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## 1. BANKING

In recent years, we have seen a massive financial meltdown due to over-lending, over-borrowing and poor regulation. The Government believes that the current system of financial regulation is fundamentally flawed and needs to be replaced with a framework that promotes responsible and sustainable banking, where regulators have greater powers to curb unsustainable lending practices and we take action to promote more competition in the banking sector. In addition, we recognise that much more needs to be done to protect taxpayers from financial malpractice and to help the public manage their own debts.

- We will reform the banking system to avoid a repeat of the financial crisis, to promote a competitive economy, to sustain the recovery and to protect and sustain jobs.
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- We will impose 'sunset clauses' on regulations and regulators to ensure that the need for each regulation is regularly reviewed.
- We will review IR 35, as part of a wholesale review of all small business taxation, and seek to replace it with simpler measures that prevent tax avoidance but do not place undue administrative burdens or uncertainty on the self-employed, or restrict labour market flexibility.
- We will find a practical way to make small business rate relief automatic.
- We will reform the corporate tax system by simplifying reliefs and allowances, and tackling avoidance, in order to reduce headline rates. Our aim is to create the most competitive corporate tax regime in the G20, while protecting manufacturing industries.
- We will seek to ensure an injection of private capital into Royal Mail, including opportunities for employee ownership. We will retain Post Office Ltd in public ownership.
- We will seek to ensure a level playing field between small and large retailers by enabling councils to take competition issues into account when drawing up their local plans to shape the direction and type of new retail development.
- We will give the public the opportunity to challenge the worst regulations.
- We will review employment and workplace laws, for employers and employees, to ensure they maximise flexibility for both parties while protecting fairness and providing the competitive environment required for enterprise to thrive.
- We will make it easier for people to set up new enterprises by cutting the time it takes to start a new business. Our ambition is to make the UK one of the fastest countries in the world to start up a new business. We will reduce the number of forms needed to register a new business, and move towards a 'one-click' registration model.
- We will end the ban on social tenants starting businesses in their own homes.
- We will promote small business procurement, in particular by introducing an aspiration that 25% of government contracts should be awarded to small and medium-sized businesses and by publishing government tenders in full online and free of charge.
- We will consider the implementation of the Dyson Review to make the UK the leading hi-tech exporter in Europe, and refocus the research and development tax credit on hi-tech companies, small firms and start-ups.
- We will review the range of factors that can be considered by regulators when takeovers are proposed.
- We will reinstate an Operating and Financial Review to ensure that directors' social and environmental duties are taken into account.

### 3. CIVIL LIBERTIES

We will be strong in defence of freedom. The Government believes that the British state has become too authoritarian, and that over the past decade it has abused and eroded fundamental human freedoms and historic civil liberties. We need to restore the rights of individuals in the face of encroaching state power, in keeping with Britain's tradition of freedom and fairness.

- We will implement a full programme of measures to reverse the substantial erosion of civil liberties and roll back state intrusion.
- We will introduce a Freedom Bill.
- We will scrap the ID card scheme, the National Identity register and the ContactPoint database, and halt the next generation of biometric passports.
- We will outlaw the finger-printing of children at school without parental permission.
- We will extend the scope of the Freedom of Information Act to provide greater transparency.
- We will adopt the protections of the Scottish model for the DNA database.
- We will protect historic freedoms through the defence of trial by jury.
- We will restore rights to non-violent protest.
- We will review libel laws to protect freedom of speech.
- We will introduce safeguards against the misuse of anti-terrorism legislation.
- We will further regulate CCTV.
- We will end the storage of internet and email records without good reason.
- We will introduce a new mechanism to prevent the proliferation of unnecessary new criminal offences.
- We will establish a Commission to investigate the creation of a British Bill of Rights that incorporates and builds on all our obligations under the European Convention on Human Rights, ensures that these rights continue

to be enshrined in British law, and protects and extends British liberties. We will seek to promote a better understanding of the true scope of these obligations and liberties.

