

UK GENERAL ELECTION 2017

Manifesto Analysis

**The implications for corporate
responsibility and sustainability
professionals**

May 25, 2017

Overview

If manifesto pledges were the deciding factor, Labour would be ahead in the polls. Their package contains a long list of crowd pleasers, while the Conservatives include some painful measures, for example on pensions and social care costs. However elections are also about trust and leadership, and this is the Conservatives' main pitch, using the Brexit uncertainty to reinforce the point.

Manifestos do matter, nonetheless, and not just as a programme which the winning party is expected to introduce. The losers' offerings can create a context – as well as generating ideas that become mainstream later (energy price caps being a case in point from the 2015 election).

In this briefing note, we examine the parties' overall approach and spotlight the pledges on specific topics. It focuses on the four main UK-wide parties, all of whom published their manifestos before the Manchester bombing brought a pause to campaigning.

Narrative and overall approach

In addition to pledges, manifestos also provide parties with an overall narrative and this time there are some big shifts on the economy.

The **Conservatives** have made the biggest move, overtly rejecting the laissez-faire 'small government' approach adopted since Mrs Thatcher was leader in the late 1970s – although how much that is Mrs May and those immediately around her and how much is a genuine sea change in the party itself remains to be seen. The focus on 'balancing the books' and necessary austerity is notably understated compared to last time.

Their manifesto, *Forward, together*, contains some unexpected assertions - "Government can and should be a force for good – and its power should be put squarely at the service of this country's working people", "Markets need rules and these rules need to be updated to reflect our changing economy", and, "We will not only guarantee but enhance workers' rights and protections." Specific pledges - summarised in the following section – follow through on these, for example on consumer protection, corporate governance and workers' rights (including a pledge to maintain those conferred through EU membership). However, beyond a brief reference to "continue to take a lead in global action against climate change" the environment is little addressed.

Labour have arguably reverted to the 1970s too, embracing a big expansion in the role of the state, with higher tax-and-spend and an uncoded desire to nationalise essential 'public' industries – although much seems to rest on the current leadership and it's an open question whether that approach will survive an electoral tsunami.

Its manifesto, *Let's build a Britain that works for the many, not the few*, contains much detail including a 20 point plan for security and equality at work. The package includes a pledge to move to a low carbon economy, though makes no reference to the circular economy. Still, the Greens have been heard complaining that many of their ideas have been recycled by Labour.

The **Liberal Democrats** have doubled down on their traditional internationalism, making the case for open economies, free movement of labour and global (especially European) trading – just at

the point when that approach is losing popular support or more accurately has moved from acquiescence to downright hostility, certainly in 'left-behind' communities.

Their manifesto, *Change Britain's Future*, seeks to address some current issues of popular concern about responsible business behaviour. They put a particular emphasis on green technologies and seek to channel support to disadvantaged areas and smaller businesses. Although future trends in the digital economy are mentioned, the manifesto prioritises current concerns rather than preparing for the coming industrial revolution of automation and artificial intelligence.

Specific policies

The work place

This is the area of greatest consensus, with all the parties including the Conservatives promising to protect and in some cases enhance workers' rights. This extends to those in precarious or flexible work situations (the so-called 'gig economy') although the details are imprecise. All parties highlight the importance of skills and promise to extend apprenticeships. Likewise on pay gaps due to gender or race – a variety of ideas are offered all about increased transparency.

Corporate Governance

This is another area of consensus, including shareholder votes on executive pay, board representation and rights to information. The LibDems want to make explicit the dual or 'social' purpose of business (a tacit reference to benefit corporations), while Labour want to introduce an employee "right to own" when the company they work for is up for sale. The Conservatives will update the rules around mergers and takeovers concerning foreign ownership.

Tax and business responsibility

Again, all the parties are unanimous about cracking down on tax avoidance, with the Conservatives promising "vigorous action" and more regulation, while Labour is talking of an extensive Tax Transparency and Enforcement Programme. They also want to ensure the existing provisions of the Modern Slavery Act are adhered to, while the Conservatives want to go further and extend its reach.

