General Election June 2017: the aftermath

General Election June 2017 results
- **Conservatives** 318 seats
- **Labour** 262 seats
- **SNP** 35 seats
- **Liberal Democrats** 12 seats
- **UKIP** 0 seats
- **Others** 22 seats

Hung Parliament

The Prime Minister called the snap General Election on the premise of securing a personal mandate for the forthcoming Brexit negotiations. Yet although returned as the largest party, the Conservatives were short of an overall majority (requiring at least 326 out of 650 seats) in the House of Commons – resulting in what is known as a 'Hung Parliament'.

Shortly after the final results were counted the Prime Minister announced that she would seek to form a minority administration with Northern Ireland's Democratic Unionist Party (DUP), who with 10 seats in the Commons would help secure the Conservatives a majority government. It is understood that the two parties will not enter into a formal coalition agreement, but will instead seek to join in a more informal 'confidence and supply' arrangement – where the DUP agrees at minimum to support the Conservatives on its Budget and during any other votes in which other political parties propose to bring it down, in exchange for a part in government.

'English votes for English laws' – where English and sometimes Welsh MPs have a veto when debating matters that are the responsibility of the devolved regions - means that the Conservatives will still have a majority of 60 on English issues, but the outcome leaves the Government altogether weaker and more vulnerable than the one it has replaced, with the DUP supported majority set to be around 8 seats.

What is more, the Prime Minister may well find she meets resistance in the House of Lords to her domestic policy agenda under the 'Salisbury Convention', which means she cannot push through her manifesto in the face of opposition from Peers.

She faces two immediate fundamental challenges: staving off a leadership challenge from her own Party,

and successfully negotiating Britain's exit from the European Union while ensuring her government doesn't fall.

Brexit

The election outcome looks set to further complicate the process of negotiating the UK's departure from the EU, as the Government's narrow majority in parliament looks even more vulnerable in the context of Conservative MPs' widely differing views on post-Brexit UK-EU relations.

The tight two year Brexit timeline resulting with the UK leaving the EU in Spring 2019 remains, with negotiations still due to commence formally on June 19. The outcome will depend on the extent to which the scope, direction and pace of the incoming government's policy agenda is hindered by a weakened domestic political mandate.

Although both Conservative and Labour manifestos promised to deliver the referendum mandate by exiting both the Single Market and Customs Union, as well as the DUP also campaigning to leave the EU, it seems unfeasible that the Government will be able to pass the legislation to implement withdrawal without a degree of cross-party support.

Northern Ireland's border with the EU will now also become even more decisive in shaping the UK's negotiating position.

Queen's Speech

In a tangible indication of the weakness of the Government's position and the ongoing discussions with the DUP, it has been confirmed that the Queen's Speech, originally scheduled to take place on 19 June, has now been delayed 'by a few days'. This is the first key parliamentary test of the durability of the Government, where the new administration will seek a majority in support of its legislative programme. The 'Great Repeal Bill', which transfers all EU laws into the UK statute book, is set to dominate the agenda leaving little room for additional legislation.

Legislative programme

The new government's approach to policymaking will not only be influenced by the increased strength and relevance of the cabinet following a weak

Conservative election campaign, but by Parliament in holding the Government to account, of both backbench and Opposition MPs in relation to issues that require broader parliamentary support, of the DUP as king-makers, and of the 13 newly elected Scottish Conservatives - without whom there would be a Labour led minority government.

A Hung Parliament will necessitate a shift in the domestic policy agenda involving greater cross-party consensus within Parliament on the major issues - whatever the political arrangement put in place between the Conservatives and the DUP. Yet the precarious nature of the Government's majority is likely to constrain progress in more politically contentious policy areas, such as funding state pensions and long term care, in order to avoid defeat. There are particular areas that the wider insurance profession will hope will remain on the agenda:

CII/PFS statement - State pension age

After delaying its response to the independent Cridland review of the state pension age last month, we'd urge the Government to deliver certainty by setting out its plans on when and by how much they will increase state pension ages.

As life expectancies continue to rise, thousands will be facing the prospect of severe levels of poverty in later life, unless people are clear about the need to save. The Government owes it to the public to take proactive steps to help people plan ahead to counteract the inevitable reduction in state support.

We would also urge the new Government to give serious consideration to earlier calls for the establishment of an independent pensions commission tasked with encouraging a savings culture in the UK.

We understand that minority government brings with it some significant challenges, and that Brexit will continue to consume government resources in the next couple of years. But without action we are facing a state pension train crash.

Prison and Courts Bill - discount rate reform

Otherwise known as the 'Ogden rate' - which is used to help calculate lump sum payments of damages in personal injury claims - was controversially cut from 2.5% to -0.75% in March of this year, resulting in higher premiums for customers. A consultation on how the personal discount rate should be set in future was announced soon afterwards.

Prison and Courts Bill – whiplash injury reform

Compensation for minor whiplash injuries could be capped to make fraud less lucrative, helping insurers save on claims costs and result in lower premiums.

Vehicle Technology and Aviation Bill – autonomous vehicles

The insurance profession is passionate that the UK remains a leader in the development of autonomous vehicles to make roads safer and improve mobility for more vulnerable customers.

The cabinet

- **Prime Minister** – Rt Hon Theresa May MP
- **First Secretary of State, & Minister for the Cabinet Office** – Rt Hon Damian Green MP
- **Chancellor of the Exchequer** – Rt Hon Philip Hammond MP
- **Secretary of State for the Home Department** – Rt Hon Amber Rudd MP
- **Secretary of State for Foreign & Commonwealth Affairs** – Rt Hon Boris Johnson MP
- **Secretary of State for Exiting the EU** – Rt Hon David Davis MP
- **Secretary of State for Defence** – Rt Hon Sir Michael Fallon KCB MP
- **Secretary of State for Health** – Rt Hon Jeremy Hunt MP
- **Lord Chancellor; and Secretary of State for Justice** – Rt Hon David Lidington CBE MP
- **Secretary of State for Education, & Minister for Women & Equalities** – Rt Hon Justine Greening MP
- **Secretary of State for International Trade, & President of the Board of Trade** – Rt Hon Liam Fox MP
- **Secretary of State for Business, Energy & Industrial Strategy** – Rt Hon Greg Clark MP
- **Secretary of State for Environment, Food & Rural Affairs** – Rt Hon Michael Gove MP
- **Secretary of State for Transport** – Rt Hon Chris Grayling MP
- **Secretary of State for Communities & Local Government** – Rt Hon Sajid Javid MP
- **Lord Privy Seal, & Leader of the House of Lords** – Rt Hon Baroness Evans of Bowes Park
- **Secretary of State for International Development** – Rt Hon Priti Patel MP
- **Secretary of State for Culture, Media and Sport** – Rt Hon Karen Bradley MP
- **Secretary of State for Work & Pensions** – Rt Hon David Gauke MP

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The Chartered Insurance Institute