

The UK Government and Key Ministerial Appointments

Introduction

Following this month's general election there have been a few changes in the cabinet and broader changes to junior ministers within government. This brief looks at some of the key departments and ministers for the responsible investment sector as the UK embarks on Brexit negotiations with the European Union.

It also contains information on the policies of the DUP, whose MPs it appears will now support the Conservatives form a minority government.

NB: All information is accurate as of 21st June. Only key departments and ministers are included in this brief.

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10 DOWNING STREET
LONDON SW1A 2AA

The Prime Minister is head of the UK government and responsible for all policy and government decisions. The Prime Minister appoints all other members of the government and oversees the operation of the Civil Service.

Theresa May, significantly damaged by the recent election has found herself unable to conduct the wide ranging reshuffle she had planned. Now forced to rely on the Democratic Unionists to form a minority government in the House of Commons, it seems a matter of when, not if, a leadership challenge is mounted against her or she resigns.

Prime Minister – Rt Hon Theresa May MP



Back in April, a 20 point lead in the polls encouraged the Prime Minister to call a snap election with many predicting a big increase to the small majority she inherited from David Cameron. In the event she lost 13 seats taking her below the required 326 seats to form a majority government. The DUP, which did better than expected at the election, will use its 10 MPs to support the Conservatives to pass legislation in the House of Commons and in the case of a confidence motion. It will seek to maximise its advantage by demanding implementation of policies from its own manifesto and further money for Northern Ireland.

To further complicate the situation, the Northern Irish Assembly has been suspended since January following the *Cash for Ash* scandal which implicated the now DUP leader, Arlene Foster. Sinn Fein's Martin McGuinness subsequently resigned as Deputy First Minister, causing the power-sharing executive to dissolve. Conservative Northern Irish Secretary, James Brokenshire, has been tasked with bringing the parties back together, but his party's new-found arrangement with the DUP will undoubtedly make negotiations tougher and could have wider implications for the stability of the UK government.

There remains huge frustration in Conservative ranks for the way the campaign was conducted and the Prime Minister has apologised to her cabinet, back benchers and many of her party's losing candidates. Her inability to conduct the planned sweeping changes to her own cabinet reflects her much-weakened hand and this will be plain in Brussels, Paris and Berlin just as the UK prepares to enter Brexit negotiations. Should a leadership challenge arise, Britain now faces the very real prospect of a second unelected Prime Minister in two years, and – potentially – a second election in the same year.



HM Treasury is the UK's finance and economics ministry, responsible for putting policy into effect and working to achieve strong and sustainable economic growth. Its responsibilities include public spending, financial services policy, strategic oversight of the UK tax system. HMT is also responsible for the delivery of infrastructure projects including by facilitating private sector investment into UK infrastructure, an area on which we have seen renewed Government focus.

May's weakened position means the Chancellor, Philip Hammond, finds his own influence boosted. A suspected change of tact from Number 10 to be more collegiate in nature makes it unlikely the Chancellor can again be side-lined and the Prime Minister will look to bring him back on-side for the remainder of her premiership. Similarly, rumours of May's continued remodelling of Whitehall by splitting the Treasury into separate ministries for finance and economic affairs have evaporated following the election result.

For the Chancellor, the national insurance blunder at the budget is all but forgotten. While he is no Europhile he warned of the 'chilling consequences' of a vote to leave the EU. It remains to be seen what impact the more influential Chancellor and Treasury will now have on the UK's approach to EU withdrawal.

Chancellor of the Exchequer – Rt Hon Philip Hammond MP



Philip Hammond was on Theresa May's "hit-list" in the expected post-election reshuffle, yet he retains his position as Chancellor of the Exchequer. After being absent for the majority of the campaign he now finds himself back at Number 11 with increased influence which – given he campaigned for remain – could have implications for the nature of Brexit. In 2015 he delivered a speech entitled *A conservative response to climate change* to the American Enterprise Institute in which he insisted economic growth and emission reductions were not mutually exclusive. He has also explicitly recognised climate change as a risk to financial stability and the opportunities inherent in the transition to a low-carbon economy.

