



# INTEREL INSIGHTS

## General Election Analysis



# Summary of result

- The UK has a hung Parliament, with no single party having an overall majority.
- The Conservatives have just enough MPs to form a working majority provided they can elicit support from the DUP.
- While Theresa May has said she will carry on for the sake of stability, her credibility is so damaged that she may face a leadership challenge in the near future.
- Boris Johnson, Amber Rudd or Philip Hammond would be the frontrunners to replace her, but divisions within the Conservative Party suggest there is no obvious alternative.
- The result means a softer Brexit is now more likely, with the issue of the UK's membership of the Single Market and Customs Union possibly being revisited.
- The setback for the SNP indicates that another Scottish independence referendum is off the table for the time being.
- Despite losing former leader Nick Clegg, and Tim Farron only just retaining his seat, the Lib Dems will be relieved with their results, with big names such as Vince Cable and Ed Davey returning to the Commons.
- The mechanics of governing with such a small number of MPs may prove challenging. The ambiguity of the situation is made even more tense by the imminent Brexit negotiations.
- The situation over the coming weeks and months is uncertain. Another election within 12 months is not impossible.

## Story of the night

Those expecting a decisive and early result were given a shock by the exit poll, which was published just after voting ended. It signalled a huge change in fortunes for the Conservatives, who only a few weeks earlier had been predicted to win more than 400 seats.

Initial results in the north of England suggested that the exit poll may have overestimated Labour's success. However, as more results came through, it became clear that Labour had performed better than expected.

The moment which set the tone for the rest of the night was the result in Darlington, a Conservative target seat, which was retained by Labour by a narrow margin. Shortly afterwards, Labour ousted Tory MP Charlotte Leslie in Bristol North West, a bellwether seat where we expected to see a strong Conservative result.

Several prominent Conservative MPs went on to lose their seats, including Ministers Ben Gummer, Gavin Barwell and Jane Ellison. Labour won the safe Conservative seat of Canterbury for the first time since 1918. The SNP also had a difficult night, with former leader Alex Salmond, and current deputy leader Angus Robertson amongst those losing their seats.

## Brexit

The result has failed to unify the country around Theresa May's vision for Brexit, despite this being one of her reasons for calling the election. A softer Brexit therefore seems more likely. Nigel Farage went further, stating that Brexit in its entirety is in jeopardy and adding that this may prompt his return to politics. While this may be overstating the situation, if the opposition parties can unite on issues around Single Market and Customs Union membership, they may be able to influence the kind of Brexit the country seeks to negotiate.

## Scottish independence

It is thought that one of Theresa May's reasons for calling the snap election was due to the Scottish Conservatives' rising popularity in Scotland, which offered the opportunity to undermine the SNP's calls for a second Scottish independence referendum.

In this respect, the election has been a success for the Conservatives, with the party making considerable gains at the expense of the nationalists. The case for a second independence referendum is greatly weakened by the results in Scotland, and the SNP will need to respond to this in the coming weeks.



# State of the parties



## CONSERVATIVE

There is a sense of shock in the Conservative Party, as a twenty point lead and anticipation of a three figure majority were whittled away over the course of the campaign.

Although the Conservatives still have enough seats to govern, their ability to pass contentious legislation has been curtailed. Nor will they be able to enter the Brexit negotiations on the basis of the approach offered to the country.

The Prime Minister ran a highly personalised campaign. However, she failed to connect with her audience and her limitations were left exposed. Much of the blame will fall on her shoulders. Party chiefs have made clear she will not be allowed to fight another election. The question is therefore how long she will be able to carry on as leader.

Questions will also be asked about the operational aspects of the campaign, which was disorganised and unfocused compared to 2015. A centralised approach to candidate selection also dismayed the activist base.

In the short term, there will be calls for Theresa May's advisers to resign. However, once the recriminations are over, there will be pressure on CCHQ to be more collegiate in its dealings with activists, and on the Prime Minister to broaden her inner circle and be more open to advice from Cabinet colleagues.



## LABOUR

Who thought it possible? After months of in-fighting, leadership challenges and Shadow Cabinet resignations, the Labour Party is finally united.

Following a strong campaign, the party recorded its strongest showing in over a decade, with 40% of the vote. It's worth remembering that Tony Blair's victory in 1997 was with 43% of the vote. Against most predictions, Labour gained 29 seats, including some bellwether Conservative seats.