Green growth

Little is said in any of the manifestos about how government can help transition to a 'green economy'; even the Green Party's economy section is mainly about employment aspects (such as a headline-grabbing pledge of a four day working week). All do keep faith with the Paris climate agreement. The LibDems' is the most detailed about the implication of a transition to low carbon and theirs is the only one to use the phrase circular economy.

Industrial strategy and infrastructure

With the Conservatives having embraced the need for an active industrial strategy, all the parties are offering more government intervention in the economy than we've been used to recently, even though the packages differ. Most striking is the promise of a United Kingdom Shared Prosperity Fund, to reduce inequalities between communities and help "deliver sustainable, inclusive growth" along with several sovereign wealth funds to be known as Future Britain funds, both Conservative ideas.

Concluding thoughts

Even before reading the summary of individual policies which follows, it will be clear from the foregoing commentary that the Conservative manifesto contains a big shift of approach to the economy and to individual firms. Whether they get the chance to implement it depends on two things – first is winning a majority in Parliament on June 8th, about which the pollsters and pundits seem clear, even if the voters have lately taken to confounding them; second is whether any bandwidth remains for these ideas once the tumultuous process of undoing 40+ years of European trading relations in two years flat starts to bite in earnest.

The main changes of direct relevance to corporate responsibility and sustainability managers will be in corporate governance and in relations with employees. Clear also, even if the details are not evident, is a desire to rebalance the economy and share prosperity more widely, which has implications for community relations and social investments broadly defined.

Whatever the fate of individual proposals, what is abundantly clear from these manifestos - indeed across all parties - is a step change in expectations - that individual firms should behave responsibly and that business as whole has a wider purpose - that a strong economy and a healthy society needs "a partnership between ... private sector and public service, and the strong leadership only government can provide" in the words of *Forward, together*.

Conservative

Forward, Together: Our Plan for a Stronger Britain and a Prosperous Future focuses on creating a meritocracy and offering a “strong and stable” Britain. Key areas include building a strong economy, addressing social division, including the gap between young and old, and building prosperity and security in a digital age.

The issues

Brexit. Get the best Brexit deal for Britain; make the most of the opportunities Brexit brings for hardworking families.

Childcare. Thirty hours of free childcare for three and four-year-olds for parents who find it difficult to manage the costs of childcare.

Corporation Tax. Corporation Tax is due to fall to 17%, the lowest rate of any developed economy.

Corporate Governance. Boards should take account of the interests not just of shareholders but employees, suppliers and the wider community. Listed companies will be required to nominate a director from the workforce, create a formal employee advisory council or assign specific responsibility for employee representation to a designated non-executive director.

Consumer protection. Explore how to give consumers a voice in regulating businesses. Introduce a safeguard energy tariff cap to protect customers from unacceptable rises. Extra protections for people with serious debt problems.

Digital Business. Help for digital businesses to scale up and grow. Set up an institute of technology, focused on world-leading digital skills that is developed and run with the tech industry.

Energy. Ambition for the UK to have the lowest energy costs in Europe. Further development of the shale industry and a Shale Wealth Fund to benefit the communities that host extraction sites.

Executive pay. Executive pay packages will be subject to strict annual votes by shareholders and listed companies will have to publish the ratio of executive pay to broader UK workforce pay.

Gig economy. Increased rights and protection for people working in the ‘gig’ economy.

Housing. Meet 2015 commitment to deliver a million homes by the end of 2020 and deliver half a million more by the end of 2022.

Living wage. Increase in the National Living Wage to 60 per cent of median earnings by 2020.

Pay gaps. Companies with more than 250 employees to publish more gender pay gap data. Large employers to publish information on the pay gap for people from different ethnic backgrounds.

Public procurement. One third of central government purchasing to come from SMEs. Ensure big contractors sign Prompt Payment Code for government contracts and their work with others, or risk losing government contracts.

R&D. Meet the current OECD average for investment in R&D (2.4% of GDP) within ten years.