Chief Secretary to the Treasury – Rt Hon Elizabeth Truss MP

Liz Truss has been demoted as Justice Secretary and appointed Chief Secretary to the Treasury. Her brief includes public expenditure in a range of areas, as well as spending reviews and strategic planning, procurement and capital investment. Prior to leading the Ministry of Justice she was Secretary of State for the Environment and despite previously having worked for Shell acknowledges the need to tackle climate change. She is a very vocal supporter of the third runway at Heathrow.

Economic Secretary to the Treasury (City Minister) – Steve Barclay MP

Steve Barclay replaces Simon Kirby as Economic Secretary whose brief is directly focused on the City of London, a particularly important role over the next two years. The ex-Barclays director will focus on financial services reform and regulation, insurance, asset management, retail financial services and financial advice. A leading Brexiteer, he will assume responsibility for working with the City on Brexit, something his predecessor had removed from his own portfolio after complaints from leading city bodies. He will also oversee the implementation of the Financial Advice Market Review.



Department for Business, Energy & Industrial Strategy

Following the EU referendum last summer Theresa May began to remodel Whitehall by amalgamating the Business and Energy and Climate Change departments. The result was BEIS – one of the biggest government departments with six ministers – responsible for the UK’s new industrial strategy. The Government has argued that climate change remains a priority and the only way to tackle it properly is via a ‘whole economy approach’. Despite this, the planned Emissions Reduction Plan has been repeatedly delayed with no date for publication. BEIS has joint-responsibility with the Department for International Development for delivery of the International Climate Fund and on its creation announced that it would engage with Brexit-facing departments on market access, including in overseas energy markets and attracting overseas investors.

Secretary of State for Business, Energy and Industrial Strategy – Rt Hon Greg Clark MP



Greg Clark keeps his job as BEIS Secretary following his appointment by Theresa May last summer. Clark also held a range of other positions in government, including at DCLG, the Cabinet Office, BIS and the Treasury. He has served as Director of Policy for the Conservative party, and later Shadow Energy and Climate Change Secretary where he was responsible for two policy papers on the transition to a low-carbon economy. Clark has confirmed that

tackling climate change remains a priority for the government and is essential in ensuring economic prosperity and security for the UK. He will be central in implementing the Government’s industrial strategy and, despite playing a low-key role during the election campaign, will be a crucial figure in liaising with businesses during Brexit negotiations.

Minister of State for Climate Change – Claire Perry MP

Claire Perry inherits Nick Hurd’s climate brief, who is moved to the Home Office to take charge of the policing and fire services. She will now oversee UK policy relating to carbon budgets, international climate change efforts, the green economy and the Green Investment Bank, as well as the “imminent” Emissions Reduction Plan. Hurd’s move away from the department is disappointing given he won the 2016 “Green MP of the Year” and had previously chaired the APPG on the Environment. However, Perry has a track record of engaging on climate policy herself, describing the Paris Agreement as a “historic outcome” and has promoted a long-term target to build a zero-carbon economy.

Under Secretary of State for Small Business and Corporate Responsibility – Margot James MP

Margot James keeps her position at BEIS and is responsible for the Government’s industrial strategy as well as the planned corporate governance reforms.



Department for Work & Pensions

DWP is responsible for welfare and pensions policy and is the largest government department in the UK in terms of public spending. Much of this money goes towards pensions and welfare, but DWP is also responsible for funding The Pensions Regulator, the Health and Safety Executive and the Pensions Advisory Service, among other agencies. As with other departments, the extent to which DWP can pass any meaningful legislation in this Parliament is dependent on a host of unpredictable factors, not least of which is the timing of any early general election. One important issue that will need to be resolved quickly is whether the government is willing to drop its manifesto pledge to move from the “triple lock” on pensions to the “double lock”, something which is not supported by the DUP.

Other priorities are likely to include the continued roll-out of automatic enrolment, monitoring recent changes to master trust governance and the government’s commitment to the Lifetime ISA. This Parliament should also shed more light on how far pensions policy will continue to drift towards the Treasury. The Conservative manifesto committed them to enhancing the powers of the Pensions Regulator and the Pension Protection Fund.