### 4. COMMUNITIES AND LOCAL GOVERNMENT

The Government believes that it is time for a fundamental shift of power from Westminster to people. We will promote decentralisation and democratic engagement, and we will end the era of top-down government by giving new powers to local councils, communities, neighbourhoods and individuals.

- We will promote the radical devolution of power and greater financial autonomy to local government and community groups. This will include a review of local government finance.
- We will rapidly abolish Regional Spatial Strategies and return decision-making powers on housing and planning to local councils, including giving councils new powers to stop 'garden grabbing'.
- In the longer term, we will radically reform the planning system to give neighbourhoods far more ability to determine the shape of the places in which their inhabitants live, based on the principles set out in the Conservative Party publication *Open Source Planning*.
- We will abolish the unelected Infrastructure Planning Commission and replace it with an efficient and democratically accountable system that provides a fast-track process for major infrastructure projects.
- We will publish and present to Parliament a simple and consolidated national planning framework covering all forms of development and setting out national economic, environmental and social priorities.
- We will maintain the Green Belt, Sites of Special Scientific Interest (SSSIs) and other environmental protections, and create a new designation – similar to SSSIs – to protect green areas of particular importance to local communities.



- We will introduce stronger consumer protections, including measures to end unfair bank and financial transaction charges.
- We will take forward measures to enhance customer service in the private and public sectors.
- We will introduce, as a first step, an Ombudsman in the Office of Fair Trading who can proactively enforce the Grocery Supply Code of Practice and curb abuses of power, which undermine our farmers and act against the long-term interest of consumers.
- We will introduce honesty in food labelling so that consumers can be confident about where their food comes from and its environmental impact.
- We will increase households' control over their energy costs by ensuring that energy bills provide information on how to move to the cheapest tariff offered by their supplier, and how each household's energy usage compares to similar households.
- We will give Post Office Card account holders the chance to benefit from direct debit discounts and ensure that social tariffs offer access to the best prices available.
- We will seek to extend protection and support to 'off-grid' energy consumers.
- We will seek to spread information on which policing techniques and sentences are most effective at cutting crime across the Criminal Justice System.
- We will have a full review of the terms and conditions for police officer employment.
- We will introduce measures to make the police more accountable through oversight by a directly elected individual, who will be subject to strict checks and balances by locally elected representatives.
- We will oblige the police to publish detailed local crime data statistics every month, so the public can get proper information about crime in their neighbourhoods and hold the police to account for their performance.
- We will require police forces to hold regular 'beat meetings' so that residents can hold them to account.
- We will make hospitals share non-confidential information with the police so they know where gun and knife crime is happening and can target stop-and-search in gun and knife crime hot spots.
- We will give people greater legal protection to prevent crime and apprehend criminals.
- We will ensure that people have the protection that they need when they defend themselves against intruders.
- We will ban the sale of alcohol below cost price.
- We will review alcohol taxation and pricing to ensure it tackles binge drinking without unfairly penalising responsible drinkers, pubs and important local industries.
- We will overhaul the Licensing Act to give local authorities and the police much stronger powers to remove licences from, or refuse to grant licences to, any premises that are causing problems.
- We will allow councils and the police to shut down permanently any shop or bar found to be persistently selling alcohol to children.

## 6. CRIME AND POLICING

The Government believes that we need radical action to reform our criminal justice system. We need police forces that have greater freedom from Ministerial control and are better able to deal with the crime and anti-social behaviour that blights people's lives, but which are much more accountable to the public they serve.

- We will reduce time-wasting bureaucracy that hampers police operations, and introduce better technology to make policing more effective while saving taxpayers' money.
- We will amend the health and safety laws that stand in the way of common sense policing.



