

The post-election political landscape

Public affairs challenges



Introductions

- Stephen Edwards, Deputy Managing Partner, Interel
 - Leading independent public affairs consultancy
 - Blue chip client base across ICT, transport, defence, financial services consumer and public service sectors
 - My background – think tank world coupled with fifteen years of consultancy experience
- Katherine Morgan, Director, Interel
 - Six years of consultancy, eight years in Treasury, European Commission
- Christine Thompson, UK Government Affairs Manager, SABMiller
 - World's 2nd largest brewer, FTSE 10 company
 - 70, 000 employees, operating in more than 80 countries, brewing more than 200 beers
 - Brands include Peroni, Pilsner Urquell, Miller Light and Grolsch



Contents

- Analysing the result
- Early business considerations
- What does the future hold?

The result

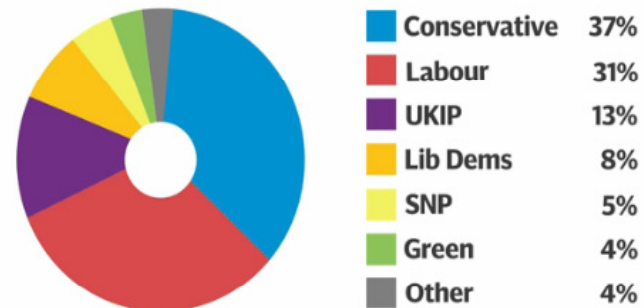
Conservative majority - No pollster or pundit saw it coming.



General Election 2015 - National Seats

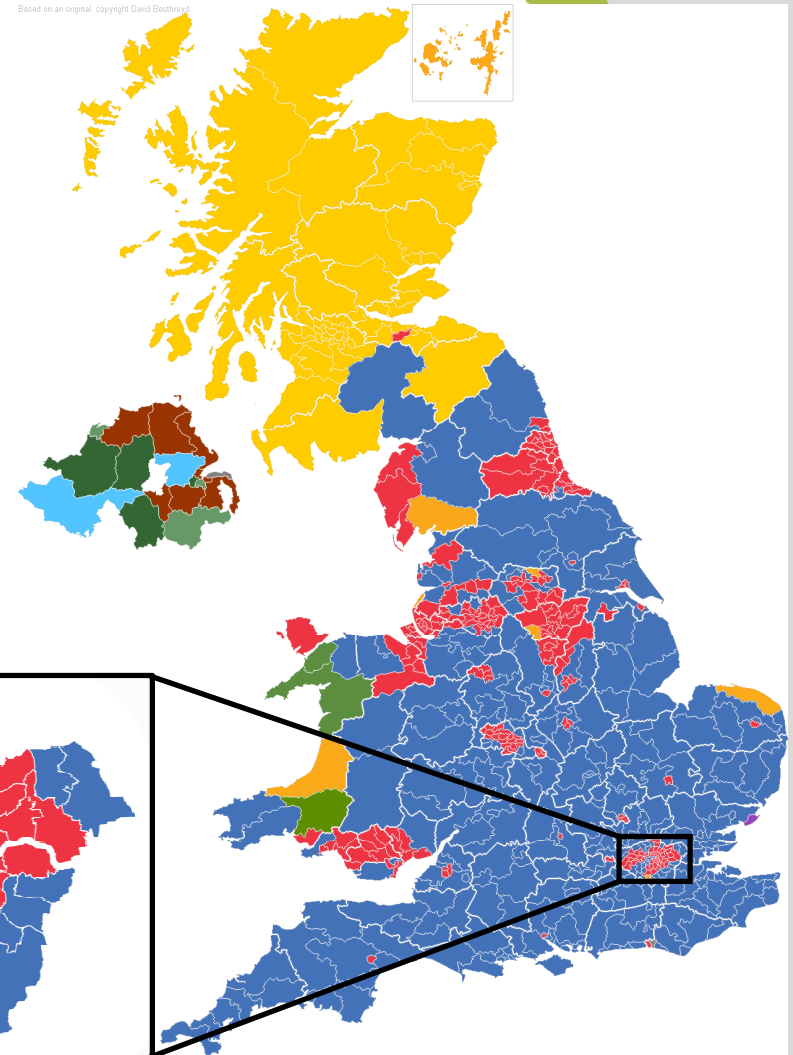
	326	SEATS	CHANGE
Conservative	331	331	+24
Labour	232	232	-26
SNP	56	56	+50
Lib Dems	8	8	-49
Other	21	21	0
UKIP	1	1	+1
Green	1	1	0

General Election 2015 - Share of the vote



Result in maps

- SNP becomes dominant force in Scotland with 56 of 59 seats
- Lib Dem support collapses across the country.
- Tories strong in south of England and much of the midlands
- Labour strong in London and parts of the north, but fall behind elsewhere
- UKIP gets 12.6% of all votes but fail to turn it into seats
- Greens retain one seat



High profile losers

Losers - Liberal Democrats



Danny Alexander
OUT

Vince Cable
OUT

Simon Hughes
OUT

Charles Kennedy
OUT

Losers - Labour Party



Douglas Alexander
OUT

Jim Murphy
OUT

Ed Balls
OUT



**Nigel Farage fails to win
Thanet**



**Mark Reckless, who defected from the
Tories last year, lost his seat**

Why did the pollsters get it so wrong?