Skills and apprenticeships. New qualifications known as T-levels, a three-month work placement, will be introduced. Large firms will be allowed to pass levy funds to small firms in their supply chain, and work with the business community to develop a new programme to allow larger firms to place apprentices in their supply chains.

Tax evasion. Legislation for tougher regulation of tax advisory firms. A more proactive approach to transparency and misuse of trusts.

Transport. Ambition for Britain to lead the world in electric vehicle technology and use. Almost every car and van to be zero-emission by 2050 with an investment of £600 million by 2020 to help achieve it.

Full text available here: [The Conservative Manifesto 2017](#)

The Labour Party

Let's build a Britain that works for the many, not the few outlines a number of significant changes that will affect business' role in society, including re-nationalisation, increases in worker's rights, huge infrastructure investments, and a renewed push on tax transparency, all focused on delivering a more equitable society where wealth is made to work for a greater number of people.

The issues

Brexit. EU Rights and Protections Bill to ensure that there is no detrimental change to workers' rights, equality law, consumer rights or environmental protections as a result of Brexit.

Corporate Governance. Amendments of company law so that directors owe a duty directly to employees, customers, the environment and the wider public; implementation of the Parker review to promote more ethnic diversity on boards.

Energy. Price cap on energy bills; ban on fracking; investment in low-carbon gas and renewable electricity production; and, 60% of UK energy to be zero-carbon or renewable by 2030.

Environment. New clean air act to deal with air quality; invest in skills, technology and innovation to promote sustainable farming, food and fishing; and, a commitment to meet the targets in the Climate Change Act and the Paris Agreement.

Executive pay. Expectation that suppliers for public contracts move towards a 20:1 gap between the highest and lowest paid in their organisations.

Financial services. National Investment Bank to bring together public and private finances to deliver £250bn of loans to small businesses, co-operatives, innovative projects and long-term finance for R&D investments.

Infrastructure. National Transformation Fund that will invest £250 billion over ten years across the country.

R&D. Meet the OECD target of 3 per cent of GDP spent on research and development by 2030.

Privatisation. Return of rail into public ownership as franchises expire; transition to a publicly-owned, decentralised energy system; regional network of publicly-owned water companies; and reversal of Royal Mail Group's privatisation.

Public procurement. Direct spending (~£200bn/year) to favour companies that: pay their taxes; recognise trade unions; respect workers' rights and equal opportunities; protect the environment; provide training; and pay their suppliers on time.

SDGs. Develop a cross-government strategy for ensuring the SDGs are implemented, and report annually to Parliament on performance.

Skills and apprenticeships. Free lifelong education through Further Education colleges; focus on quality outcomes through apprenticeships; and, double the number of completed NVQ level 3 apprenticeships by 2022.

Tax transparency. Tax Transparency and Enforcement Programme including: public filing of large company returns; no public contracts for tax avoiders; greater tax transparency for overseas companies bidding for public contracts; and, the introduction of full country-by-country reporting.

Workers' rights. 20 point plan for security and equality at work, including: a ban on zero hours contracts; rise in the minimum wage; ban on unpaid internships; double paid paternity leave; and, the introduction of a civil enforcement system to ensure compliance with gender pay auditing.

Full text available here: [The Labour Party Manifesto 2017](#)

The Liberal Democrats

Change Britain's Future sets out the Liberal Democrats plan which seeks to position themselves as the party that holds Theresa May to account –providing an effective opposition – with four key priorities: spending on the National Health Service; young people's education, skills and opportunities; the protection of the environment; and future relations with Europe.

The issues

Apprenticeships. Double the number of businesses which hire apprentices. Extend apprenticeships to new sectors such as creative and digital industries. Develop a national skills strategy for key sectors, including low-carbon technologies.

Brexit. Prioritise continued membership of the single market and customs union, maintaining free movement of labour, protecting opportunities for young people and maintaining environmental standards.

Corporate governance. Promote employee ownership and strengthen worker participation in decision-making including permitting German style two-tier board structure. Reform fiduciary duty and company purpose rules to ensure considerations such as employee welfare, environmental standards, community benefit and ethical practice, can be fully included in decisions. Increase transparency over who owns stakes in the biggest companies.

