George Parker, "Creative industries warn IP rights under threat by hunt for 'Brexit dividends'," *Financial Times*, 4 August 2023.
12. "Delphine Strauss, "Cutting stamp duty increase drives rents," *What Mortgage*, accessed February 22, 2024.
13. Department for Business, Energy & Industrial Strategy, "The Employment Rights Regulations 2023," gov.uk, accessed February 22, 2024.
14. "Downing Street facing rebellion over planning reforms for house building," *iNews*, accessed February 22, 2024, https://inews.co.uk/news/politics/downing-street-facing-rebellion-planning-reforms-house-building-653500?ico=inline_link.
15. Ellie Hunter, "The beautiful game: football's economic impact," *British Council*, accessed February 22, 2024.
16. "Ending Britain's Childcare Arms Race," *The Critic*, accessed February 22, 2024, <https://thecritic.co.uk/ending-britains-childcare-arms-race/>.
17. Equality Act and discrimination: guidance for councils," *Local Government Association*, accessed February 22, 2024.
18. Fact sheet on net migration measures: further detail," gov.uk, accessed February 22, 2024.
19. Final Growth Budget 2023," *Treasury*, accessed February 22, 2024.
20. "Funding the BBC," *Conservative Way Forward*, accessed February 22, 2024.
21. Freddie Sayers, "Why can't Britain force Pakistan to accept a deportation?" *UnHerd*, accessed February 22, 2024.
22. "Funding the BBC," *Conservative Way Forward*, accessed February 22, 2024.
23. "Gove to remove nutrient neutrality rules in bid to speed construction of new homes," *Local Government Lawyer*, accessed February 22, 2024.
24. Greg calls for rise in higher rate income tax threshold," *Greg Smith MP*, accessed February 22, 2024.
25. "Health and Care Act 2022," *NHS Providers*, accessed February 22, 2024.
26. Henry Hill, "Ignore the Hupperts: Cambridge 2040 is an economic and political necessity," *CapX*, accessed February 22, 2024.
27. "HMRC Stamp Duty Land Tax," *Statista*, accessed February 22, 2024.
28. "How staff-to-child ratios work," *Early Years Blog*, accessed February 22, 2024.
29. "HS2 latest: did nimbyism derail Manchester leg of high-speed rail line?" *Bloomberg*, October 3, 2023.
30. "IR35 hits Conservative voters the hardest, doing away with it would be an act of political expediency," *Conservative Home*, accessed July 12, 2023.
31. Jack Doyle, "Jeremy Hunt to step up war on 'woke' civil service jobs," *Daily Mail*, accessed February 22, 2024.
32. "Jon Craig, "Rishi Sunak to intervene in Sadiq Khan's London housebuilding plan," *Sky News*, accessed February 22, 2024.
33. Josephine Moulds, "HS2 latest: did nimbyism derail Manchester leg of high-speed rail line?" *Bloomberg*, October 3, 2023.
34. Josephine Moulds, "Labour plans extend equal pay rights black, Asian, minority ethnic staff," *The Guardian*, February 4, 2024.
35. "Labour would focus on early years to close education gap in England," *The Guardian*, accessed July 3, 2023.
36. "Long residence," gov.uk, accessed February 22, 2024.
37. "Matthew Goodwin, "The Tories face extinction in London," *UnHerd*, accessed February 22, 2024.