Secretary of State for Work and Pensions – Rt Hon David Gauke MP

David Gauke has been promoted to Secretary of State at DWP. The ex-solicitor has served on the Treasury Select Committee and worked his way through the ranks at HMT, most recently as Chief Secretary to the Treasury. This follows Damian

Green’s promotion to First Secretary of State – effectively the Deputy Prime Minister.

Prior to his political career Gauke was a corporate lawyer in the City. It is unlikely he will be overly involved in policy relating to investment rules for pension schemes, however. This is more likely to be left to his subordinate, Pensions Minister Guy Opperman.

Parliamentary Under-Secretary of State for Pensions – Guy Opperman MP

Guy Opperman is appointed the new Pensions Minister, with Richard Harrington moving to BEIS. First elected in 2010 this is the first ministerial role for Opperman who has also served as a whip under both Cameron and May governments. He has long argued for the national living wage and his new role sees a boosted portfolio which incorporates financial exclusion. The ex-barrister recently set up Tynedale Community Bank which offers banking services to people who would otherwise be unable access them, so he should be comfortable with his broadened remit.

Opperman’s ‘to do’ list will include boosting the powers of TPR and the PPF and working with the Treasury to boost the Lifetime ISA. He may have to deal with the fallout from the battle over a double/triple lock pensions system and it is likely that at some point he will oversee a review into contract-based pension scheme governance.



Department for Environment Food & Rural Affairs

DEFRA is the UK government department responsible for safeguarding our natural environment, supporting the food and farming industry, and sustaining a thriving rural economy. Its purpose is to ‘unleash the economic potential of food and farming, nature and the countryside, champion the environment and provide security against floods, animal and plant diseases and other hazards’.

Its priorities include creating a cleaner, healthier environment, benefitting people and the economy, and ensuring the UK is better-protected against floods, animal and plant diseases and other hazards, with strong response and recovery capabilities. In its manifesto the government pledged to publish a comprehensive 25 Year Environment Plan to chart how it will improve the environment as it leaves the EU and takes control of environmental legislation. It also confirmed its commitment to the Paris Agreement and the Climate Change Act. The priority given to these issues will largely be determined by the new Secretary of State and potentially the governing arrangements of the new administration. We will push the Government to publish a detailed environment plan in the near future.



Secretary of State for Environment, Food and Rural Affairs – Rt Hon Michael Gove MP

Michael Gove has been appointed Secretary of State for DEFRA. He was “surprised” to re-join the cabinet following relatively high-profile spats with then Home Secretary Theresa May during the Coalition and more recently current Foreign Secretary, Boris Johnson during the Conservative leadership election. Gove is an experienced member of the cabinet having served as Lord Chancellor/Secretary of State for Justice, Chief Whip and as Secretary of State for Education in the Coalition. As Secretary of State at DEFRA he is in charge of all DEFRA policy, oversight of EU exit work and emergencies.

The initial reaction from the sector on news of Gove’s appointment was one of concern, and it had been rumoured that as Education Secretary he tried to remove climate change from the geography curriculum. A leading Brexiteer during the referendum campaign, Gove will be central to the Government’s future plans for environmental regulation following the UK’s withdrawal from the EU.

Parliamentary Under Secretary of State for the Environment – Dr Thérèse Coffey MP

Thérèse Coffey keeps her role as Undersecretary of State at DEFRA with a particular focus on the environment and rural life opportunities. She has held the position for the past 12 months and prior to that was the Deputy Leader of the House of Commons. After campaigning for remain during the EU referendum, in a Select Committee hearing in November Dr Coffey stated “people should not have cause for concern all of a sudden that we see Brexit as an opportunity to backslide on the environment; far from it. We want to have a better environment than we inherited.” Her responsibilities include the natural environment including biodiversity and international wildlife tracking, as well as air quality, floods, water and waterways and resource and environmental management.



Department for Exiting the European Union

DExEU was set up by Theresa May following her appointment as Prime Minister with responsibility for overseeing negotiations to leave the EU and establishing our future relationship.

Following the general election one key feature of this Parliament will be to see whether the Government will seek to pursue a “hard Brexit”, a term Davis has described as propaganda or if the government will seek a collaborative approach to negotiations. One clue might be the recent replacement of hardline Brexiteer and Minister in the department, David Jones, with Baroness Anelay, considered to be more pro-European. This came shortly after another department Minister, Lord Bridges, retired and was replaced by Steve Baker, a prominent Eurosceptic MP. These changes mean the DExEU has lost half its ministerial team just days before negotiations begin.