## 8. DEFENCE

The Government believes that we need to take action to safeguard our national security at home and abroad. We also recognise that we need to do much more to ensure that 9cur9r





- We will encourage community-owned renewable energy schemes where local people benefit from the power produced. We will also allow communities that host renewable energy projects to keep the additional business rates they generate.
- As part of the creation of a green investment bank, we will create green financial products to provide individuals with opportunities to invest in the infrastructure needed to support the new green economy.
- We will work towards an ambitious global climate deal that will limit emissions and explore the creation of new international sources of funding for the purpose of climate change adaptation and mitigation.
- Liberal Democrats have long opposed any new nuclear construction. Conservatives, by contrast, are committed to allowing the replacement of existing nuclear power stations provided that they are subject to the normal planning process for major projects (under a new National Planning Statement), and also provided that they receive no public subsidy.
- We will implement a process allowing the Liberal Democrats to maintain their opposition to nuclear power while permitting the Government to bring forward the National Planning Statement for ratification by Parliament so that new nuclear construction becomes possible. This process will involve:
  - the Government completing the drafting of





- We will publish serious case reviews, with identifying details removed.
- We will review the criminal records and vetting and barring regime and scale it back to common sense levels.
- We will crack down on irresponsible advertising and marketing, especially to children. We will also take steps to tackle the commercialisation and sexualisation of childhood.
- We will encourage shared parenting from the earliest stages of pregnancy – including the promotion of a system of flexible parental leave.
- We will put funding for relationship support on a stable, long-term footing, and make sure that couples are given greater encouragement to use existing relationship support.
- We will conduct a comprehensive review of family law in order to increase the use of mediation when couples do break up, and to look at how best to provide greater access rights to non-resident parents and grandparents.
- We will work to establish a new ‘special relationship’ with India and seek closer engagement with China, while standing firm on human rights in all our bilateral relationships.
- We will maintain a strong, close and frank relationship with the United States.
- We want to strengthen the Commonwealth as a focus for promoting democratic values and development.
- We will work to promote stability in the Western Balkans.
- We will support concerted international efforts to prevent Iran from obtaining a nuclear weapon.
- We support reform of the UN Security Council, including permanent seats for Japan, India, Germany, Brazil and African representation.
- We will work to intensify our cultural, educational, commercial and diplomatic links with many nations beyond Europe and North America to strengthen the UK’s relations with the fastest-growing areas of the world economy.

## 15. FOREIGN AFFAIRS

The Government believes that Britain must always be an active member of the global community, promoting our national interests while standing up for the values of freedom, fairness and responsibility. This means working as a constructive member of the United Nations, NATO and other multilateral organisations including the Commonwealth; working to promote stability and security; and pushing for reform of global institutions to ensure that they reflect the modern world.

- We will take forward our shared resolve to safeguard the UK’s national security and support our Armed Forces in Afghanistan and elsewhere.
- We will push for peace in the Middle East, with a secure and universally recognised Israel living alongside a sovereign and viable Palestinian state.

- We will never condone the use of torture.

## 16. GOVERNMENT TRANSPARENCY

The Government believes that we need to throw open the doors of public bodies, to enable the public to hold politicians and public bodies to account. We also recognise that this will help to deliver better value for money in public spending, and help us achieve our aim of cutting the record deficit. Setting government data free will bring significant economic benefits by enabling businesses and non-profit organisations to build innovative applications and websites.

- We will require public bodies to publish online the job titles of every member of staff and the salaries and expenses of senior officials paid more than the lowest salary permissible in Pay

Band 1 of the Senior Civil Service pay scale, and organograms that include all positions in those bodies.

- We will require anyone paid more than the Prime Minister in the centrally funded public sector to have their salary signed off by the Treasury.
- We will regulate lobbying through introducing a statutory register of lobbyists and ensuring greater transparency.
- We will also pursue a detailed agreement on limiting donations and reforming party funding in order to remove big money from politics.
- We will strengthen the powers of Select Committees to scrutinise major public appointments.
- We will introduce new protections for whistleblowers in the public sector.
- We will take steps to open up government procurement and reduce costs; and we will publish government ICT contracts online.
- We will create a level playing field for open-source software and will enable large ICT projects to be split into smaller components.
- We will require full, online disclosure of all central government spending and contracts over £25,000.
- We will create a new 'right to data' so that government-held datasets can be requested and used by the public, and then published on a regular basis.
- We will require all councils to publish meeting minutes and local service and performance data.
- We will require all councils to publish items of spending above £500, and to publish contracts and tender documents in full.
- We will ensure that all data published by public bodies is published in an open and standardised format, so that it can be used easily and with minimal cost by third parties.