This remarkable result has given a strong mandate for Jeremy Corbyn to continue leading the party. Whilst most Labour MPs do not support him or his ideology, the party now has the momentum to become an effective opposition, especially when any Conservative and DUP agreement will only have a small working majority.

Corbyn's challenge will now be to show that he can be as effective as leader of the opposition as he has been a campaigner. The Labour leader will shortly undertake a reshuffle of his Shadow Cabinet to reinforce his authority, and we will likely see some of the experienced moderate Labour MPs return to the frontbenches.

However, with another election a possibility, his first priority must be to demonstrate statesmanship so people to see him as a Prime Minister in waiting.



## LIB DEMS

Tim Farron's energy throughout the campaign paid off, although not quite to the extent hoped for by his party. The Lib Dems secured victories over rival parties, with Ed Davey and Vince Cable returning to the Commons.

Taking Eastbourne, Twickenham and Kingston from the Conservatives will certainly have improved morale within the party. In Scotland they had similar gains, winning Edinburgh West, East Dunbartonshire, and Caithness, Sutherland & Easter Ross from the SNP.

However, one of the biggest defeats on the night was Nick Clegg, who lost his Sheffield Hallam seat to Labour. Arguably, for the Lib Dems to move forward, they needed a new generation of MPs who could represent a refreshed band of liberalism, challenging the Conservatives from the centre-left and leaving behind the negative legacies from the coalition. The new line up of MPs may provide just that as the party seeks to rebuild.

The Lib Dems' position in the Commons is now strengthened and they are likely to continue to push their more pro-EU alternative position on Brexit.

# State of the parties

At some point in the night, Nicola Sturgeon would have had her head in her hands as Labour, the Liberal Democrats and the Conservatives all took seats from her party. Despite coming out as the largest party again in Scotland, her weakened position in Holyrood, and now in Westminster, suggests public antipathy to a second independence referendum. Sturgeon has already said she will reflect on the results from this election.

The SNP's fall at this election was somewhat spectacular, with high profile figures in the party losing seats. Deputy Leader Angus Robertson in particular was well regarded in Westminster.

Clearly, this was not enough to allow the SNP to repeat their 2015 performance. The party has been criticised over its record on education, spending, the NHS and public services, all areas where the SNP administration has failed to make real advances since taking control of Holyrood in 2007.

Sturgeon will have to carefully consider how she responds to this loss of support among the electorate, and how she manages the push back from voters on the idea of a second referendum.

SNP



What had been forecast as a pivotal election for the DUP in which the future of unionist ascendancy in Northern Ireland hung in the balance has resulted in the party getting to play kingmaker on the national stage.

Until now, 2017 had not been the DUP's year. The party was forced to defend its lead in the Northern Ireland Assembly following the Renewable Heat Incentive scandal, which almost led to Sinn Fein winning the most seats for the first time.

The General Election has cemented the DUP's position as the leading unionist party in Northern Ireland. With the more moderate SDLP and UUP falling by the wayside, Northern Irish politics is arguably more divided than at any time since the Good Friday Agreement.

Should the DUP play a decisive role in propping up a Conservative minority government, expect Northern Ireland to play its biggest role in UK politics since the 1980s, with several local issues hanging in the balance – not least the future of the Northern Ireland Assembly, the border with the Republic of Ireland and, as always, the prospect of continued peace.

DUP



Less than one year ago, the UK Independence Party were riding high, with the "bad boys of Brexit" claiming credit for the outcome of the EU referendum.

What followed was a calamitous year for the party, with the resignation of Diane James as leader after 18 days in office, the resignation of their only MP, preceded by the loss of one of UKIP's brightest stars after a brawl in the European Parliament, and the loss of many of their local council seats. Paul Nuttall has now added to this long line of mishaps by quitting as party leader following the party's substantial drop in the polls.

The reforms Mr Nuttall had planned to institute at the party's autumn conference may now come to nought as he leaves his party now precipitously placed, further away from winning seats in Parliament than any time in the last 17 years and set to lose its MEP funding by 2019.

The only glimmer of hope is that Nigel Farage may once again return as party leader, after suggesting that he may need to return to frontline politics to ensure the Government goes through with Brexit.