- Lazy Labour
- Late deciders
- Shy Tories
- Unelectable Ed



What does this mean?

- Tories govern with majority of 11 (15 when Sinn Fein taken into account)
- Won't be plain sailing for Cameron.
- Constitutional change
 - Human Rights Act
 - Boundary redrawing
 - Devolution and EVEL
- Worst Labour performance in half a century; LibDem wipe out
- Two leadership resignations, one "unresignation"
- UKIP threat remains and SNP growing.

Business implications

Judgement calls increasingly important

- Ed Miliband's perceived anti-business stance a key election issue for business
- Business endorsement sort by Conservatives and Labour
- Questions arise around business engagement in high-profile political debates (eg Scottish and EU referendums)
- Company policies and positions around political donations and alignment



theguardian
Winner of the Pulitzer prize 2014

How the Conservatives orchestrated the letter from business leaders - and got it wrong

Labour offers counterpunch to Daily Telegraph business letter



100 business chiefs: Labour threatens Britain's recovery

In a letter to The Telegraph, senior executives from companies employing more than half-a-million people hail Conservative economic policies which they say show that "the UK is open for business"

Business interests and the new Parliament

Occupational background of MPs (brackets 2010 figures)

	All MPs	Labour	Conservative	Lib Dem	SNP
Business (SMEs, corporate, consultants)	22% (19%)	14% (7%)	29% (29%)	25% (31%)	29% (17%)
Finance (banking, accountancy)	15% (15%)	4% (3%)	25% (27%)	0% (12%)	9%
Law	14% (14%)	12% (11%)	17% (18%)	25% (8%)	9% (17%)
Media	10% (10%)	10% (12%)	9% (8%)	13% (12%)	16% (33%)
Teachers	5% (6%)	7% (8%)	3% (4%)	13% (10%)	4%
Lecturer	4% (6%)	6% (10%)	2% (8%)	13 (10%)	5% (17%)
Public affairs (PR, marketing)	8% (11%)	6% (6%)	12% (15%)	25% (15%)	0%
Health	4% (2.5%)	4% (2%)	4% (3%)	0% (2%)	4%
Manual	3% (4%)	7% (9%)	1% (1%)	0% (0%)	0%
Politics	25% (24%)	29% (27%)	19% (20%)	25% (21%)	35%
Agriculture	1% (2%)	0% (0%)	2% (3%)	0% (2%)	0%
Voluntary	8% (9%)	15% (15%)	3% (3%)	0% (8%)	13% (17%)
Armed services	4% (4%)	0% (1%)	7% (8%)	0% (0%)	0%
Unions	6% (7%)	15% (18%)	0% (0%)	0% (0%)	2%

Base: 627 (There is an element of double counting as some MPs have had more than one type of job)

Cameron's Cabinet

David Cameron Prime Minister				
George Osborne Chancellor of the Exchequer		Philip Hammond Foreign Secretary	Theresa May Home Secretary	
Sajid Javid Business Secretary	Michael Fallon Defence Secretary	Iain Duncan Smith Work and Pensions Secretary	Nicky Morgan Education Secretary	Greg Clark Communities and Local Government Secretary
Liz Truss Environment and Rural Affairs Secretary	John Whittingdale Culture Secretary	Patrick McLoughlin Transport Secretary	Jeremy Hunt Health Secretary	Michael Gove Justice Secretary
Amber Rudd Energy Secretary	Justine Greening International Development Secretary	Stephen Crabb Welsh Secretary	Theresa Villiers Northern Ireland Secretary	David Mundell Scottish Secretary
Oliver Letwin Minister for Government Policy		Chris Grayling Leader of the Commons	Baroness Stowell Leader of the Lords	
Greg Hands* Chief Secretary to the Treasury	Anna Soubry* Small Business Minister	Matthew Hancock* Minister for Cabinet Office	Jeremy Wright QC* Attorney General	Priti Patel* Employment minister
Mark Harper* Chief Whip	Baroness Anelay of St Johns* Minister of State, FCO	Lord Feldman* Party Chairman	Robert Halfon* Deputy Chairman	