## 17. IMMIGRATION

The Government believes that immigration has enriched our culture and strengthened our economy, but that it must be controlled so that people have confidence in the system. We also recognise that to ensure cohesion and protect our public services, we need to introduce a cap on immigration and reduce the number of non-EU immigrants.

- We will introduce an annual limit on the number of non-EU economic migrants admitted into the UK to live and work. We will consider jointly the mechanism for implementing the limit.
- We will end the detention of children for immigration purposes.
- We will create a dedicated Border Police Force, as part of a refocused Serious Organised Crime Agency

## 18. INTERNATIONAL DEVELOPMENT

The Government believes that even in these difficult economic times, the UK has a moral responsibility to help the poorest people in the world. We will honour our aid commitments, but at the same time will ensure much greater transparency and scrutiny of aid spending to deliver value for money for British taxpayers and to maximise the impact of our aid budget.

- We will honour our commitment to spend 0.7% of GNI on overseas aid from 2013, and to enshrine this commitment in law.
- We will encourage other countries to fulfil their aid commitments.
- We will support actions to achieve the Millennium Development Goals. In particular, we will prioritise aid spending on programmes to ensure that everyone has access to clean water, sanitation, healthcare and education; to reduce maternal and infant mortality; and to restrict the spread of major diseases like HIV/AIDS, TB and malaria. We will recognise the vital role of women in development, promote gender equality and focus on the rights of women, children and disabled people to access services.
- We will use the aid budget to support the development of local democratic institutions, civil society groups, the media and enterprise; and support efforts to tackle corruption.
- We will introduce full transparency in aid and publish details of all UK aid spending online. We will push for similarly high levels of transparency internationally.
- We will create new mechanisms to give British people a direct say in how an element of the aid budget is spent.
- We will keep aid untied from commercial interests, and will maintain DfID as an independent department focused on poverty reduction.
- We will stick to the rules laid down by the OECD about what spending counts as aid.
- We will push hard in 2010 to make greater progress in tackling maternal and infant mortality.
- We will work to accelerate the process of relieving Heavily Indebted Poor Countries of their debt.
- We will support efforts to establish an International Arms Trade Treaty to limit the sales of arms to dangerous regimes.
- We will support pro-development trade deals, including the proposed Pan-African Free Trade Area.
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- We will bring forward a Referendum Bill on electoral reform, which includes provision for

- We will stop plans to impose supplementary business rates on firms if a majority of the firms affected do not give their consent.
- We will give residents the power to veto excessive council tax increases.
- We will continue to promote peace, stability and economic prosperity in Northern Ireland, standing firmly behind the agreements negotiated and institutions they establish. We will work to bring Northern Ireland back into the mainstream of UK politics, including producing a government paper examining potential mechanisms for changing the corporation tax rate in Northern Ireland.
- We will implement the proposals of the Calman Commission and introduce a referendum on further Welsh devolution.
- We will review the control and use of accumulated and future revenues from the Fossil Fuel Levy in Scotland.
- We recognise the concerns expressed by the Holtham Commission on the system of devolution funding. However, at this time, the priority must be to reduce the deficit and therefore any change to the system must await the stabilisation of the public finances. Depending on the outcome of the forthcoming referendum, we will establish a process similar to the Calman Commission for the Welsh Assembly. We will take forward the Sustainable Homes Legislative Competence Order.
- We will make the running of government more efficient by introducing enhanced Departmental Boards which will form collective operational leadership of government departments.

## 25. PUBLIC HEALTH

The Government believes that we need action to promote public health, and encourage behaviour change to help people live healthier lives. We need an ambitious strategy to prevent ill-health which harnesses innovative techniques to help people take responsibility for their own health.

