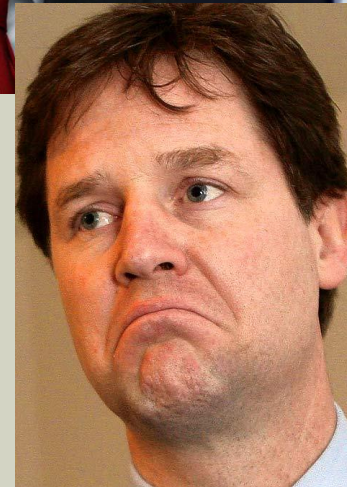


The political outlook for the 2015 election and beyond

John Slaughter
September 2014

2015 ELECTION AND WIDER POLITICAL CHANGE

The election players



More questions than answers?

What do the polls say about 2015?

The most likely outcome currently remains a modest Labour majority, but not certain.

	2010 Votes	2010 Seats	Pred Votes	Pred Seats
CON	36.97%	307	31.82%	258
LAB	29.66%	258	34.31%	340
LIB	23.56%	57	8.49%	19
UKIP	3.17%	0	15.89%	0
NAT	2.26%	9	2.95%	14
MIN	4.37%	19	6.54%	19

Labour majority by 30 seats.

Lab-Lib Coalition

Political Party	Voting Intention Based on the Conservatives Closing the Gap come Election Time	Amount of Seats Won (based on a uniform swing)
Con	36%	289 Seats
Lab	36%	323 Seats
Lib Dem	9%	11 Seats
UKIP	10%	0 Seats
Other	9%	27 Seats

Conservatives punished by the electoral boundaries

Labour short of a majority by 4 seats.

Who would hold the Lib Dems together – do Cables always bind?



Which Coalition/ Minority government?

Political Party	Voting Intention Based on the Conservatives moving ahead come Election Time	Amount of Seats Won (based on a uniform swing)
Con	36%	299 Seats
Lab	34%	313 Seats
Lib Dem	9%	11 Seats
UKIP	14%	0 Seats
Other	7%	27 Seats

Continuation of the current government – but looser arrangement?

Con-Lib Coalition

Political Party	Voting Intention Based on the Conservatives moving ahead come Election Time	Amount of Seats Won (based on a uniform swing)
Con	37%	306 Seats
Lab	33%	296 Seats
Lib Dem	12%	21 Seats
UKIP	9%	0 Seats
Other	9%	27 Seats

Continuation of the current government – but looser arrangement?

Conservative Majority

The Conservatives must win voters back from UKIP in 2015.