*Also attending
cabinet

Rt Hon Sajid Javid MP

Secretary of State for Business Innovation and Skills

- Before being elected MP, worked in business and finance.
- Vice President, Chase Manhattan Bank.
- Senior Managing Director, Deutsche Bank



Looking ahead - Business issues

- EU – renegotiation and referendum
- Further devolution to Scotland, Wales and the regions
- Austerity
- Taxation lock
- Deregulation – business competitiveness and labour law
- Immigration
- Infrastructure

Europe: renegotiation and referendum

- UK engagement in Europe has suffered over last five years – need for new approach
- Renegotiation has already started ahead of referendum in 2016
- Led by George Osborne
- Key issues:
 - Treaty or no treaty?
 - Immigration and benefits
 - National parliament veto on EU legislation
- But with a more Eurosceptic Conservative Party, will any deal be good enough?
- Holding Cabinet in line within yes camp

Scotland: implementing the Smith Commission

- Smith Commission
- Scottish Parliament elections, 2016
- English Votes for English Laws
- Can Labour come back in Scotland?
 - Impact of boundary changes



The wider devolution agenda

- Wales
- The cities

Austerity

- The austerity journey will continue – 20% reduction in public spending
- Welfare cuts
- Taxation:
 - Diverted Profits tax
 - Tax lock – no increases in VAT, income tax
 - Tax avoidance and tax planning
- Machinery of government changes – but not yet
- Efficiency and reform agenda to continue under Matt Hancock
- Asset sales

Deregulation

- Budget – 8 July. “Laser-like focus” on productivity and living standards
- BIS under Sajid Javid
 - Deregulation Mk.2
 - Labour market flexibility – strikes
 - Free childcare
 - Apprenticeships

Infrastructure

- Aviation expansion
 - Davies Commission
 - Heathrow
- Keeping the lights on
 - Nuclear
 - Fracking
- Broadband

Immigration

- Key issue for business – especially skilled labour
- Conservative crackdown will continue – Immigration Bill in Queen's Speech
 - Illegal working
 - Automatic visa notification
 - Recruiting abroad
 - Bank checks

Challenges ahead

- Managing a small majority
- Dealing with the SNP
- Dealing with Boris/Tory contenders
- Europe
- Backbench power
- Delivering austerity

The Conservatives: maintaining party loyalty

- Bringing former rebels into government
- But a far more Eurosceptic party – and old habits die hard
- Death and resignation – will Cameron be dependent on the DUP/UUP?
- Cameron standing down before 2020 – leadership candidates on manoeuvres beforehand?

The Labour Party: the future

A return to the centre?

- Big issues
 - Battling for the heart of the party
 - Restoring economic credibility
 - Bouncing back in Scotland
 - Labour has made little or no headway in England
- Current candidates
- New electoral process – but union vote still significant
- Can the left and right unify around a single candidate?
 - Centre ground – Liz Kendall
 - Left uniting around Andy Burnham, Yvette Cooper?

Scottish National Party

- Scottish lion has roared – but muzzled by Labour's failure to win
- Who are the 56?
- Eyes on 2016
- Pushing for fiscal autonomy and a future referendum?

The Liberal Democrats: the future

Building from the bottom

- Reduced to only 8 seats
- Rebuilding the LibDem local base
- Leadership election - Tim Farron, Norman Lamb
- Long haul ahead – now in third place behind UKIP in many seats
- ...but huge membership increase since election

UKIP

Farage Mk.2

- Douglas Carswell as sole MP – short money
- EU Referendum
- Still a protest vote?

Cameron's first Queen's Speech

A running start

- EU Referendum Bill
- Bill of Rights/Human Rights Bill repeal
- Education Bill
- Tax Bill
- Enterprise Bill
- Immigration Bill
- Policing Bill
- Employment Bill – strikes in particular
- Childcare Bill
- Finance Bill
- City Devolution Bill
- Communications Data Bill

The months and years ahead

- 2015
 - 27 May: State Opening of Parliament
 - 8 July: Budget
 - 4 June: Private Members Ballot
 - 16 June: New LibDem leader announced
 - 31 July: Labour's London Mayoral candidate announced
 - 12 September: New Labour leader announced
 - September/October: Party conferences
- 2016 – Scottish Parliament elections, London Mayoral Election, EU Referendum?
- 2018 – Conservative Leadership election?
- 2020 – next General Election?

Conclusion

- Conservative Majority Government most business-friendly option – but significant risks remain
- Challenges of governing with a small majority – consider legislative and non-legislative methods
- Think about nurturing champions – particularly within ranks of new Conservatives

Getting in touch

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