- We will give local communities greater control over public health budgets with payment by the outcomes they achieve in improving the health of local residents.
- We will give GPs greater incentives to tackle public health problems.
- We will investigate ways of improving access to preventative healthcare for those in disadvantaged areas to help tackle health inequalities.
- We will ensure greater access to talking therapies to reduce long-term costs for the NHS.

## 26. SCHOOLS

The Government believes that we need to reform our school system to tackle educational inequality, which has widened in recent years, and to give greater powers to parents and pupils to choose a good school. We want to ensure high standards of discipline in the classroom, robust standards and the highest quality teaching. We also believe that the state should help parents, community groups and others come together to improve the education system by starting new schools.

- We will promote the reform of schools in order to ensure that new providers can enter the state school system in response to parental demand; that all schools have greater freedom over the curriculum; and that all schools are held properly to account.
- We will fund a significant premium for disadvantaged pupils from outside the schools budget by reductions in spending elsewhere.
- We will give parents, teachers, charities and local communities the chance to set up new



neighbourhood groups, charities, social enterprises and other non-governmental bodies.

- We will take a range of measures to encourage volunteering and involvement in social action, including launching a national day to celebrate and encourage social action, and make regular community service an element of civil service staff appraisals.

## 28. SOCIAL CARE AND DISABILITY

The Government believes that people needing care deserve to be treated with dignity and respect. We understand the urgency of reforming the system of social care to provide much more control to individuals and their carers, and to ease the cost burden that they and their families face.

- We will establish a commission on long-term care, to report within a year. The commission will consider a range of ideas, including both a voluntary insurance scheme to protect the assets of those who go into residential care, and a partnership scheme as proposed by Derek Wanless.
- We will break down barriers between health and social care funding to incentivise preventative action.
- We will extend the greater roll-out of personal budgets to give people and their carers more control and purchasing power.
- We will use direct payments to carers and better community-based provision to improve access to respite care.
- We will reform Access to Work, so disabled people can apply for jobs with funding already secured for any adaptations and equipment they will need.

## 29. TAXATION

The Government believes that the tax system needs to be reformed to make it more competitive, simpler, greener and fairer. We need to take action to ensure that the tax framework better reflects the values of this Government.

- We will increase the personal allowance for income tax to help lower and middle income earners. We will announce in the first Budget a substantial increase in the personal allowance from April 2011, with the benefits focused on those with lower and middle incomes. This will be funded with the money that would have been used to pay for the increase in employee National Insurance thresholds proposed by the Conservative Party, as well as revenues from increases in Capital Gains Tax rates for non-business assets as described below. The increase in employer National Insurance thresholds proposed by the Conservatives will go ahead in order to stop the planned jobs tax.
- We will further increase the personal allowance to £10,000, making real terms steps each year towards meeting this as a longer-term policy objective. We will prioritise this over other tax cuts, including cuts to Inheritance Tax.
- We will also ensure that provision is made for Liberal Democrat MPs to abstain on budget resolutions to introduce transferable tax allowances for married couples without prejudice to the coalition agreement.
- We will reform the taxation of air travel by switching from a per-passenger to a per-plane duty, and will ensure that a proportion of any increased revenues over time will be used to help fund increases in the personal allowance.
- We will seek ways of taxing non-business capital gains at rates similar or close to those applied to income, with generous exemptions for entrepreneurial business activities.
- We will make every effort to tackle tax avoidance, including detailed development of Liberal Democrat proposals.

- We will increase the proportion of tax revenue accounted for by environmental taxes.
- We will take measures to fulfil our EU treaty obligations in regard to the taxation of

- attract a higher proportion of students from disadvantaged backgrounds.
- If the response of the Government to Lord Browne's report is one that Liberal Democrats cannot accept, then arrangements will be made to enable Liberal Democrat MPs to abstain in any vote.
- We will review support for part-time students in terms of loans and fees.
- We will publish more information about the costs, graduate earnings and student satisfaction of different university courses.
- We will ensure that public funding mechanisms for university research safeguard its academic integrity.









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