38. Matt Hancock broke law over Dido Harding appointment, High Court rules," The Guardian, accessed February 22, 2024.
39. "Michael O'Dwyer, "Stamp duty cut not a way to spend public money wisely," FT Adviser, accessed May 18, 2023.
40. "Michael Race, "Taxpayers to pay £40bn more due to threshold freeze, think tank says", BBC News, 6 October 2023.
41. "Migration Advisory Committee, "The Fiscal Impact of Immigration on the UK," gov.uk, accessed February 22, 2024.
42. "Nationality And Borders Act 2022," legislation.gov.uk, accessed February 22, 2024.
43. Nathan Brooker, "The real problem with stamp duty," Financial Times, February 2019.
44. "Oliver Pringle, "Higher rate taxpayers save under £100k threshold," The Telegraph, accessed February 22, 2024.
45. "Oliver Wright, "Labour plans thousands of new nursery places in primary schools," The Times, accessed February 22, 2024.
46. "Parliament UK, "Secondary Legislation," Parliament UK, accessed February 22, 2024.
47. "Part 7: other categories," gov.uk, accessed February 22, 2024.
48. Paul Johnson, "It's time stamp tax penalises landlords and renters," Institute for Fiscal Studies, accessed February 22, 2024.
49. Piotr Białowąs, "The limitations of legal mechanisms for preventing harmful competition for workers in the European Union," Journal of European Integration, accessed February 22, 2024.
50. Population and Migration," Office for National Statistics, accessed February 22, 2024.
51. "Planning application fees set to increase," CLA (Country Land and Business Association), accessed February 22, 2024.
52. "Rachel Reeves, "The Everyday Economy," Rachel Reeves MP, accessed September 2020.
53. "RAF pauses job offers for white men to meet 'impossible' diversity targets," Sky News, accessed February 22, 2024.
54. "Retained EU Law: Parliamentary Report June 2023 to December 2023 - Executive Summary," gov.uk, accessed February 22, 2024.
55. "Richard Waite, "Research reveals hardest and easiest places to get planning permission," Architects' Journal, accessed February 22, 2024.
56. Robert Booth, "Foreign Office official criticises Rwanda plan asylum seekers," The Guardian, August 16, 2022.
57. "Robert Buckland: IR35 hits Conservative voters the hardest, doing away with it would be an act of political expediency," Conservative Home, accessed July 12, 2023.
58. "Rishi Sunak to intervene in Sadiq Khan's London housebuilding plan," Sky News, accessed February 22, 2024.
59. "Sarah Knapton, "Army to challenge overseas recruits security checks," The Telegraph, February 10, 2024.
60. "Schedule 19," assets.publishing.service.gov.uk, accessed February 22, 2024.
61. "Smarter regulation unveiled to cut red tape and grow the economy," gov.uk, accessed February 22, 2024.
62. "Stamp Duty Land Tax (SDLT) receipts in the United Kingdom (UK) from fiscal year 2000/01 to 2020/21 (in billion GBP)," Statista, accessed February 22, 2024.
63. "Solving the Childcare Challenge," Centre for Policy Studies, accessed May 2022.
64. "Tax Report 2023," The New Conservatives, accessed October 2023.
65. "The Better Business Act 2021," Better Business Act, accessed February 22, 2024.
66. "The Childcare (General Childcare Register) Regulations 2008, legislation.gov.uk, accessed February 2024.
67. "The Conservation of Habitats and Species Regulations 2017, legislation.gov.uk, accessed February 2024.
68. "The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017", legislation.gov.uk, accessed February 22, 2024.
69. "The Impact of Frozen or Reduced Personal Tax Thresholds," Office for Budget Responsibility, accessed February 22, 2024.
70. "The Union and Devolution," publications.parliament.uk, accessed February 22, 2024.
71. "Tom Gillespie, "RAF pauses job offers for white men to meet 'impossible' diversity targets," Sky News, accessed February 22, 2024.
72. "Tom Gillespie, "RAF pauses job offers for white men to meet 'impossible' diversity targets," Sky News, accessed February 22, 2024.
73. "UK house building: Permanent dwellings started and completed," Office for National Statistics, accessed February 22, 2024.
74. "Vanessa Clarke, "Free childcare: Is Jeremy Hunt's Budget promise feasible?," BBC News, 18 March 2023.
75. "Visa penalties and new powers to speed up removal of illegal migrants," gov.uk, accessed February 22, 2024.
76. "Zombie government: ministers criticised as consultations go unanswered," Civil Service World, accessed February 22, 2024.

LEGATUM INSTITUTE

11 Charles Street
London W1J 5DW
United Kingdom
t: +44 (0) 20 7148 5400 | www.li.com

February 2024

