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Report of: Remembrancer Director of Communications	For Information
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Summary

This report summarises the changes to Parliament and Government following the General Election and the implications for the City of London Corporation.

With no political party achieving the necessary 326 seats to win an overall majority in the 2017 General Election, the resulting minority Conservative government, supported by a confidence and supply agreement with the Democratic Unionist Party (DUP), will have major implications for the UK's future legislative programme and Brexit negotiations. As parliamentary scrutiny picks up following the election there will be an opportunity for business and the City to contribute to the debate.

Recommendation

Members are asked to note the contents of this report.

Main Report

Election results

1. With no clear majority in the House of Commons and a minority of Conservative Peers in the House of Lords, the Government will face a more difficult task in securing the passage of its business through Parliament. In the Commons, individual backbenchers will be able to wield more influence, particularly on the Government benches. In the Lords, a dispute beckons about the applicability of the Salisbury Convention, which usually permits a government to push manifesto pledges through the Upper Chamber. Some Labour and Liberal Democrat Peers have cast doubt on the applicability of the Convention in the light of the Conservatives' failure to secure an absolute majority.
2. Parliament has 99 newly elected Members. Of these, 51 are Labour, 32 Conservative and eight Liberal Democrat. Going against the trend in England and Wales, the Scottish Conservatives, led by Ruth Davidson, gained 12 seats to take their total to 13, second only behind the SNP who have 35 seats.
3. There is significant political experience amongst the newcomers, including 10 former MPs, three MEPs, several MSPs and an MLA, and one former member of

the GLA. Financial services and legal backgrounds feature prominently amongst the new intake.

4. The 2017 Parliament is also its most diverse – with 208 women (an increase of 17 to take it up to 33% of total MPs), five MPs with a registered disability, 51 BAME, and over half of the total number of MPs now educated at comprehensive schools.
5. London has nine new MPs, seven of whom were elected as a result of seats changing hands with another party. The Conservatives lost Croydon Central (Housing Minister Gavin Barwell), Battersea (Financial Secretary Jane Ellison), Kensington (Victoria Borwick) and Enfield Southgate (David Burrowes) to Labour, who have cemented their dominance in the capital city, much to the disappointment of the Remain-backing Liberal Democrats, who only managed to pick up two seats (Twickenham and Kingston and Surbiton) and lost Richmond Park to a resurgent Zac Goldsmith by 45 votes.

Ministerial changes

6. In light of the election results the Prime Minister conducted a smaller-than-expected reshuffle of Ministerial positions. Most significant Cabinet members were reconfirmed in role, including Chancellor Philip Hammond.
7. This, coupled with the elevation of 'Remain' supporter Damian Green to the position of First Secretary of State (de facto Deputy Prime Minister), and the loss of a majority mandate, has led to speculation that a faction of Ministers could press for a softening of the UK's stance on Brexit. Public comments so far indicate, however, that this will take the form of a delayed withdrawal from elements of the EU (in the form of a transitional period) rather than full continued membership of the Single Market or the Customs Union.
8. The Department for Exiting the EU underwent a junior ministerial reshuffle – with David Jones replaced as Minister of State by FCO Minister and Remain supporter Baroness Anelay. Lord Bridges, who quit his post, has been replaced by influential backbencher Steve Baker. Mark Field has been promoted to Minister of State at the Foreign Office, with responsibility for Asia and the Pacific, 'economic diplomacy' and the British Council. In the Treasury, former financial services lawyer Steve Barclay is the new Economic Secretary and former Whip Mel Stride has been appointed Financial Secretary.

Confidence and supply agreement

9. The Conservative Party and the DUP have agreed a 'confidence and supply agreement' whereby the 10 DUP MPs will support the Conservative Government on Commons votes. The agreement runs for the length of this Parliament, but will be reviewed after each parliamentary session. A co-ordination committee, chaired by the Government, will be set up to oversee the operation of the agreement.
10. The DUP has agreed to support the Government on:
 - All motions of confidence

- The Queen's Speech
- Budget and finance bills
- National security measures
- Legislation on leaving the EU

Support on other matters will be agreed on a case-by-case basis.

11. The Conservative Government will depend on the arrangement with the DUP and also the support of its Scottish MPs (both groups publicly favour a workable deal with the EU), for a working majority. However, the Eurosceptic faction of the Conservative Party, loosely grouped under the 'European Research Group' and chaired by Suella Fernandes, is a larger group in number. Friction between these two factions could therefore result in only a limited change in approach or tone.

Legislative Programme

12. The Queen's Speech is the first test as to whether the Conservatives will be able to command a majority in the House of Commons and in doing so deliver a programme of legislation. At the time of writing, the vote to approve a minority government agenda is due to take place on Thursday 29th June, after its contents have been debated by both Houses. Given the deal with the DUP, it is unlikely that the Conservatives will fall at this hurdle.

