

# The political battle for consumers in the UK

Blog post by Senior Associate Joe Armitage, 5 January 2018

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For some time now, the two main political parties in the UK have been battling for the same group of voters who feel disenfranchised, left behind and have faced what some have dubbed the 'lost decade' of stagnant wage increases. Since the general election, however, this battle has intensified, and it is now the case that more weight is being given by both parties to policies with a clear retail value.

In the property sector, for example, stamp duty has been abolished for first time buyers purchasing a property under £300,000, landlords will be banned from charging their tenants administration fees and leaseholds are to be banned on new homes. This is despite official projections that the stamp duty cut will increase house prices by 0.3%, evidence to suggest that abolishing tenant fees could result in higher rents, and the prospect of the leasehold ban reducing the capital available for the construction of new homes.

In other sectors, such as energy, there is evidence to suggest that the current design of the UK government's legislation to cap consumer energy bills could result in fewer small energy providers which could, in turn, increase bills - exactly the opposite of what is intended.

In this new environment, UK government ministers are more likely to change policy in areas where they believe they are able to quickly illustrate that they are on the side of consumers - even if their method of doing so is counterproductive in practice.

The consequential impact for businesses in this consumer-oriented policy dynamic is a reduced ability to make evidence-based arguments about the economic or commercial impacts of policy change. UK government ministers' tolerance of criticism from experts and the private sector is greater when they believe a policy will be popular on the doorstep. The UK's independent Office for Budgetary Responsibility's criticism of the stamp duty change is a good example.

All of this has practical implications for how industry should engage with policymakers in the UK as they develop policy. Firstly, engaging with Whitehall officials as they assess the impacts of a policy proposal might no longer be sufficient to head off the most burdensome or commercially detrimental policy design. Even Treasury officials - who are ordinarily the most concerned about a policy's potential to reduce jobs or decrease the tax base - might no longer be able to resist their political masters' desires to create a consumer-friendly sounding policy. Alongside engagement with officials it is becoming more important to try to appeal to politicians' sensibilities directly.

Secondly, it will be important for businesses to be able to describe how they put consumer interests in the UK first. Matching the UK government's focus on household priorities can go some

way to insulating businesses from ministers' attempts to create a picture of 'us vs them', as Sajid Javid, the Communities Secretary, has done in the debate about leasehold reform.

While the UK's two main political parties are tied in the polls, they will continue to compete to display ideas that will go down well with the average voter. The Leader of the Opposition's relative success in 2017 has demonstrated the effectiveness of a strong retail offer in UK politics.

Therefore, this new consumer oriented political dynamic, in which economic arguments have less potency, is likely to remain in the UK for some time.