UKIP



Despite rumours that the left-wing, environmental party was due to gain support, the Greens have had their vote squeezed. Caroline Lucas ran a considered and professional campaign. She has, as at the 2010 and 2015 elections, secured the only Green Party seat in the House of Commons.

But with Green voters seemingly switching in numbers to back Corbyn's Labour Party, there was no space for her to make any progress in this election.

GREEN PARTY



# What this means going forward

## What happens next?

The Conservatives are confident that they have the support of the Democratic Unionist Party to allow Theresa May to remain as Prime Minister, at least for the time being, although no formal agreement appears to have been reached and the DUP have not stated what they would ask for in exchange for more formal cooperation.

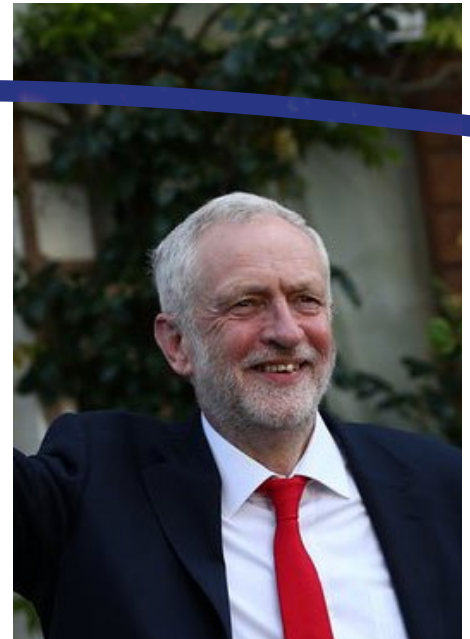
First and foremost the Government will need to secure parliamentary approval for a Queen's Speech, which could potentially include a few concessions on the DUP's pet issues, such as parades. More generally, the DUP are likely to ask for greater investment in Northern Ireland's tourism industry and digital governance.

The DUP could also potentially ask for a seat at the Brexit negotiating table, given the importance of retaining the UK's soft border with the Republic of Ireland. This would be the most prickly area of negotiations, and the Conservatives would have to make concessions for the deal to work.

Another area of contention will be the future of the Northern Ireland Assembly, which has been suspended following an emergency election earlier this year. Direct rule may become the only solution for Theresa May to avoid a major political battle in Belfast, but such a step is likely to upset other parties in Northern Ireland and distract from the Brexit negotiations.

EU Commission President Jean-Claude Juncker has already stated that he intends to go ahead with the first round of negotiations on Monday 19th June, ten days from the election result. Theresa May will likely find it difficult to continue with her preferred path for the negotiations, with Brexit Secretary David Davis having already suggested that a new approach may be required given the Government's diminished political capital.

On domestic policy, today's result



will likely force Theresa May to be selective in her political battles. Her major advantage on this front is her party's large majority amongst English MPs, which will allow her to take a more bullish approach to political issues that only affect England, such as grammar schools and NHS privatisation. The difficulties could emerge when Theresa May goes after more national policies, particularly on counter terrorism legislation, where civil liberties advocates in her own party could wipe out advantage of the DUP's support.

## Leadership

Theresa May has written the definitive guide on how not to fight a General Election. A campaign fought on the promise of strong and stable leadership has ultimately collapsed into a chaotic mess. Her credibility is irreparably damaged and she will have to take responsibility for the result, although at present there is no indication that she is willing to do so.

There are rumours that Boris Johnson began phoning allies hours after the exit poll came out, in preparation to make a move for the leadership. The

only silver lining for May is that there is not an obvious rival in waiting, with many having serious questions about Johnson's ability to step up to the role of Prime Minister.

Corbyn is the winner who lost the election. The Labour result is far better than many imagined. Any challenge to his leadership would surely fail. He now has the authority to press on and show that he can be as effective a leader of the opposition as he has been a campaigner during election. More than anything, he has to demonstrate the required statesmanship for people to see him as a Prime Minister in waiting.

In Scotland, Sturgeon's prolonged honeymoon has come to a crashing halt. She must now show that the SNP can govern Scotland more effectively, as their record continues to be scrutinised. The result also represents a demand from the electorate to cool off their rhetoric about independence.

The Lib Dems, the most pro-EU party, took a sideways step. Although no one can fault Tim Farron's energy, his party will be questioning whether he has the strategic ability to haul the Lib Dems back into relevance.



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