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**UK Government Briefing:
Truss Premiership begins
7 September 2022**

UK Government Briefing

On Monday 5th September, Liz Truss was elected as Leader of the Conservative Party and was appointed as Prime Minister by the Queen on Tuesday 6th September. She has appointed her Cabinet, but the process of appointing junior ministers will continue over the next few days.

Mandate

The Conservative system for electing leaders has two stages: a Parliamentary stage where MPs whittle the candidates down to two in a series of votes. This is followed by a postal vote of all party members to decide the winner.

In the Parliamentary stage, Rishi Sunak received 137 votes and Liz Truss 113. In the final members' vote, Truss received 81,326 votes (57%) to Sunak's 60,399 (43%). Since this system was established in 1998, the winner of the MPs' ballot has usually gone on to win overwhelmingly with the members. Therefore, Truss is starting her premiership with a weaker base of Parliamentary support than her predecessors. Despite this, she is unlikely to face much opposition in the first months of her leadership, as the Party will seek to close ranks around the new Prime Minister.

What to expect from a Truss Government

Speaking outside 10 Downing Street following her appointment, Truss set out her three key priorities:

- Tax cuts (in particular, cancelling the National Insurance rise), economic reform and building infrastructure
- Tackling the energy and cost of living crisis
- Health (ensuring access to GP appointments and treatment are easier to obtain)

Truss is more ideologically driven than any Prime Minister since Margaret Thatcher. She is, at heart, a libertarian who believes passionately in low taxation and limiting Government regulation. She is determined to transform the economy with her vision, similar to that of the orthodox (non-Trump) American right, to whom she is close.

The most significant of her three priorities is the first, as she will look to drive through tax cuts and economic reform between now and the next General Election (likely in 2024). A key element of this will be to remove many planning powers from local and central government, which are used to block development. This may prove unpopular with some Conservative members in rural areas.

Her push to remove the burden of regulation on business is likely to increase the divergence between UK and EU regulatory standards. This could further increase trade tensions with the EU. If she is not able to come to an agreement with the EU on the Northern Ireland Protocol, the danger of escalating rounds of retaliatory measures from each side, leading to a full trade dispute, cannot be ruled out.

Truss is a consistent supporter of free trade and would not want to enter a trade war with the EU. Her new Northern Ireland Secretary, Chris Heaton-Harris, is hostile to the Protocol. This choice may be intended to try to scare the EU into making more concessions. Heaton-Harris is trusted by the DUP, which may help her to sell any deal she makes.

It is expected that her policy on Ukraine will be consistent with Johnson's. As Foreign Secretary, Truss met with President Zelensky, and he was the first leader she spoke to after her appointment as PM. Ukraine is likely to be one of her first overseas trips as Prime Minister. Military supplies to

Ukraine and the training of its armed forces will continue. Support for frontline NATO states, such as Estonia, where a considerable number of British troops are stationed, will also be maintained.

While Boris Johnson's Government was latterly more hostile to China, Truss is personally committed to countering Chinese influence on the UK economy. She regards the country as a global trade rival, believing China seeks to dominate free trade, rather than facilitate it. As such, it is likely that further steps will be taken to exclude or remove Chinese presence in British infrastructure projects.

UK leaders are always keen to demonstrate the strength of the "Special Relationship" with the US. This is particularly important to Truss as she is very close to several US libertarian think tanks and politicians. However, relations with President Biden may be strained as his own policy outlook differs significantly. This could be exacerbated by Truss' likely difficult relations with the EU over Northern Ireland, as Biden defines his identity as Irish and is a proponent of Irish unity. He made it clear to Johnson that good relations with the US depended on the UK's adherence to the Northern Ireland protocol, reiterating this in his first call to Truss yesterday. This places very heavy pressure on the PM to reach a compromise with the EU and not to invoke Article 16, which would nullify the agreement.

Despite her ideological stance, Truss is capable of pragmatism. Since she was a teenager, her career has always been defined by ambition. When she first entered politics, as a Liberal Democrat, she embraced radical positions vocally as a way of raising her profile in the party. Some of those positions, such as supporting the legalisation of drugs, followed her personal libertarian beliefs. Others, such as her anti-road building direct action, were adopted only to advance her status.

Therefore, in the face of energy bills spiralling out of control, rather than following her principles and allowing market forces free rein regardless of the pain, she is planning a huge market intervention to cushion the blow to consumers and businesses.

The new Government will, on Thursday, propose to freeze the energy price cap (which sets a maximum price the average household pays for its energy) for 18 months. The Government will fund this itself and companies will be expected to recoup this once energy prices fall. There will also be help to reduce energy bills for businesses, but it is expected that this will only apply for six months and so may need to be revisited as the crisis rolls on.

While Truss is determined to drive a low tax deregulation revolution in the UK, her main priority is to ensure her party wins the next General Election, to give her five years to achieve her vision. Therefore, we can expect the radical edge of the Government to be tempered initially. For the next two years, her Government may share Johnson's more populist outlook.

Truss' Cabinet

Despite her narrow victory, Truss has appointed a cabinet team entirely composed of her supporters, showing little desire to bring the party together. Several senior ministers, including her rival and former Chancellor Rishi Sunak, former Deputy Prime Minister Dominic Raab, former Home Secretary Priti Patel, and former Transport Secretary Grant Shapps, are now on the backbenches. These MPs could make life difficult for her further down the line by opposing her policies.

Her Cabinet is also very inexperienced, as just over half of its members have previously sat in Cabinet. This level of inexperience is normally only seen when a new Party takes over.



Deputy Prime Minister and Secretary of State for Health and Social Care: Thérèse Coffey. Coffey is a long-term ally of the Prime Minister and an ideological soulmate.