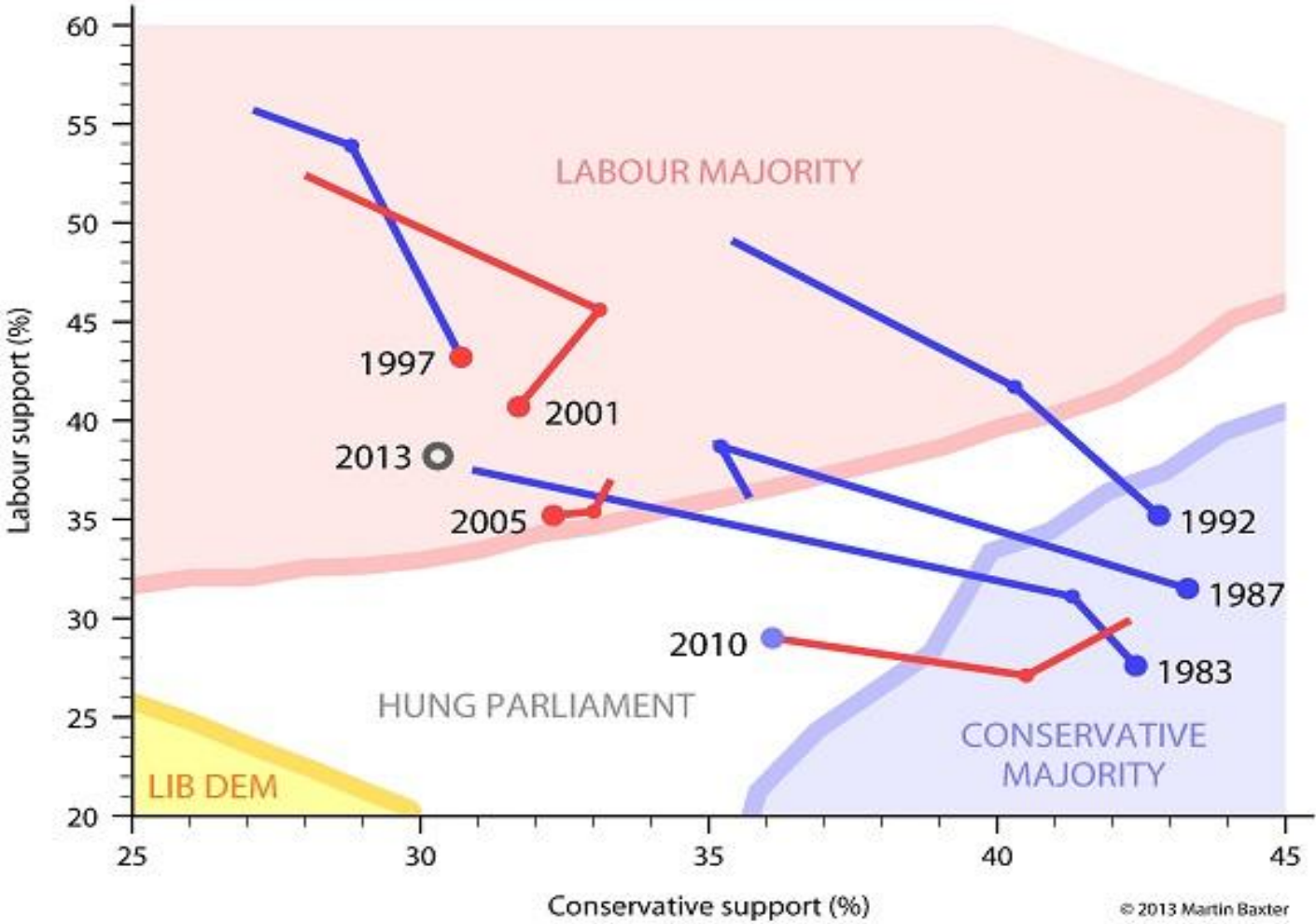
Political Party	Voting Intention Based on the Conservatives Closing the Gap come Election Time	Amount of Seats Won (based on a uniform swing)
Con	39%	336 Seats
Lab	32%	271 Seats
Lib Dem	11%	15 Seats
UKIP	9%	0 Seats
Other	9%	28 Seats

The Conservatives would need larger share of the vote than in 2010. Electoral boundaries favour Labour.

Playing the percentages

Election outcome	Predicted probability
Conservative majority	11%
Labour majority	57%
Con/Lib Coalition	6%
Lab/Lib Coalition	14%
Lib choice of Coalition	0%
No overall control	12%

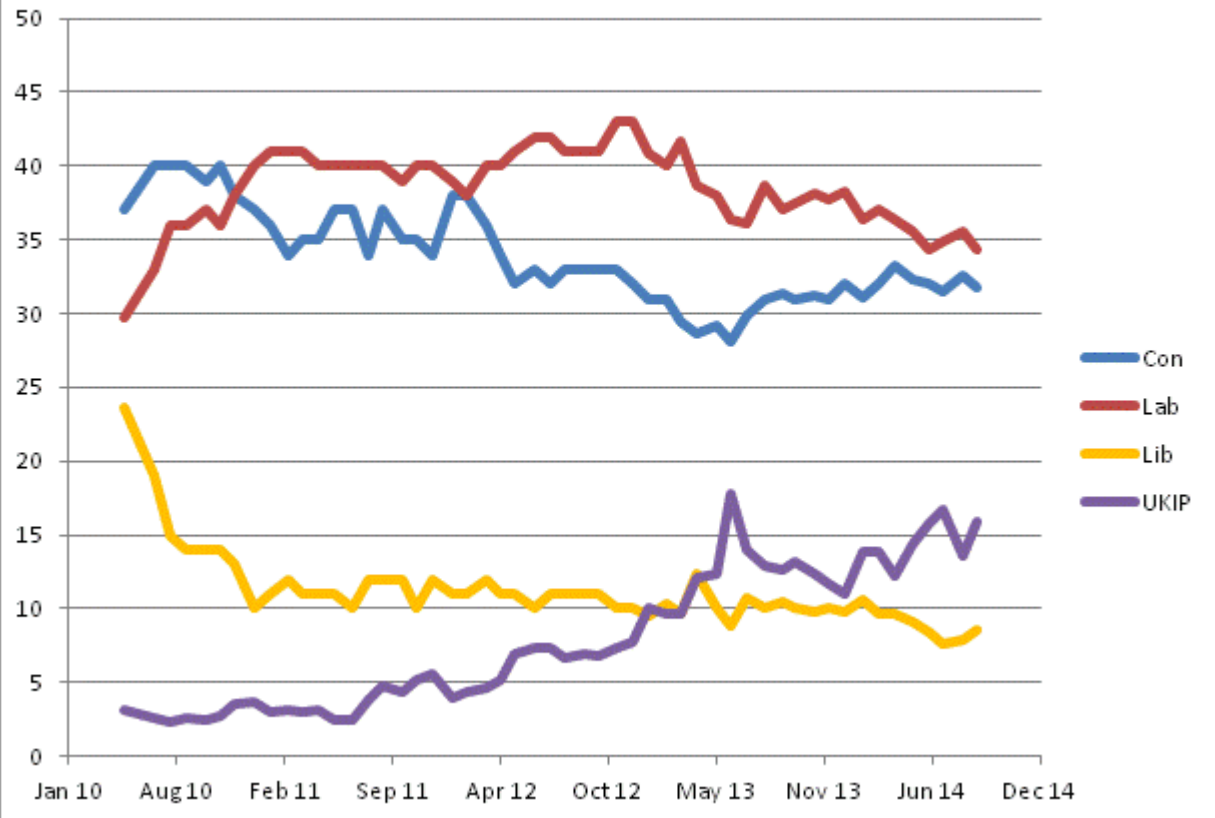
Can the Conservatives win?



