2019 UK General Election – Outcome Analysis & Implications

The Conservative Party has won a historic landslide with a majority of 80 in the general election of UK. This has given Boris Johnson a clear mandate to deliver Brexit by 31st January, 2020 and pursue other domestic agenda. The strength of the majority also restores a degree of stability to Westminster and increases the likelihood of the parliament running its full five-year course; a very welcome outcome considering last three years of uncertainty.

It is expected that the Government will press ahead with the policy platform set out in its manifesto and there will be scope for engagement and influence on policy going forward into 2020. A minor reshuffle of cabinet positions is also expected in next few days, with more significant changes scheduled until next year. A new DCMS Secretary will be appointed as the incumbent, Nicky Morgan had stepped down before the election. DCMS is one of the departments of the UK Government that NASSCOM has been closely engaging with in past. We have also held good relationships with other key members of the previous government, and look to strengthen / re-establish these once the new cabinet has been appointed.

UK’s future trade relationship with Europe is likely to be looser than would have been expected in other outcome scenarios. There continues to be a significant level of uncertainty regarding the future of the UK-EU relationship which presents risks to the economy and to companies as we move forward into 2020. The UK and EU will now enter the second stage of negotiations; something that NASSCOM will follow closely.

Policy implications & Outlook for our industry

While Brexit and UK-EU negotiations continues to be a source of risk, a stable UK Government with a strong majority means that NASSCOM will be better able to engage policymakers on its priorities and shape the domestic agenda in line with NASSCOM members’ views on key issues. The Conservative manifesto 2019 included a number of policies that could impact our industry. While manifestos are light on detail and are more of an intent, from a policy influencing perspective, this means that there will be scope for engagement with the new Government and an opportunity for NASSCOM to be involved in the development of critical policies affecting our industry - such as the UK’s new immigration policy.

Below is the outlook on key policies and approach going forward.

i.) On immigration, the outlook is positive for us with a developing consensus that migrant workers to the UK should be high-skilled, and that citizens of countries like India should be given the same priority as EU citizens with regards the granting of skilled-worker visas. The Government’s intention for UK immigration policy is clear, but the framework for how the immigration system will function in practice is still being developed – NASSCOM has already been involved in this process to positively effect and will continue to be so.

ii.) The proposed increase to the Immigration Health Surcharge from £400 to £625 is a disappointment for our industry and it will be important to undertake work in 2020 to understand the impact that this policy has on members’ costs of doing business so that we can communicate this to Government as part of our engagement.

iii.) On apprenticeships, the Conservative manifesto recognises the need to reform the apprenticeship levy, but provides little detail on specific changes. This presents an opportunity to continue to engage constructively on this issue, presenting our views as to the alterations we’d like to see made to the levy. As a
first step, NASSCOM will be submitting a detailed policy paper on this subject that has been jointly developed with techUK, our counterpart in the UK.

iv.) On international trade, the Conservatives have pledged to forge stronger links with Commonwealth countries like India. This presents an opportunity for us to position ourselves as a key partner for the UK Government. We will build on the progress made so far at the UK-India Tech Alliance and push further to build on the good relationship we have with Department of International Trade, UKG.

As more details come out, NASSCOM will conduct a stakeholder mapping exercise of the new government to identify existing relationships and gaps to further our policy work with newly formed UK Government.