Secretary of State for Exiting the European Union – Rt Hon David Davis MP

David Davis is reappointed as Secretary of State for Exiting the European Union and will lead for the Government in the forthcoming Brexit negotiations. The high profile leaver’s responsibilities include policy work to support the withdrawal from the EU as well as to establish the future relationship between the UK and EU. He is also tasked with working with the devolved administrations, Parliament and other interested parties on the approach to those negotiations. It is more likely than not that he will need to consider views across Parliament, given his party’s disappointing election results, and in particular the DUP who have previously argued against a “hard Brexit”. Davis has held a range of ministerial and shadow ministerial roles over the years, including a three year stint as Minister for Europe under John Major.

Minister of State for DExEU – Rt Hon Baroness Anelay DBE

Baroness Anelay, thought to have campaigned for the remain side during the referendum, is brought into DExEU as Minister of State. She has held a range of positions, notably Minister of State at the Department for International Development, Minister of State at the Department for Business, Innovation and Skills and most recently Minister of State at the Foreign Office.

Parliamentary Under Secretary of State for DExEU – Steve Baker MP

Steve Baker is also brought in as a new junior minister at DExEU. He is an expert in European matters and was a staunch leaver. His appointment not only balances out that of Baroness Anelay but may also make a “soft Brexit” less likely. Baker has no ministerial experience but has previously served on the Transport and Treasury select committees. He chaired a group of around 50 Conservative MPs called Conservatives for Britain which fought for Brexit in the run-up to the referendum and later ran the Brexiteer organisation European Research Group.



Department for Culture, Media & Sport

Since last June the Department for Culture, Media and Sport has been the department with responsibility for the Office of Civil Society. Rob Wilson, the previous Minister in charge of OCS lost his seat of Reading East and there has been some confusion as to who will inherit his responsibilities. Although John Glen, the new minister at DCMS had been initially confirmed to take over as Minister for Civil Society, the department later backtracked and it seems now that Tracy Crouch will add to her sport brief to become Minister for Sport and Civil Society. Time will tell how much of an impact this has on social investment policy and UKSIF will continue to promote social investment to the Government.



Department for International Trade

Liam Fox also keeps his job as the Secretary of State for International Trade at the third of the Brexit-facing departments. He has been Defence Secretary during the coalition government and previously a minister in the Foreign and Commonwealth Office as well as a government whip. DIT oversees promotion of British trade across the world. Fox has previously spoken out in favour of a third runway at Heathrow, and the need to act early and decisively on the issue to show Britain is 'open for business'. MPs Mark Garnier and Greg Hands – who both campaigned to remain in the EU referendum – also serve in the department as international trade ministers and the team is completed by Lord Price.



The Democratic Unionist Party

The poor election result for the Conservatives has forced them to do a deal with the DUP to ensure they can command a majority of the seats in the House of Commons.

It is worth then examining where the DUP and Conservatives are likely to agree and which issues might cause the most difficulty for the two parties. Both have noted the need to keep bills low, with the conservatives promising a cap, and both have committed to supporting an increase to the living wage and to the personal allowance. The Conservatives and DUP are also both committed to lowering the rate of corporation tax in the UK, although the DUP support it being lowered to 12.5% in order to make Northern Ireland the 'best place to do business'. Both are committed to boosting cyber security as well as being in favour of Heathrow expansion.

Policy areas where the two sides differ include pensions – with the Conservatives calling for the triple lock to be scrapped and replaced with a double lock, while the DUP are committed to maintaining the triple lock. On universal benefits the DUP has committed to fight any 'assault' on these benefits which include winter fuel allowance and public transport for over 60s. This could signal an end (or at least a softening) to austerity. On Brexit the DUP prioritised a 'comprehensive free trade and customs agreement with the EU' and it remains to be seen whether the Government's approach to negotiations will change as a result.

Worryingly, the DUP's manifesto, which is available [here](#), contains no reference to global warming, climate change or even the environment.