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Opinion Poll average since May 2010



Recovery?

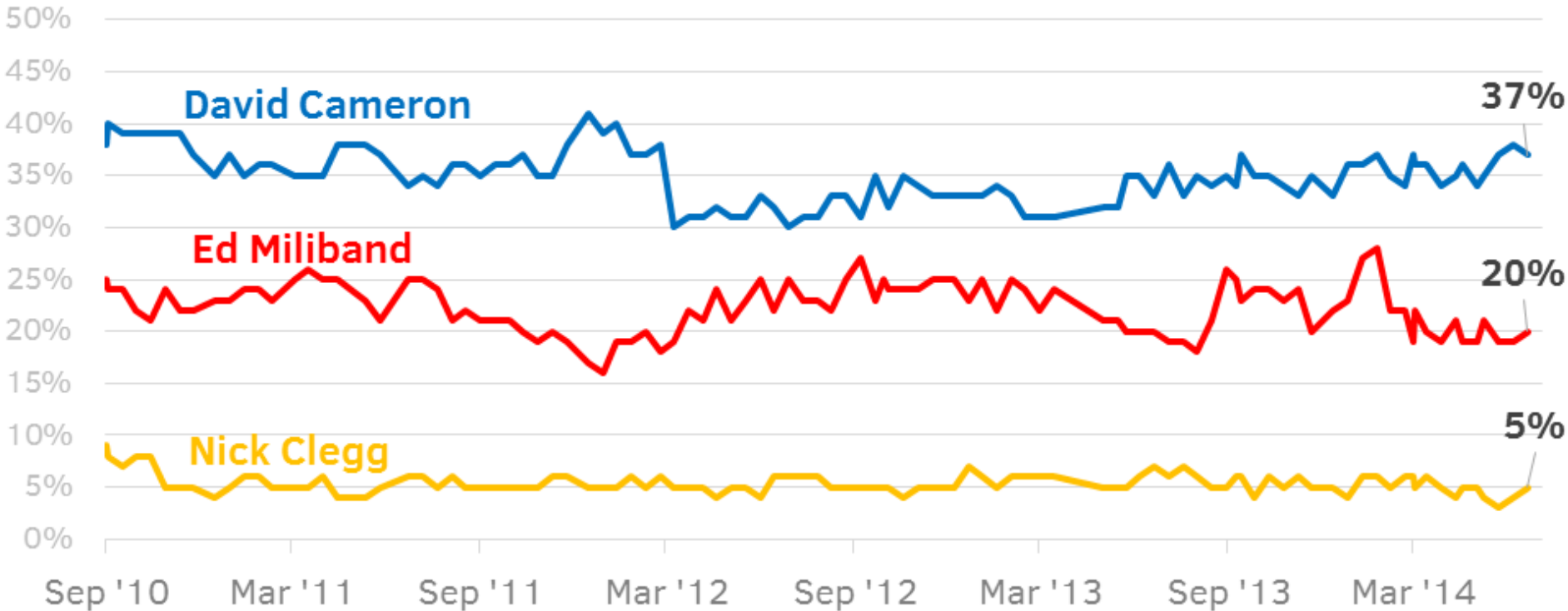
Will this enable
Conservatives
to close the
gap?

