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RESHUFFLE: TIME TO GOVERN

WHAT THE RESHUFFLE MEANS FOR BUSINESS



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Wow! Just before midday the Prime Minister's reshuffle simply blew up. Sajid Javid had strode into No. 10 this morning 100% confident of his position as Chancellor. Ninety minutes later, and having refused demands to sack his advisors and hand control of the Treasury to No. 10, Javid was out. No 10 either naïvely thought he'd stay or more likely they didn't care if he didn't.

This is about centralisation of control inside 10 Downing Street, and the mastermind behind these changes, the PM's Chief Advisor Dominic Cummings, now has a shot at delivering real change across Whitehall. Johnson sees the Treasury as essential to delivering his levelling up agenda across the country. Having control of the purse strings, an 'on side' Chancellor and, crucially, a single team of advisors, really matters. Despite the shock and the headlines (neither Johnson or Cummings will care about either) they now have just that - control.

The man who was put into the Treasury last July to keep an eye on Javid, Chief Secretary Rishi Sunak, is the new Chancellor. Sunak, a Brexiteer with business and financial services credentials, is a long-time ally of Johnson and the undoubted star of the first eight months of this government.

Alok Sharma's elevation to Business Secretary is the other big move and follows a solid spell at International Development. Liked, trusted and universally admired, Sharma will be a popular choice at BEIS. He will however have to balance the business brief with running the COP26 climate conference in Glasgow later this year. Some ask.

Javid aside, Johnson's first full reshuffle was essentially about a shift to the centre ground and away from Brexit. Solid rather than seismic. Basic rather than bold. A time to govern. Mid-ranking Brexiteers – Andrea Leadsom, Theresa

KEY MOVES

Treasury: Rishi Sunak replaces Sajid Javid

Home Office: Priti Patel will stay in post

FCO: Dominic Raab will remain in post

BEIS: Alok Sharma replaces Andrea Leadsom.

DHSC: Matt Hancock will remain in post.

DEFRA: George Eustice will replace Theresa Villiers

DfE: Gavin Williamson will remain in post

DIT: Liz Truss will remain in post

DWP: Thérèse Coffey will remain in post

DCMS: Oliver Dowden has replaced Nicky Morgan

Cabinet Office: Michael Gove will remain in post

MHCLG: Robert Jenrick will remain in post

DfT: Grant Shapps will remain in post

DFID: Anne Marie Trevelyan will replace Alok Sharma

Villiers, Esther McVey and Geoffrey Cox, were among the last names Johnson settled on when he became PM. They were the first casualties today. In their place the new guard – in addition to Rishi Sunak at the Treasury we have Oliver Dowden at DCMS and Anne-Marie Trevelyan at DFID – all three of them from the 2015 intake. MPs from the 2015 and 2017 intakes should also be well represented when more junior ministerial positions are filled later.

It was always likely thus. Last July Johnson inherited a divided, recalcitrant, rebellious party. He needed Brexiteer balance, voices around the Cabinet table who would help him get us out of the EU. Now we are out the recalibration, the re-set, and the re-boot, is underway.

All of which rather overshadowed the other big sacking of the day – the removal of Julian Smith as Northern Ireland Secretary. Here there is much irony. Number 10 began the day talking about rewarding ministers who'd got things done. Julian Smith got things done. In one of the most sensitive briefs in government Smith had managed to restore the power sharing administration at Stormont. Smith was rewarded with... the sack. His departure is being universally lamented on both sides of the Irish border.

One final thought. No 10's spinners had for weeks talked up big changes - DFID to be folded into the FCO, a super-department for Business and Trade, and the break up of DCMS. It didn't happen. But, given the Prime Minister's willingness to centralise control, don't bet against it in the year ahead. Rather, this was about clear nods to Johnson's domestic agenda - levelling up, building big stuff, getting things done.

If, in two or three years' time Johnson, Sunak and Cummings have begun to deliver on their election promise to change lives across this country, then none of this will matter a jot. That is however a big if.

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BEIS: A change of management rather than a new super-sized department

The new regime at BEIS is likely to mean better alignment with Number 10 and a more collaborative approach to policy development. This is a priority for the Prime Minister as BEIS is at the heart of several key planks of the Government's strategy moving forward: Brexit, regional 'levelling up' and delivering on ambitious environmental targets.

The new incumbent, Alok Sharma, has steadily risen up the ranks since entering Parliament in 2010. His ability to be a team player really matters to stakeholders: BEIS will now be involved in the big decisions at an earlier stage than before, giving Sharma more scope to influence policy, although - as demonstrated today - No 10 will ultimately have the final say.

Sharma will not only take up the reins from Leadsom but also be the minister responsible for COP26 – the global climate summit taking place in Glasgow in November – managing these two roles constitutes a considerable challenge. This represents a big promotion from his relatively short stint as Secretary of State for DFID and prior to that his position as Housing Minister.

Notwithstanding the change in Secretary of State, for months there has been talk of 'super sizing' the department to include responsibility for trade, digital or transport. This has not materialised. While this may come at a later stage, it could perhaps indicate that there has either been a watering down of these plans, or the stark realisation that ripping up Whitehall structures may not be a battle Number 10 sees as worth fighting right now.

DCMS: Unleashing innovation?

The Government's regional 'levelling up' agenda will require a smooth roll-out of super-fast broadband and 5G, giving DCMS an elevated role in the coming years. Replacing Nicky Morgan is Oliver Dowden, a former Cabinet Office Minister. His recruitment will be important: he has become a close ally of the PM, he is a former deputy chief of staff at No 10, so knows the machinery of government inside out and, importantly, how to get things done quickly.

His role will not be plain sailing though with moves to regulate big tech as set out in the Online Harms White Paper – a big Theresa May initiative - running counter to the more classically liberal inclinations of many in the Conservative Party. Many Tories will hate the idea of giving organisations like Ofcom leeway to potentially police legal but 'harmful' online content, and the rationale underpinning the move could be seen as conflicting with the Government's rhetoric around Brexit being an opportunity to expose the UK more fully to disruptive innovation.

If Dowden can quickly improve digital infrastructure and strike the right balance on regulating big tech, the department might be able to lose its 'Ministry of Fun' tag finally.

DEFRA: Overseeing the most ambitious environmental programme of any country on earth?

DEFRA is politically and economically at the sharp end of Brexit and post-Brexit upheaval. Decisions made here will have knock on effects on other aspects of the next Brexit deal as part of the complex negotiations. It also plays a key role in environmental policy that will fundamentally reshape the economy. As such it will see a welcome measure of stability with Farming Minister George Eustice stepping up to take over from Theresa Villiers.

The workload facing the department in coming months really is considerable – new legislation on environmental protections, the new UK agriculture support scheme and the new fisheries regime (a key issue in the upcoming Brexit Phase II negotiations).

Aside from managing the immediate impact of Brexit on the food and agriculture sector the Tories pledged "the most ambitious environmental programme of any country on earth" including a continued focus on promoting recycling and cutting out single-use plastics. The party's manifesto also promised to extend producer responsibility, a move which will have operational implications for manufacturers.

As the UK ramps up its trade negotiations with other global economies, above all the US, tariffs and regulations on food will be a key issue. Will Eustice stick to his predecessor's position that legal barriers to the import of chlorinated chicken and hormone treated beef will stay in place and that the Government will "hold the line" vis-à-vis Donald Trump's administration?