Chancellor: Kwasi Kwarteng. Kwarteng is also an ideological soulmate and will always push for market solutions and lower taxes. Along with Truss, he was the most vocal critic in Cabinet of the National Insurance rise imposed by the Johnson Government.



Foreign Secretary: James Cleverley. Cleverley is another free-market fundamentalist and early backer of Truss.



Home Secretary: Suella Braverman. While she stood for the leadership herself, Braverman's manifesto was almost identical to Truss' and her support for Truss, when eliminated in the MPs' vote, was critical to Truss' finishing in the top two. Her views on immigration mirror those of her predecessor and so the Rwanda deportation policy is likely to continue. Braverman also opposes the UK's membership of the Council of Europe and the European Convention on Human Rights.



Secretary of State for Business, Energy and Industrial Strategy: Jacob Rees-Mogg. Another right-wing ideologue, Rees-Mogg championed Brexit for many years before the referendum and wants to move the UK further from the EU's trade orbit. He is ideologically opposed to Government subsidy and market intervention so there could be some tension between his views and the need to lower energy prices. It may also put pressure on renewable energy producers.



Secretary of State for Environment Food and Rural Affairs: Ranil Jayawardena. Formerly a junior trade minister, Jayawardena is rewarded for his early backing of Liz Truss.



Secretary of State for Defence: Ben Wallace. Wallace was tipped to run for the Leadership and would have been a strong candidate as he is very popular with the membership. However, he declined to do so and backed Truss. He is rewarded with retaining the post he loves, being an ex-soldier himself.



Secretary of State for International Trade: Kemi Badenoch. Badenoch also stood for the leadership on a very similar platform to Truss and rapidly backed the Prime Minister when eliminated. She is seen as a rising star of the Party.



Secretary of State for Justice and Lord Chancellor: Brandon Lewis. Lewis moves from being Northern Ireland Secretary to Truss' first Cabinet post. He is a fellow Norfolk MP and someone Truss has long worked with.



Secretary of State for Scotland: Alister Jack. Jack is one of the few Cabinet ministers to retain his position, although the Conservatives have relatively few Scottish MPs to choose from.



Secretary of State for Wales: Robert Buckland. Buckland is rewarded for publicly switching sides from Sunak to Truss by retaining his position.



Secretary of State for Northern Ireland: Chris Heaton-Harris. Heaton-Harris is a hard line Brexiteer and is known to sympathise with the DUP position against the Northern Ireland Protocol. Therefore, relations with Sinn Fein and the EU over the issue could be very difficult.



Secretary of State for Levelling Up, Housing and Communities: Simon Clarke. A long-term supporter of Truss, Clarke is rewarded with a move into the Cabinet, from Chief Secretary to the Treasury.



Secretary of State for Work and Pensions: Chloe Smith. Smith is a fellow Norfolk MP and friend of the Prime Minister.



Secretary of State for Education: Kit Malthouse. Malthouse was a close ally of Boris Johnson, serving as a Deputy Mayor when Johnson was Mayor of London, and is seen as a strong media and Commons performer.



Leader of the Lords: Lord True. True is a former council leader, who was rewarded with a seat in the Lords. He is popular across the parties in the Lords, which will be important given the Government has no majority in that chamber.



Secretary of State for Digital, Culture, Media and Sport: Michelle Donelan. The replacement of Nadine Dorries will come as a relief to Channel 4 and the BBC, both of which Dorries despised. Decisions on privatisation of the former and the BBC license fee review will now fall to Donelan.



Chief Whip: Wendy Morton. Morton is the first female Conservative Chief Whip. She was also an early Truss supporter.



Chancellor of the Duchy of Lancaster and Equalities Minister: Nadhim Zahawi. A big demotion for Zahawi from Chancellor but he is still regarded as a safe pair of hands and an efficient organiser. It is a credit to Truss that she has been able to persuade him to run the Cabinet Office as Chancellor of the Duchy of Lancaster, which is key to the operation of Government.



Leader of the House: Penny Mordaunt. Mordaunt came third in the leadership contest before backing Truss. However, she does not share the Prime Minister's zeal for tax cutting and deregulation and is more closely associated with the "One Nation" Conservatives. This is reflected in her lower profile position in the Cabinet.



COP26 President: Alok Sharma. It is not surprising that Sharma has been re-appointed as this position will only continue until the next COP in November.



Minister without Portfolio (Party Chairman): Jake Berry. Berry has been a vocal spokesperson for the "red wall" seats and is an advocate for urban Northern England. He will be in charge of running the next General Election campaign.

The following junior ministers are not members of the Cabinet but can attend the meetings:

- **Chief Secretary to the Treasury: Chris Philp.** Philp will be the number two Minister at the Treasury.
- **Attorney General: Michael Ellis.** Ellis is the only Sunak supporter who will attend Cabinet.
- **Paymaster General: Edward Argar.** This is the number three position at the Treasury.
- **Minister for Development: Vicky Ford.** Ford is also a rarity around the Cabinet table in that she is strongly pro-European.

- **Minister for Armed Forces and Veterans: James Heappey.** Heappey will be Ben Wallace's deputy.
- **Climate Minister: Graham Stuart.** Positioning the Climate Minister as the number two Minister under Jacob Rees-Mogg, rather than the Energy Minister, will reassure climate campaigners, who were alarmed by the climate sceptic's appointment.
- **Security Minister: Tom Tugendhat.** Tugendhat was formally Chair of the influential Foreign Affairs Select Committee and a leadership candidate. He is very hostile to Chinese involvement in UK infrastructure, largely on security grounds, and his appointment is a clear indication that the Government will take a harder line on this issue.

Appointment of junior ministers will continue over the next 24 hours.