Ipsos-MORI Economic Optimism Index	
Mar 2014	+23
Apr 2014	+25
May 2014	+35
Jun 2014	+29
Jul 2014	+25
Aug 2014	+32
Sep 2014	+24

The public's optimism continues in recent months at its highest level since May 1997 when Tony Blair and New Labour had just moved into Downing Street. How will this play in 2015?

The best Prime Minister

Which of these would make the best Prime Minister? %



POST 2015 ISSUES

Political fragmentation

- Old two party system eroded:
 - Labour and Tories c. 2/3rds of vote only
 - Much reduced party membership
 - Issue based politics
 - Disengagement of the young
 - Quick build protest through social media
 - 24/7 news and communications
- **Big decisions harder to take?**

Uncertainties/ distractions

- Economic recovery – perceptions of who is benefitting
- Referendum on Scottish independence:
 - Risk factor – close result
 - Now certain to lead to further devolution whatever the outcome
 - Difficult negotiations if “yes” to independence or “devo max”
 - Who votes on English issues? English resistance to devo max.
- EU referendum if Conservatives in Government:
 - Diversion of political attention away from other issues
 - Political realignment between parties?
- Business reputation/ home building profits – political hardening?
- Our housing asks may have to fight harder for attention/ action

The Referendum



- Two days out polling (don't know's excluded) shows the yes vote 48% and no vote 52%. Within margins of error.
- It is almost certain that Scotland would continue to have representation in Parliament up until the moment of independence.
- In the event that Scotland was excluded from the GE – or decisions on English issues - then **on current polling** Labour in marginal territory to win a majority. If Lab and Cons both on 35% would have approx. same number of seats in England.

Political Party	Predicted Seats	
Con	258	
Lab	340	
Lib	19	
UKIP	0	
Nat	14	
Min	19	Labour majority => 30
Excluding Scotland.....		
Political Party	Predicted Seats	
Con	254	
Lab	299	
Lib	16	
UKIP	0	
Nat	3	
Min	19	Labour majority => 7

The Scottish dimension

- Devo Max conceded
- Will consume much political time
- Affect English voters' thinking for 2015
- Help Conservatives/ UKIP?
- English devolution?
- English political realignment 2015-20 – crisis of democratic legitimacy?
- Implications down track for planning?



The Farage Balloon

UKIP

- Little England or anti-Westminster or the shut out?
- May be some of all
- Real challenge for the Conservatives in 2015, but also attracting working class Labour voters
- Epitomise wider disenchantment – nimby tendencies
- If not UKIP, who will inherit the whirlwind post 2015?
- Legitimacy of Labour's 35% strategy doubtful in this context



Housing market politics post 2015

Labour win

- If win on 35% strategy:
 - First year or two could be difficult if Miliband opts to be radical for election – Lyons Review next week key on housing and GE debate
 - But small base of support should sooner or later focus minds on need to work with private sector/ meet aspiration and Labour broadly supports NPPF and H2B1. Strong commitment to 200,000 a year
 - Scotland and likely constituency boundary changes a further challenge to Labour's electoral base in England and chances in 2020
 - What will Labour's biggest ask of the industry be – use it or lose it, affordable housing, brownfield, skills?

Conservative outlook

- Complex prognosis:
 - Fighting on 3 or 4 fronts in GE
 - Which is dominant consideration - UKIP?
 - What does Cameron really believe in?
 - New leader post Referendum or if don't perform better than in 2010?
 - If shifting to the right will support for planning reform weaken/back Labour on brownfield first?
 - EU referendum a major distraction if in power

Lib Dem reconstruction

- How much ground will be lost in GE?
 - Significant damage, but not wipe out
 - Strength in local base and constituency care
 - New leader
 - Restating of centre-left credentials (space left by Lab and Cons)?
 - May be reluctant to repeat current coalition even if Cons largest party
 - Growing interest in housing – 300,000 a year, but localist

Conclusion

- Look less certain times politically. Can the political centre weather the storm, realign and engage rising generation for future?



- A lot of questions and potential challenges for HBF and industry

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