Economy. Extend the industrial strategy, working with sectors which are critical to Britain's ability to trade internationally, creating more 'catapult' innovation and technology centres and backing private investment in particular in green innovation.

Environment. Continue with environmental obligations through 'five green laws' including Green Transport Act for clean air and diesel scrappage, Zero-Carbon Britain Act to implement the Paris climate agreement, and Zero-Waste Act to move towards circular economy.

Executive pay. Require binding votes on executive pay policies.

Housing. £5 billion of initial capital for a new British Housing and Infrastructure Development Bank, using public money to attract private investment.

Living Wage. Measures for 'good employment' including a kitemark for those paying a living wage; consult on how to set a genuine living wage; require larger employers to publish the number of people paid less than the living wage.

Tax. Take tough action against corporate tax evasion and avoidance. Ensure the biggest multinationals cannot avoid paying sums comparable to nationally based competitors.

Public procurement. Use central government public procurement to boost local growth and community development.

Regional growth. Devolve more decision-making power over key levers of economic development including transport, housing and skills.

SMEs. Expand the state-owned British Business Bank to tackle the shortage of equity capital for growing firms and provide long-term capital for medium sized businesses. Create a new 'start-up allowance' to help those starting a new business with their living costs. Require the major banks to fund the creation of a local banking sector for SMEs.

Workers' rights. Avoid unpaid internships and use name-blind recruitment; modernise employment rights for the age of the 'gig' economy; and stamp out abuse of zero-hours contracts with a formal right to request a fixed contract.

Full text available here: [The Liberal Democrat Manifesto 2017](#)

The Green Party

A Confident and Caring Britain puts a strong emphasis on maintaining European environmental and social, in particular workers', rights and protections.

The issues

Banking. Create a network of community banks obliged to lend locally and provide cheap basic banking services.

Brexit. Deliver a ratification referendum on the Brexit deal that includes an option to remain in the EU; ensure that the Brexit deal includes retention of freedom of movement and the preservation of environmental protections and the principles and regulations which protect human health, animal welfare and workers' rights. Guarantee the rights of EU citizens to remain in the UK.

Economy. Bring energy, water, railways, buses, the Royal Mail and care work back into public ownership.

Environment. Create a new Environmental Protection Act and Clean Air act, expand the mandatory clean air zone network and protect the Green Belt.

Equality. Reduce the gap between the highest and lowest paid. End the gender pay gap, and require a minimum 40% of all members of public company and public sector boards to be women.

Foreign Aid. Increase the overseas aid budget from 0.7% of GDP to 1.0% of GDP.

Housing. Invest in a nationwide housing insulation programme. Build affordable, zero carbon homes, including 100,000 social rented homes each year by 2022.

Media. Tighten the rules on media ownership so no individual or company owns more than 20% of a media market.

NHS. Roll back privatisation so that all health and dental services are always publicly owned.

Resource extraction. Replace fracking, coal power and subsidies to fossil fuels and nuclear power, with investment in renewable energy technology.

Transport. Cancel airport expansions, end airline fuel subsidies, and increase incentives to take diesel vehicles off the roads.

Work & wages. Phase in a 4-day working week, abolish zero hours contracts, uphold trade union rights, and ensure everyone is paid a living wage. Take steps towards the introduction of a universal basic income. Guarantee access to apprenticeships for qualified 16-25 year olds.

Full text available here: [The Green Party Manifesto 2017](#)

About Corporate Citizenship

Corporate Citizenship is a global business consultancy specialising in sustainability and corporate responsibility. The team uses expert insight and a simplified approach to sustainability to deliver growth and long-term value for business and society. With teams in London, New York, San Francisco, Santiago and Singapore we work with clients on both a local and global level. We help our clients to make the smart choices that will enable them to survive and thrive in an increasingly challenging business environment. We advise a global client list on a number of areas including strategy, community, environment, supply chain, socio-economic impacts, reporting and assurance.

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