13. A third of the proposed Bills are in some way connected to the UK's departure from the EU. In addition to the so-called 'Great Repeal Bill' to secure the continuity of EU-derived laws, they cover important matters such as trade, immigration and customs. They may therefore provide a vehicle for Parliament to seek to modify the Government's approach to Brexit negotiations. The inclusion of Brexit legislation in the Confidence and Supply Agreement with the DUP may on the other hand give the Government cause for optimism.

14. Security is another dominant theme following the recent terror attacks in London and Manchester, with a promised review of anti-terrorism legislation. Other measures of interest to the City Corporation include Bills seeking to modernise the courts system and to update data protection legislation. In non-legislative measures, fair funding in education was in the Queen's Speech supporting documents, which will have implications for the funding of the City's academies. The Local Government Finance Bill, which had made significant progress before it was lost as a result of the election, is seemingly not to be reintroduced for now. It is as yet unclear where this leaves the Government's policy of enhanced devolution of business rates, on which negotiations had been taking place for a pan-London pilot scheme. Similarly there was no mention of a review of the elections for the Mayor and the London Assembly.

15. The Labour Party has said that it will seek to amend the Queen's Speech and produce an 'alternative' programme for Government. If Theresa May cannot command the confidence of the House, then Jeremy Corbyn could be invited to form a government instead. However, realistically, an alliance with the remaining parties (excluding the DUP and Sinn Fein) would still see Labour falling short of the 316 seats needed for a working majority. An alignment between Labour, the Liberal Democrats, the SNP, Greens and Plaid Cymru, could involve cooperation

on some issues such as a 'softening' of Brexit. Other Labour manifesto commitments would also come into play, including pledges on a Constitutional Convention, executive pay, and a 'Robin Hood Tax'.

16. Newly appointed Leader of the House of Commons Andrea Leadsom has already announced that there will be no Queen's Speech in 2018, allowing for a two year period of legislative scrutiny, rather than the usual one.

Select committees

17. At the time of writing, Commons Select Committees and All Party Parliamentary Groups are yet to be reconstituted. Nominations for the Chairmen of Select Committees are expected to open during the first week of July, with Chairs appointed before the summer recess. It is likely that Committee members will not be appointed until after the recess.
18. 'Leave' supporting Jacob Rees-Mogg and Richard Bacon, and 'Remainers' Stephen Hammond, John Penrose and former Education Secretary Nicky Morgan, have all thrown their hat into the ring for the Commons Treasury Committee.
19. Other notable Committees seeking new Chairs include the Business, Energy and Industrial Strategy Committee, and the Education Committee, to replace Labour's Iain Wright and Conservative Neil Carmichael respectively.

Brexit implications

20. Brexit negotiations began as planned on the 19 June, with Michel Barnier hosting talks with Brexit Secretary David Davis in Brussels. The EU's proposed programme for the talks, whereby progress will have to be made on citizens' rights, a financial settlement and the Irish border before discussions on a future trading relationship begin, has been accepted by the Government despite earlier indications of disagreement.
21. In a Commons Statement, the Prime Minister set out details of the UK's offer intended to guarantee that EU citizens who have been resident in the UK for five years will maintain broadly their current rights and entitlements. Those citizens resident when the UK leaves the union will be entitled to stay five years to acquire such rights. The main difference between the sides at this early stage appears to be over the EU's wish for continued ECJ jurisdiction with respect to the rights of EU citizens who continue to reside in the UK.

Other implications

22. The discussion around Brexit and free movement has focused primarily on the movement of people. However, if the UK leaves the Customs Union, there is a need for the City Corporation to articulate the concerns of the Port Health Authority as new border and customs structures are created and resourced.
23. Other events which have coincided with the General Election and the formation of a new government include both terrorism and the Grenfell Tower disaster. These

have understandably had an impact on political debate and priorities, beyond Brexit.

24. The increasing frequency of 'low intensity attacks', their lack of sophistication and the resulting complication for the intelligence services, will be something that all levels of government will need to respond to and will inevitably form part of the debate on the freedom of movement and immigration. Through the City Police, the Corporation is committed to providing stability and protection for the City and the capital through existing operations, whilst taking the opportunity to feed into the new proposed counter terrorism strategy.
25. The Grenfell Tower disaster has raised questions about the capacity of local authorities to deal with disasters of this scale, as well as how national government can or should respond. In addition to the Grenfell Tower Recovery Taskforce, the Secretary of State at DCLG is now establishing an independent expert advisory panel on fire safety. The Government will face specific pressure on action around the safety of residential tower blocks, but more generally on the level of public spending allocated to local government. This tragedy has already fuelled further anti-austerity protests.

Conclusion

Members are asked to note the content of this report.

Appendices

None

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